PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. ACKERMAN: A bill (H. R. 7506) for the relief of the estate of the late William R. Bennett; to the Committee on Claims.

By Mr. DAVEY: A bill (H. R. 7507) granting a pension to Delilah Crankshaw; to the Committee on Invalid Pensions.

By Mr. EAGAN: A bill (H. R. 7508) for the relief of Ramon B. Harrison; to the Committee on Military Affairs.

By Mr. ELLIOTT: A bill (H. R. 7509) granting an increase of pension to Caroline E. Johnson; to the Committee on Invalid Pensions.

By Mr. GLATFELTER: A bill (H. R. 7510) granting an increase of pension to Annie E. Stauch; to the Committee on Invalid Pensions.

By Mr. LINEBERGER: A bill (H. R. 7511) for the relief of Margaret Speir; to the Committee on Claims.

By Mr. MAGEE of Pennsylvania: A bill (H. R. 7512) for the allowance of certain claims for indemnity for spoliations by the French prior to July 31, 1801, as reported by the Court of Claims; to the Committee on Claims.

By Mr. ROACH: A bill (H. R. 7513) granting an increase of pension to Louisa T. Goans; to the Committee on Invalid Pensions.

By Mr. SCHNEIDER: A bill (H. R. 7514) providing for a preliminary survey of the Wolf River in Wisconsin to ascertain some method to control floods; to the Committee on Flood Control.

By Mr. STRONG of Kansas: A bill (H. R. 7515) for the relief of Eli Rivers; to the Committee on Military Affairs.

By Mr. WASON: A bill (H. R. 7516) granting an increase of pension to Sophia Scarbo; to the Committee on Invalid Pensions.

By Mr. WATKINS: A bill (H. R. 7517) for the relief of the Ralph Ackley Land Co. (Inc.), and others; to the Committee on Claims.

Also, a bill (H. R. 7518) for the relief of Alpha Wilcox; to the Committee on Claims.

By Mr. WILSON of Indiana: A bill (H. R. 7519) granting an increase of pension to Elizabeth Schnarr; to the Committee on Invalid Pensions.

By Mr. JONES: Joint resolution (H. J. Res. 205) for the relief of Cyrus Eakman, former postmaster at Canyon, Randall County, Tex.; to the Committee on Claims.

PETITIONS, ETC.

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

1482. By the SPEAKER (by request): Petition of 1,600 women, representing 31 religious denominations, meeting in St. Petersburg, Fla., favoring a larger appropriation to increase the Coast Guards to prevent rum running, and urging that prohibition agents be placed under civil service; to the Committee on the Judiciary.

1483. By Mr. ANDREW: Petition of the Gold Star Association of America, favoring certain proposed legislation authorizing an appropriation to enable gold-star mothers, fathers, or wives to visit the graves of their sons and husbands who are buried in the American military cemeteries of France; to the Committee on Military Affairs.

1484. Also, petition of the Chamber of Commerce of Beverly, Mass., favoring the adoption of certain proposed legislation authorizing the appropriation of the necessary funds to enable the President to send representatives of the United States to the forthcoming international conference which has been called for the purpose of putting the American principle of restricting narcotics to the medical and scientific needs of the world into practical operation; to the Committee on Interstate and Foreign Commerce.

1485. Also, petition of the Amos Lodge, No. 27, Independent Order B'nai B'rith, of Boston, Mass., opposing the adoption of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1486. By Mr. BURDICK: Petition of the board of aldermen of the city of Newport, R. I., giving their indorsement to the so-called Hull-Brookhart bill, providing that all Government work to be done in Government yards or stations wherever and whenever possible; to the Committee on Naval Affairs.

1487. By Mr. COOK: Petition of Betsy Ross Council, No. 8, Sons and Daughters of Liberty, State of Indiana, in favor of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1488. Also, petition of citizens of Cass County, Ind., in support of the adjusted compensation bill; to the Committee on Ways and Means.

1489. By Mr. CRAMTON: Petition of the city commission of Mount Clemens, Mich., urging favorable action on the Edge-Kelly bill (H. R. 4123); to the Committee on the Post Office and Post Roads.

1490. Also, petition of Mrs. O. A. Munn, secretary, on behalf of the Literary Club of Snover, Mich., urging favorable action on the child labor amendment; to the Committee on the Judiciary.

1491. By Mr. CROWTHER: Resolution adopted by the Gold Star Association of America, urging the enactment of House bill 4109; to the Committee on Military Affairs.

1492. By Mr. FENN: Petition of the Gold Star Association of America, favoring the passage of House bill 4109, which authorizes an appropriation to enable Gold Star mothers, fathers, or wives to visit the graves of their sons and husbands in France; to the Committee on Military Affairs.

1493. By Mr. GARNER of Texas: Petition of Student's Council of the United States Veterans' Bureau Vocational School, San Antonio, Tex., praying for passage of the adjusted compensation bill; to the Committee on Ways and Means.

1494. By Mr. LEATHERWOOD: Petition of citizens of Salt Lake City, Utah, favoring legislation similar to or identical with the Brookhart-Hull bill (S. 742 and H. R. 2702), requiring that all strictly military supplies be manufactured in the Government-owned navy yards and arsenals; to the Committee on Naval Affairs.

1495. Also, petition of the Exchange Club, of Salt Lake City, Utah, favoring the sending of United States representatives to the International Conference on Narcotics; to the Committee on Foreign Affairs.

1496. By Mr. O'CONNELL of Rhode Island: Petition of the Board of Aldermen of Newport, R. I., indorsing House bill 2702 and Senate bill 704, providing that all Government work shall be done in Government yards or stations wherever and whenever possible; to the Committee on Naval Affairs.

1497. By Mr. PATTERSON: Petition of eight members of the South Presbyterian Church, Bergenfield, N. J., asking that the preamble of the Constitution of the United States be amended; to the Committee on the Judiciary.

1498. By Mr. RAKER: Petition of 100 letters from residents of California, in re adjusted compensation bill; to the Committee on Ways and Means.

1499. By Mr. SCHNEIDER: Petition of the Florence Study Club, of Florence, Wis., favoring a child labor amendment; to the Committee on the Judiciary.

1500. By Mr. STRONG of Kansas: Petition of Arthur Clarence Pilcher Post, No. 212, the American Legion, Glasco, Kans., favoring adjusted compensation; to the Committee on Ways and Means.

1501. Also, petition of the Lions Club, of Salina, Kans., praying that steps be taken to preserve the famous Calaveras Grove of big trees; to the Committee on Agriculture.

1502. By Mr. TINKHAM: Memorial of Lions Club, of Boston, Mass., supporting the Johnson immigration bill; to the Committee on Immigration and Naturalization.

SENATE.

TUESDAY, *March 4, 1924.*

(*Legislative day of Monday, March 3, 1924.*)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

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

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

Adams	Dale	Harrison	McNary
Ashurst	Dial	Heflin	Mayfield
Bayard	Dill	Howell	Moses
Borah	Edwards	Johnson, Minn.	Norris
Brandegee	Elkins	Jones, N. Mex.	Oddie
Brookhart	Ferris	Jones, Wash.	Overman
Broussard	Fess	Kendrick	Pepper
Bruce	Frazier	Keyes	Phipps
Bursum	George	King	Pittman
Cameron	Gerry	Ladd	Ralston
Capper	Glass	La Follette	Ransdell
Caraway	Gooding	Lenroot	Reed, Pa.
Couzens	Hale	Lodge	Robinson
Cummins	Harreld	McKellar	Sheppard
Curtis	Harris	McLean	Shields

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Shipstead	Smoot	Trammell	Walsh, Mont.
Shortridge	Spencer	Underwood	Warren
Simmons	Stephens	Wadsworth	Weller
Smith	Swanson	Walsh, Mass.	Willis

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. There is a quorum present. The Senate resumes the consideration of Senate bill 2250, the unfinished business, and the pending question is on the amendment offered by the Senator from Georgia [Mr. HARRIS].

REFUNDS OF INCOME TAXES.

Mr. McKELLAR. Mr. President, in this morning's Washington Post there was published under the headline "Refunds of taxes" the names of a number of taxpayers to whom refunds had been made amounting to $123,992,820. The statement was given out by the Treasury Department and includes the refunds made during the year 1923. I ask unanimous consent that the list as it appears in the Washington Post may be printed in the RECORD.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it will be printed as requested.

The list is as follows:

REFUNDS OF TAXES IN 1923 TO 263,320 TOTAL $123,992,820—COVER ERRORS OF SEVERAL YEARS, SAY TREASURY OFFICIALS—EDWARD L. DOHENY RECEIVED $40,039—MORE THAN $1,000 TURNED BACK TO 10,152 PERSONS—MANY EXCEED $100,000.

[From the Washington Post, Tuesday, March 4, 1924.]

Refunds totaling $123,992,820.94 on tax payments were made by the Treasury in the fiscal year 1923, ending June 30, 1923, according to a report sent to the Ways and Means Committee by the department.

The refunds, which were made to 263,320 persons, covered payments for several years and were made on account of "illegal or erroneously collected taxes." The report showed 10,152 persons had received more than $1,000 in reimbursements.

Among those receiving refunds were Edward L. Doheny, Los Angeles, $40,039.04; Charles R. Crane, New York, $172,296.96; Cornelius Vanderbilt, 32 Nassau Street, New York, $57,971.69; Oliver Harriman, New York, $82,537.70; Joseph W. Harriman, New York, $30,358.06; Payne Whitney, Lewis Cass Ledyard, and Lewis Cass Ledyard, jr., executors of the estate of Oliver H. Payne, New York, $9,368,548.60; Nellie Miller Nickel, San Francisco, $3,039,965.75; and John Hays Hammond, Washington, $5,129.42.

OTHERS GETTING MORE THAN $100,000.

The list of others receiving refunds which were more than $100,000 follows:

John N. Willys, New York City, $1,391,947.04; John N. Willys, Toledo, $129,493.65; N. J. Zinc Co., New York City, $1,148,295.66; Amalgamated Leather Cos., New York City, $1,112,391.44; Singer Manufacturing Co., Elizabeth, N. J., $1,623,475.92; General Electric Co., Schenectady, N. Y., $887,537.16; Merchants Loan & Trust Co. et al., trustees estate of Marshall Field, Chicago, $767,173.26.

Newcastle Leather Co., New York, $571,071.63; E. J. Lavino & Co., Philadelphia, $521,825; K. G. Roebling, executor estate of F. W. Roebling, sr., Trenton, N. J., $305,184.75; K. G. Roebling, executor estate of Ferdinand W. Roebling, $151,345.86; Motor Products Corporation, Detroit, $233,435.02; C. Frederick C. Stout, Ardmore, Pa., $298,777.71; Earn Line Steamship Co., Philadelphia, $296,377.93.

Reuter & Co., Boston, $293,068.37; Consumers' Refining Co., Chicago, $256,924.26; Foster Milburn Co., Buffalo, $108,644.68; American Tool Works Co., care of Baker & Baker, Washington, $138,545.16; Lorain Coal & Dock Co., Columbus, Ohio, $113,384.07; McKinney Steel Co., Cleveland, $160,885.67; John S. C. Harvey, Radnor, Pa., $193,522.25.

Walter J. Wilson, Sewickley, Pa., $107,524.45; Columbia Steel & Shafting Co., Pittsburgh, $121,811.02; Gill Manufacturing Co., Chicago, $158,126.74; executors Engene J. Barney, care of McMahan, Corrim & Landis, Dayton, Ohio, $163,710.25; General Electric Co., Washington, $255,597.11.

Tuthill Spring Co., Chicago, $112,364.89; Hayman, Michaels Co., Chicago, $125,714.38; Hendee Manufacturing Co., Springfield, Mass., $115,946.08; the Fletcher Savings & Trust Co., executors estate of Smith Delavan, Indianapolis, $166,352.13; Martin Dyeing & Finishing Co., Bridgeton, N. J., $101,691.21; Cable Co. of New Jersey, Jersey City, $100,000; Mundale Steamship Co., New York, $146,221.45; Mrs. Clover Boldt Miles, executrix estate George C. Boldt, care of Baldwin & Hutchins, New York, $101,786.83; L. Littlejohn & Co., New York, $135,303.25; Gaston, Williams & Wigmore, care of Benjamin B. Odell, receiver, New York, $109,747; Federal Export Corporation, New York, $698,992.84; H. P. McKenney & Co., New York, $101,031.27; William P. Clyde, New York, $109,293.83.

Eastern Tanners' Glue Co., Gowanda, N. Y., $249,386.94; Hayner Distilling Co., Dayton, Ohio, $128,871.95; Standard Parts Co., Cleveland, $187,795.17; Henry B. Plant, estate of Mortimer Plant, New York, $219,562; Coca-Cola Co., Atlanta, $208,629.61; John McCormack, New York, $201,872.08; First National Bank Building, Chicago, $238,439.63; American Steel Foundries, Chicago, $234,955.23; Andrews Steel Co., Newport, Ky., $656,954.51; Mining Co., Boston, $189,687.21; Scoten-Dillon Co., Detroit, $138,748.24; Ore Properties, St. Paul, $293,471.45; Ruby Kid Co., Camden, N. J., $310,565.22.

$596,719 TO LEBAUDY ESTATE.

Singer Manufacturing Co. and affiliated company, $350,000; Camden Forge Co., Camden, N. J., $432,307.52; Miss Mary M. H. Dodge, New York City, $193,978.71; American-Hawaiian Steamship Co., New York, $189,171.52; New York Life Insurance Co., New York, $109,994.63; Hubert T. Parsons, estate F. W. Woolworth, New York, $56,439.38; Centaur Co., New York, $216,583.16; Ernest S. Suffern and Charles B. Samuels, administrators estate of (Henry) Jacques Lebaudy, $596,719.88; Firemen's Fund Insurance Co., San Francisco, $336,936.86.

Whitney Blake Co., New Haven, Conn., $391,525; Sears, Roebuck Co., Chicago, $113,427.17; Eben P. Clapp, Washington, $173,169; Plymouth Cordage Co., North Plymouth, Mass., $1,124,442.06; Massachusetts Cotton Mills, Boston, $356,194.63; T. McKinney Steel Co., Cleveland, $791,159.49; General Refractories Co., Chester, Pa., $276,733.86; Insurance Co. of North America, Philadelphia, $348,644.12.

Joseph L. Murphy, Philadelphia, $145,234.71; Girard Trust Co., trustee estate Alfred F. Moore, Philadelphia, $112,864.53; William H. Donner, Washington, $472,300.12; McCahan Sugar Refining Co., Philadelphia, $455,949.15; Alan Wood Iron & Steel Co., Philadelphia, $480,051.61; American Vanadium Co., Pittsburgh, $455,217.92; Latrobe Electric Steel Co., Latrobe, Pa., $249,248.19; Erie Forge Co., Erie, Pa., $344,137.15; Amalgamated Leather, New York, $117,973.38; American Brass Co., Waterbury, Conn., $766,275.05; Bickett Coal & Coke Co., Washington, $137,129.23; Matthiessen & Hegler Zinc Co., La Salle, Ill., $133,072.19; Dr. Van Horne Norris, executor estate Mrs. Julian N. Beach, New York, $130,201.92.

DODGE GETS BACK $387,381.

Arlington Mills, Lawrence, Mass., $105,324.61; Marcellus Hartley Dodge, New York, $387,381.32; Federal Insurance Co., Jersey City, $183,365.48; Dr. Edwin R. Campbell, New York, $144,532.83; Pratt & Whitney Co., New York, $213,680.13; George Notman, executor estate James Douglas, New York, $114,718.23; American Shipbuilding & Dry Dock Co., Seattle, $175,318.32; William P. Worth, Philadelphia, $102,231.75; Solvay Process Co., Syracuse, N. Y., $183,689; C. P. Hugo Schoellkopf, Buffalo, N. Y., $164,475.14; American Steamship Co., Buffalo, $100,607.42.

Pollak Steel Co., Cincinnati, $125,086.37; National Acme Co., Cleveland, $198,862.71; Otis Steel Co., Youngstown, Ohio, $308,629.35; United Alloy Steel Corporation, Canton, Ohio, $106,337.24; Jobbers Overall Co., Lynchburg, Va., $232,618.54; Panhandle Products & Refining Co., Wichita Falls, Tex., $175,474.22; William R. Moore Dry Goods Co., Memphis, Tenn., $143,269.84.

Mr. McKELLAR. Mr. President, I wish in this connection to express the hope that the Secretary of the Treasury will in like manner give out a list of the refunds made by his department for the years 1922 and 1921. I think it is information that the Senate and the country should have.

Mr. KING. Mr. President, may I inquire of the Senator whether the refunds have been actually paid to the taxpayers?

Mr. McKELLAR. The article so states.

Mr. KING. Has an appropriation been made by Congress to compensate them?

Mr. McKELLAR. I do not know out of what appropriation they are paid, but I imagine out of deficiency appropriations. The Senator from Wyoming [Mr. WARREN] is not present in the Chamber at this moment. I am quite sure he would know. I have had some correspondence with the Secretary of the Treasury in the last few weeks in reference to refunds being made by his department, and I am delighted to know that he has published a list of refunds that are being made or have been made for the year 1923. As I said, I hope he will make public the refunds made for the years 1922 and 1921.

Mr. HARRIS. Mr. President, may I state to the Senator from Tennessee that the refunds are made through appropriations contained in the deficiency appropriation bill?

Mr. McKELLAR. Then the $123,000,000 will be paid through appropriations contained in the deficiency appropriation bill for this year, as the method of paying the refund is through a deficiency appropriation bill. How they appear in the receipts and disbursements of the Government as required under the constitutional provision I do not know. I have asked for that information and I hope the Secretary of the Treasury will soon give it to us. I shall then put it in the RECORD.

Mr. KING. I hope the Senator in his investigation will make inquiry to ascertain the extent to which the refunds have been made in the case of oil properties. My information is that many of the oil companies have obtained, under the head of depletion and exhaustion, enormous credits which

have materially reduced the taxes which they should have paid to the Government. I have asked in a resolution for information respecting this matter; but the Senator from Tennessee said he had some correspondence with the Secretary of the Treasury, and I sincerely hope he will elicit information in regard to this matter.

Mr. McKELLAR. I will say to the Senator from Utah that I have had that matter up also. There is no doubt about it that either large credits have been made in the matter of income-tax returns or refunds have been made by reason of depletion. I have not yet learned the facts, but I am quite sure they will come out whenever the refunds for 1921 and 1922 are published. I join with the Senator in hoping that we may get the information from the Secretary of the Treasury. It is information that the Senate ought to have, and I do not think it comes within the secrecy provision of the law as to income-tax returns. I am quite sure that it does not.

Mr. KING. I made some investigation in regard to the matter and learned that in some cases oil companies have claimed credits or deductions in the assessments which have been levied by the Government by reason of so-called depletion and by reason of the alleged loss in value of the property, as a result of which the Government has lost millions of dollars in taxes.

May I ask the Senator from Michigan [Mr. COUZENS] whether the resolution which he has pending before the Committee to Audit and Control the Contingent Expenses of the Senate, calling for an investigation of the Internal Revenue Office, will be reported in the near future?

Mr. COUZENS. The chairman of the committee advised me yesterday that a majority of the committee had approved the amended resolution and they are ready to report it out.

Mr. McKELLAR. I happen to be a member of the committee, and I can say that the committee have authorized a favorable report upon the resolution submitted by the Senator from Michigan.

Mr. KING. I submitted a resolution several months ago asking for an investigation of the tax situation in the Internal Revenue Bureau. We have a great deal of information, though perhaps some of it may be exaggerated, relative to the methods employed in allowing the large amounts to taxpayers referred to by the Senator from Tennessee.

There is also information to the effect that the evils to which I directed attention a moment ago in connection with oil companies are increasing. There is no court to pass upon the claims for refund of taxes. Claims involving millions of dollars are presented to officials of the Government, some of whom are mere clerks or subordinate employees, and legal questions of great importance are determined by these subordinate officials. It seems to me that the method of adjudicating upon these claims is archaic and unfair to the Government, and, perhaps, unfair to the claimants. We ought to provide some comprehensive judicial system for the determination of these questions whether of law or fact.

In order that we might have some accurate information as the basis for needed legislation, I offered a resolution some time ago, which is now pending before the Finance Committee, calling for an investigation of the Internal Revenue Bureau. The Senator from Michigan has recently offered a resolution, now before the Committee to Audit and Control the Contingent Expenses of the Senate, having, in the main, the same purposes covered by my resolution. I have conferred with the Senator from Michigan, and have suggested an amendment or two to his resolution. With such amendments, I hope the committee will report his resolution. I shall be entirely satisfied to have action taken upon his resolution if the Senate shall promptly act upon the same. Otherwise I shall press for the passage of my resolution.

Mr. McKELLAR. Mr. President, I will say to the Senator from Utah that I fully indorse the statements which he has made in reference to this matter. I merely wish to say to him and to other Senators who are interested in the subject that this whole matter may be corrected by simply inserting in the revenue bill, which is before the Finance Committee, a provision for publicity of tax returns under proper regulation. If such publicity is had, it will, in my judgment, cure all the ills concerning which the Senator from Utah has spoken, and in which statements I fully concur.

Mr. WALSH of Massachusetts. Mr. President——

Mr. McKELLAR. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I was about to ask the Senator from Tennessee upon what principle or theory is the list of refunds made to income-tax payers made public when the original payments are kept secret?

Mr. McKELLAR. I do not understand it. I was, however, very greatly gratified to see the list of refunds published in the morning newspapers. It is information which I have written a number of times to the Secretary of the Treasury to obtain, but he has not as yet sent it to me.

Mr. WALSH of Massachusetts. If a list of refunds may be made public, why should not the original returns be made public?

Mr. McKELLAR. Because though the Congress of the United States has passed a law which requires that such returns shall be public property only the President and the Secretary of the Treasury can make them public. It is a very unusual provision of law and it ought to be changed. When taxes are assessed locally there is the utmost publicity about the matter so that the taxpayers may see for themselves what taxes are paid. Why should income taxes be put upon any other basis? They ought to be published in like manner; the public ought to know whether income taxpayers are properly returning the incomes which they should return; and all the facts and circumstances about the subject should have the utmost and the widest publicity, both for the benefit of the Government and the people under the Government.

Mr. HEFLIN. Mr. President, the Senator from Tennessee has rendered a very great service to the country, for the resolution which he submitted the other day is, I think, responsible for bringing out this statement from the Secretary of the Treasury. I have in mind another resolution on this subject which will be submitted later, but I do not now care to indicate the nature of that resolution. However, it relates to the refund of taxes. I observe in this list of refunds that Mr. Doheny has had refunded to him $40,000 by the Secretary of the Treasury. That is a goodly sum.

Mr. ASHURST. Mr. President, will the Senator from Alabama yield to me at that point?

Mr. HEFLIN. I yield to my friend from Arizona.

Mr. ASHURST. The Senator should also state that very soon after the refund was made the clerk who passed on the refund entered Mr. Doheny's employment.

Mr. HEFLIN. I thank my friend for the suggestion which he has made, that the clerk formerly in the Government service who passed on the refund which resulted in returning to Mr. Doheny $40,000 is now employed by Mr. Doheny. Forty thousand dollars, Mr. President, is a goodly sum to some people. It will enable Mr. Doheny to spend his time in Washington employing lawyers to write articles for him to be published in the Washington Post, the administration newspaper of this city. That $40,000 will take care of a good deal of Mr. Doheny's expenses.

On yesterday in this administration newspaper appeared an article by Mr. Doheny's lawyer—I think his lawyer wrote the article, and he has a very fine lawyer, one of the ablest in the country—again lecturing Democratic Senators. Not long ago the Democrats of California read him out of the party. Mr. Doheny has been consorting with the Republican Party for quite a while. He is out of the Democratic Party entirely and for good, and we find him in the Capital of the Nation urging support of the Republican administration.

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Nevada?

Mr. HEFLIN. I do.

Mr. ODDIE. I should like to ask the Senator if he is aware of the fact that Mr. Doheny has put his agent in his place?

Mr. HEFLIN. I can not hear what the Senator is saying.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. ODDIE. I should like to ask the Senator if he is aware that Mr. Doheny has appointed his special counsel as his agent in his place in California?

Mr. HEFLIN. In his place where?

Mr. ODDIE. On the Democratic central committee of California.

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

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

Mr. KING. Mr. President, I can not permit the statement made by the Senator from Nevada to pass without notice. Undoubtedly he is referring to Hon. Gavin McNab, and in so doing the Senator from Nevada is doing a grave injustice to Mr. McNab, as the Senator must know. Mr. McNab is one of the ablest lawyers in the United States and one of the most honorable and public-spirited residents of California. He is a man of the highest integrity and of commanding ability. He is fearless and independent. He is not the political agent of Mr. Doheny or of any other person. He was, as I am told, employed by Mr. Doheny to accompany him to Washington, and appeared with Mr. Doheny before the Senate committee which was investigating the oil leases. Evidently his employment was

of service to the country, because Doheny then told of the payment to Mr. Fall and offered to return the leased oil lands. In that Mr. McNab as his counsel rendered a public service and discharged his duty as an honorable lawyer. When the Senator says or infers that Mr. McNab is the agent of Mr. Doheny or that Mr. Doheny could appoint him in his stead to attend a convention, the Senator must know that he is making a charge—a most serious and unfounded one—against an honorable and an upright man.

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama yield further to the Senator from Nevada?

Mr. HEFLIN. I yield to the Senator. I want to give him an opportunity to emerge from this embarrassing predicament if he can.

Mr. ODDIE. I will qualify my previous statement by saying that the Democratic convention in California appointed Mr. McNab in Mr. Doheny's place.

Mr. KING. Mr. President, I do not accept that statement as accurate. Mr. McNab has been for many years one of the leading, if not the leading, Democrat in the State of California. He was a Democrat before Mr. Doheny was known to be a member of that party, and in every convention and in all of the activities of the Democratic Party for years Gavin McNab has been an important figure. He is a fighting, militant Democrat, and neither Mr. Doheny nor anyone else could "appoint him as an agent" to represent them in the Democratic Party or elsewhere. Whatever position he has in the party he has earned by his fidelity to his party and by his devotion to Democratic principles.

Mr. HEFLIN. Mr. President, I thank the Senator from Utah for his very just and satisfactory statement. I am sure that the Senator from Nevada, clever Senator that he is, would like to have something to say by way of rejoinder against the party that is crowding the Republican Party to the wall; but unless he has something with a better foundation than what he suggested here a moment ago he had better stay off of Doheny.

It is quite a different proposition, Mr. President, for an able and clean attorney who is a Democrat to be a member of the Democratic committee and for Doheny, who has been found here to be guilty of high crimes against his country, to be a member of such committee.

This man Doheny has become the mouthpiece of the Republican Party. Every now and then he gives out a statement and it is published in the Washington Post, which is the administration newspaper. I observe, Mr. President, that his statement of yesterday appears in big headlines on the front page of the Washington Post and it also appeared on the front page of other big Republican dailies throughout the country. Does any Senator here think that an ordinary private citizen, an honest man, a man of small means, could have his article carried over the country in the big daily newspapers on the front page as this was carried?

No, Mr. President; you would find it away back over among the advertisements.

Here he is in the Capital of the Nation, and he is scolding the Democrats, and he is saying that if it were not for the election coming on there would not be any investigation of the oil scandal. That is the strange and disgusting position that he takes.

Here is what he said:

> The election in November, not the legality of the oil leases, nor the benefit they are to the Government, is the sole factor now controlling the politicians who are conducting the so-called oil investigation.

Now, Mr. President, let us consider this man's concept of what a Senator's duty is. He arraigns the Senate, and says that this thing would not be going on but for the fact that an election is coming on; that there are not enough Senators in this body who are honest and who love justice and right well enough to pursue a thing because it is right to pursue it, to punish wrong because it is right to punish wrong. This man, with the low concept that he has of public duty, is now in the Capital of the Nation having pieces written and published throughout the country, assailing the Senate and calling on people to support his friend, the Republican administration. We find out every day why he is doing that.

This morning the press discloses that $40,000 has been handed over to him by the Treasury Department. A member of the Cabinet is good to Doheny to the extent of $40,000. He says Senators are neglecting their duty. Mr. President, what higher service can a Senator render to his country than to require honest conduct in public office? What higher service can he perform than to be alert, diligent, and honest in all the things that pertain to his work as a public servant? But Doheny says we are neglecting our duty—to do what? To play politics just before an election comes off.

Mr. President, I think it is part of my duty and part of the duty of other Senators here to bring out the facts regarding the most colossal crime and scandal that has come to light in this country in a hundred years; but this man, Doheny, says, "Why, it is not that. They are not faithful in the discharge of duty. They do not care anything about punishing those guilty of wrongdoing. They are simply playing politics"; and then what does he say in conclusion? He says:

> But when I get into the courts I expect to win. This will be disposed of as all other recent political prosecutions have been disposed of.

That is the substance of what he said.

Political prosecutions under what administration? Under the Republican administration. I challenge all the members of the Republican Party, here or elsewhere, to cite me to one millionaire who is guilty of crime who has been convicted and put behind prison bars during this Republican administration. Name just one. I challenge them to name to me one man high in the financial circles of Republican favorites who has been earnestly prosecuted by Republican officials. They go free, Mr. President, and we find the agents of these mighty interests not simply standing outside and telling governmental officials what to do; we find them on the inside carrying on their crooked work by the aid of Republican officials. We find Ed McLean is made an agent in the Department of Justice, this millionaire who seems to be the go-between for these big oil fellows on the side. We find him with a private wire running from Washington to Florida. We find him with the White House telegraph operator employed also to operate his private wire to Florida. We find him receiving messages from the Department of Justice telling him what is going on in the oil investigation here in Washington. We find a telegram sent to him by Major saying:

> I have seen the party at Wardman Park.

Meaning Fall, of course.

> I advise you to put in this private wire so as to have quick and easy access to the White House. Secretary Slemp is leaving for Florida tonight.

All in the same telegram.

Are not these significant things, Mr. President, and ought we not to lay them bare to the public? Whose Government is this? Are Senators to be criticized because they dare to bring on the floor of the Senate the scandalous doings of conscienceless men who seem to control this administration by reason of their immense wealth?

But this man Doheny says that the Senate is neglecting its duty, and that we have a lot of people here who ought not to be here. He says we have turned to be gum-shoe detectives. Well, we have to do our own detective work. Where do we get any aid from the Department of Justice? If we could not do this work how would we discover these many things that are going wrong about the Capital?

Mr. Doheny complains that the Senate has lost its dignity and high standing. Mr. President, time was when this body was regarded by many people as the rendezvous of privilege. Time was when the people had difficulty in having certain matters of moment discussed in the Senate. If certain big interests outside did not want them discussed, they were not seriously discussed in this Chamber. Time was when a question like this would have been stifled, choked to death, and buried in the Senate; but, thank God, the people of America are wide-awake now. They are sending Senators to this body who feel it their duty to discuss things that affect the vital life of this Nation. They feel that the people ought to be apprised of the things that constitute betrayal of public trust, of corrupt conduct on the part of Government officials.

I want to bring to the attention of the Senate the fact that Macaulay said that this Republic would go down in the twentieth century. This is the twentieth century. Are we who are charged with the responsibility of safeguarding these institutions to remain silent, to fold our arms and permit this work of destruction to go on?

What is our duty? It is our duty to ask each day, "How fares the Republic?" It is our duty to say each day, "What am I doing to contribute to the strength and glory of the Republic?" It is our duty to do what we can to drive from public office every crook in the country and to support and uphold every honest man in office. That is our business.

Mr. President, if the time ever comes when Senators will come to this body or Members will go to the other branch of Congress and become the agents of certain crooked interests, just as a lawyer would represent his client, then the time is

not far distant when we will have to consider seriously Macaulay's saying regarding the downfall of the Republic. Have any of you ever known of such bold and brazen betrayal of pulic trust and such corruption in official position as the oil-lease scandal discloses? Why, there is a newspaper story to the effect that the Attorney General himself, with Mr. Sinclair, went to the race track and they bet money for certain Cabinet members on race horses, and that the one Daugherty bet on lost; that later he turned over some money to Sinclair to bet, and that Sinclair came back with a bunch of money and turned it over to him, and he divided it out among those whose money he had bet, and said, "These are our winnings"; and then you talk about remaining silent! Remaining silent? I know that some do not want the people to know about these things; but we are bringing them out for the purpose of publicly condemning misconduct in office and in the hope that it will prevent public men in the future from being guilty of doing such things.

I remember, too, in that connection that it was along at the time of the race-track incident that Mr. Daugherty was buying stock in the Sinclair Oil Co. Oh, Mr. President, the whole thing smells to high heaven, and yet the Washington Post carries the articles of Doheny or his lawyer abusing the Senate, sitting right in the Capital of the Nation, right under the eyes of the President, condemning, scolding, excoriating the Senate that has dared to employ lawyers to go and recover for the Government hundreds of millions of dollars' worth of property taken from it through the practice of fraud and corruption.

He is coming out in the Washington administration paper and urging the people to stand up for this oil-soaked administration.

Of course, Mr. Doheny does not want these things discussed. He probably would hate to have it said that a Senator stated on the floor of the Senate that he received a note in the committee room from one of the Republican Senators who is a member of this investigating committee, and that when it was called for he took from his pocket a hundred pieces of it, torn into tatters so that nobody could read it, and suggested to them to read that if they could. Of course, he does not want these things to come out. But, Mr. President, I say again I thank God that there are Senators in this body who do not take orders from crooked interests, who do not bow the knee to the Baal of the money power!

I know that Doheny is a big man in a financial way. He controls millions and millions of dollars. He has reached out in every direction to try to get under his control some of the strongest men in the Nation. I know all that. I know that he has the columns of this paper open to him, as well as many others in the country, to help hamper and hinder those who are fighting to have a genuine house cleaning at Washington. I know that; but, Mr. President, that does not relieve me of my duty, however unpleasant it is; and it is unpleasant to have to go into things that throw a cloud in the direction of Senators, some of them, who seem to be involved in this matter. These things are not pleasant; but, as I said the other day, a soldier does not shrink from his duty because it is unpleasant. There are many things we must do that are unpleasant. Nevertheless, it is our duty to do it.

Mr. President, Mr. Doheny intimates very strongly that he expects to win this suit. He is not satisfied with the findings of the Senate. We are the representatives of the people and fresh from the people. He would rather risk his case with some judge who has been on the bench for a long time. We have a great many learned judges—good judges, clean judges—they are men who would not stoop to do an unjust or a crooked thing; yet we have judges on the Federal bench in the country, before whom I would not be willing to have the Government's case tried. I think I know two who are going to be involved in an investigation that is going to come out soon. They are not all what they should be. They are not all free from the contaminating influence of predatory interests, and I want to say here now, in my place as one legislator, that whoever tries this case ought to try it fairly and honestly, as I hope and believe it will be tried. The eyes of the Senate will be on that court; the eyes of the country will be on that court, wherever it is.

Mr. Doheny expresses great confidence in the outcome of this controversy. I expect the Government to win the suit. Because of the fraud and corruption involved, I would expect that the court would set this lease aside. I would expect—because Doheny has been convicted of bribing Fall—that they would declare that the leases are null and void; and I would expect, on the ground of good public policy, that a court would preserve the oil domain of the Nation to the Nation for use in the future, maybe some time in the hour of the country's grave peril.

I do not know by what authority Doheny has these articles published in the administration paper. I think, as I said before, his lawyer is writing them. He is trying to lug into these columns many unsupported statements—ridiculous statements—regarding what the law is upon the subject of granting oil leases.

Mr. President, one other thing and I will close. Some time ago I said in the Senate that "G. O. P." had been interpreted to mean "going out of power," and that a gentleman in my State had written me a letter saying that it stood for "Great Oil Party." I now have a letter from a gentleman in Delaware suggesting to me that he had seen what I said regarding G. O. P. heretofore, and he said the most appropriate name he could find for it now is the "Grafters' Oil Party." Grafters' Oil Party—G. O. P.; and Doheny is the mouthpiece of the Grafters' Oil Party. Doheny is here in the Capital. The battle cry of the Republican Party has become, "If you want dough, go to Doheny." They say Fall is the man who put dough in Doheny; that he is the man who put sin in Sinclair; and he is the man who put a dent in Denby.

I want to read for the edification of all the disciples of Doheny, either here or elsewhere, a poem written in the State of New Mexico, the State of ex-Secretary Fall. It is entitled "The Golden Fleece," and reads:

THE GOLDEN FLEECE.

Abou Dough Heenie (may his tribe increase)!
Awoke one night from a deep dream of peace
And saw within the moonlight in his room,
Making it rich and like a lily in bloom,
A Senator writing in a book of gold.
Enormous wealth had made Dough Heenie bold;
And to the Senator in his room he said:
"What writest thou?" The statesman raised his head,
And with a look which made Abou boil
Answered, "The names of those who seek for oil!"
"And is mine one?" said Abou. "We will see!"
Replied the Senator; but Abou Dough cheerily
Responded in a still and softer tone,
"Write me as one who loves to make a loan."
The Senator wrote and vanished. The next day
He came again—it looked like CARAWAY—
And showed the names of those whom Fall liked best,
And lo! Dough Heenie's name led all the rest.

That poem, Mr. President, comes from the State of New Mexico, from whence Mr. Fall hails. Fall is the man who has the finger prints of slime and corruption all over him, placed there by Doheny. Doheny is the man who had $40,000 passed back to him by a Republican Secretary of the Treasury who is fathering a tax bill that lifts the taxes from the mighty rich and lays them upon the backs of the poor.

Mr. President, the truth must come out, even if Doheny and those like him are offended when the Senate dares to expose crookedness and crime. This Government belongs to the public, and we, some of us, are the servants of the public.

Mr. LODGE. Mr. President, I shall only take a moment. Hearing the Senator from Alabama [Mr. HEFLIN] quoting poetry, or verse, it occurred to me to read this, which was sent to me the other day. It is entitled "Mr. Vanderlip Says," and reads:

Absolute knowledge have I none,
But my aunt's washerwoman's sister's son
Heard a policeman on his beat
Say to a laborer on the street
That he had a letter just last week—
A letter which he did not seek—
From a Chinese merchant in Timbuctoo,
Who said that his brother in Cuba knew
Of an Indian chief in a Texas town,
Who got the dope from a circus clown,
That a man in Klondike had it straight
From a guy in a South American State,
That a wild man over in Borneo
Was told by a woman who claimed to know,
Of a well-known swell society rake,
Whose mother-in-law will undertake
To prove that her husband's sister's niece
Has stated plain in a printed piece
That she has a son who never comes home
Who knows all about the Teapot Dome.

Mr. HEFLIN. Mr. President, if the Senator will permit me, I would suggest that Mr. Vanderlip, who is a Republican, now says that the President has called on Daugherty to resign, and he challenges anybody to call on him to state how he knows that.

AGRICULTURAL DIVERSIFICATION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2250) to promote a permanent system of self-supporting agriculture in regions adversely affected by the stimulation of wheat production during the war, and aggravated by many years of small yields and high production costs of wheat.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. HARRIS].

Mr. KING. I would like to have the amendment stated.

Mr. MOSES. What is the amendment?

Mr. WADSWORTH. I ask that the amendment be stated.

The PRESIDENT pro tempore. The Secretary will read the amendment.

The READING CLERK. It is proposed to add at the end of the bill a new section, as follows:

SEC. —. That the President is authorized and directed to procure, or aid in procuring, such stocks of nitrate of soda and calcium arsenate as he may determine to be necessary and find available for increasing agricultural production until June 30, 1926, and to dispose of the same at the total cost to the Government, payable in advance. For carrying out the purposes of this act there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available immediately and until expended, the sum of $10,000,000, or so much thereof as may be necessary, and the President is authorized to make such regulations and to use such means and agencies of the Government as in his discretion he may deem best. The proceeds arising from the disposition of the nitrate of soda and calcium arsenate shall go into the Treasury as miscellaneous receipts: *Provided*, That the sum herein appropriated and the proceeds arising from the disposition of the nitrate of soda and calcium arsenate may be used, at the discretion of the President, until June 30, 1926, as a revolving fund for the purposes herein named.

Mr. WADSWORTH. Mr. President, I think perhaps the Senator from Georgia will explain the necessity for this appropriation.

Mr. HARRIS. Mr. President, several years ago Congress appropriated money for a revolving fund similar to this. The Government by doing this helped the farmers in the South and in the Middle West a great deal, saved them several million dollars, and did not lose anything. With the Norbeck bill, there is a danger of several million dollars being lost by the Government, but if my amendment is approved the Government will sell only for cash in advance and there is no risk whatever about it.

Calcium arsenate has gone up 300 per cent within two years. We can not make cotton in the South now without the use of fertilizers and calcium arsenate on account of the boll weevil. It is absolutely necessary that we have it. The crop will not be 10 per cent in some sections without its use.

The calcium arsenate monopoly has advanced the price about 300 per cent. If the President is given this authority, I doubt whether it will be necessary for the Government to use a dollar of the money. It may not be necessary. Certainly not very much of it will be used, but the effect of the appropriation will be to keep down the price of both calcium arsenate and sodium nitrate.

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

Mr. HARRIS. I will be very glad to answer it if I can.

Mr. HARRISON. This amendment is drawn with the same provisions that were incorporated in a law passed heretofore?

Mr. HARRIS. Exactly.

Mr. HARRISON. It will do nothing more than was done at that time?

Mr. HARRIS. Nothing more; and at that time the Government did not lose one dollar. It is one of the few things the Government has ever done for the farmers where the Government did not lose money.

Mr. SIMMONS. They are to charge cash?

Mr. HARRIS. The farmers will pay cash in advance.

Mr. HEFLIN. Mr. President, the Senate adopted a provision similar to this in March, 1923, did it not?

Mr. HARRIS. I think it was February.

Mr. HEFLIN. The Senate has passed on this very proposition before?

Mr. HARRIS. There was not a vote against it. Last year the bill was introduced by the Senator from South Carolina [Mr. SMITH]. It was drawn by him, and it was amended on my motion to include calcium arsenate. The Senator's bill provided only for the sodium nitrate. In my judgment, this will help the farmers of the South and save them ten or fifteen million dollars, and will not cost the Government one cent.

Mr. WADSWORTH. May I ask if the amendment as read provides for the purchase of nitrate of soda, as well as calcium arsenate?

Mr. HARRIS. It does; it provides for both nitrate of soda and calcium arsenate.

Mr. WADSWORTH. Has the Senator concluded?

Mr. HARRIS. I have.

Mr. WADSWORTH. Mr. President, I am aware that at a previous session the Senate passed a joint resolution or bill to the same effect practically as the one now before us, but I think it is important that the Senate should understand that the situation to-day bears no resemblance to that of a few months or a couple of years ago. My information is to the effect that there is plenty of nitrate of soda now on hand in the United States to meet the needs of the season of planting just about to open; furthermore, that the price of nitrate of soda laid down at American ports to-day is only 10 cents a hundred pounds higher than it was in 1914.

What is the object of the Government of the United States spending $10,000,000 to charter ships to go to Chile and load the nitrate there at a price fixed in Chile by the miners of nitrate, who are formed into an ironclad association, bring it to our own ports, and meet here an entire sufficiency of supply for this year? I understand there are about 350,000 tons here.

Mr. HARRIS. As I said, I doubt if the Government will spend one dollar of this appropriation. I think the Senator is correct in stating there is plenty of sodium nitrate now in this country, but if the bill passes the farmers will get it at a low price. There is objection to the bill. Importers who handle this product in New York came down to see me and opposed the bill. The fertilizer manufactories are opposed to the bill, but I do not think that is any reason why we should not help the farmers get fertilizer at a lower price. It is almost impossible for many of the farmers in my State to get a fertilizer at any price because of the financial condition they are in. The bill will, I am sure, hold down the price of fertilizers and calcium arsenate for every farmer in the South and in the West.

Mr. WADSWORTH. I can not understand how it is going to reduce the price to any considerable degree unless, of course, we establish the theory in America that the Government shall supply commercial articles at cost to meet the needs of a class of people which wants them. The fact of the matter is that the price of nitrate is lower in proportion than the price of any other thing used by the farmers to-day. It is only 10 cents a hundred pounds higher than it was in 1914. In other words, there has been scarcely any increase. The Senator from Georgia says it will hold down the price to the farmer in the matter of the fertilizer, but I call attention to the fact that the entire fertilizer industry is having an exceedingly difficult time getting along at all. In fact, one of the greatest fertilizer plants in this country and in the world went into the hands of a receiver only yesterday.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Georgia?

Mr. WADSWORTH. I yield.

Mr. GEORGE. I would like to say to the Senator from New York that nitrate of sodium finds its only competitor in America in sulphate of ammonia or ammonium sulphate. Ammonium sulphate carries a duty under the tariff act of $5 per ton. It is the only ingredient used in commercial fertilizer that is taxed under the present tariff act. Notwithstanding this bar of $5 per ton duty on ammonium sulphate, Chilean nitrate does come in and comes over the bar of the $5 tariff. It may not be any justification for the amendment or for the provision contained in the amendment of my colleague, but since the Government is taxing the chief element used in his fertilizer to the extent of $5 per ton, it might help make it up to the farmer by creating a revolving fund and providing the cash with which to buy it.

Mr. WADSWORTH. It would seem to me the fact that Chilean nitrate comes in here in the way it does shows that it is the cheaper product. If the farmer were suffering in any way in relation to the commercial fertilizer which he uses, he certainly is not suffering from the price on Chilean nitrate. The fact is the price is only 10 cents a hundred pounds higher than it was in 1914.

Mr. GEORGE. That is quite true.

Mr. WADSWORTH. Why is it necessary for the Government to come to the rescue of the farmers in relation to Chilean nitrate? There is no emergency. There is plenty of it here. There is plenty of it on its way. No one in the United States, importer or farmer, has the slightest control over the price of

Chilean nitrate. It is fixed in Chile by the association of the producers of nitrate, and the same price is quoted in Chile to every person who goes there to buy, so much per ton or per hundred pounds. The charges that are added are the freight from Chile to our ports and, as I am informed, an unusually low set of charges in the matter of storage and handling and distribution in this country.

Mr. GEORGE. The reason why I rose was that I think the Senator is somewhat wrong in saying the price is fixed entirely in Chile. The only competitor of Chilean nitrate is the ammonium sulphate to which I have called attention, and the duty on that particular ingredient, which is one of the very important elements in the manufacture of commercial fertilizer, enables the sale of Chilean nitrate in this country or makes it necessary for it to be sold in this country at a higher price than it otherwise probably would carry. I think really that the farmer would be more benefited if the $5 per ton duty upon sulphate of ammonia were removed, because I think that would result in a further reduction of the Chilean nitrate price.

Mr. WADSWORTH. Of course, that is an entirely different question. I assume the duty on ammonium sulphate was imposed in an effort to build up in this country an industry which would take the place of the Chilean nitrate industry in the event this country got into difficulties, as it did during the recent war. Senators will recollect very well that there was a very great emergency confronting agriculture in the United States as soon as the war interrupted, in part at least, the supply of Chilean nitrate, and the price of commercial fertilizer went bounding upward, and necessarily so. The supply having been so severely curtailed—that is, the supply of the most important ingredient—the price rose. The $5 tariff per ton on ammonium sulphate was put on in an endeavor to build up in this country an industry which, in part at least, would take the place of the Chilean supply.

But now we are in the piping times of peace. There is plenty of Chilean nitrate in the country. That is admitted. We have no control over the price of the raw material, because that is fixed in Chile. The price is only 10 cents a hundred pounds higher than it was in 1914. There is no emergency whatsoever facing the country. Yet the amendment proposes to take $10,000,000 out of the Federal Treasury and embark the Government of the United States into an undertaking to charter vessels to go to Chile at Government expense and purchase Chilean nitrate at the same price that private individuals would have to pay—for there is no distinction made between private and public purchasers—bring it back to the United States at Government expense, land it at our ports, put it in storage, distribute it to fertilizer manufacturers, figure out the cost of the entire operation, and say finally to the farmer that he will get his Chilean nitrate at cost. It seems to me there is nothing in the present situation that warrants such an undertaking.

Mr. HARRIS. Mr. President, the Senator may be right when he says there is more nitrate in this country than is needed. He is right in saying that the wholesale price is fixed in Chile. But the Government will not spend any of this money unless those who hold the supply of nitrates in this country try to put such a profit on it that it will make the fertilizer cost the farmer more than it ought to. If the people who hold all this nitrate are willing to take a fair price on it, of course the Government is not going to have to spend a dollar.

We enacted a tax law last year to help the manufacturers of the country. They are not in the financial distress in which the farmers find themselves. There are no manufacturers that we taxed the people to give help to last year who are in the condition which the farmers are to-day, and yet we did not fix the tariff for only the manufacturers who were in distress, we raised the tariff duty to help all of them. Our farmers are in great distress. In my section at least a third of the farmers lost money last year. There is a large number of those who really lost their farms because of their condition. If the Senator from New York understood conditions he would be the last man to oppose the measure, because there is not a fairer man in the Senate than is the Senator from New York. He would not oppose the measure if he understood the real condition of the farmers in my State.

Mr. WADSWORTH. Mr. President, I do not desire to delay the Senate unduly in the matter. I understand many farmers in the Southern States encountered very grave difficulties during the last cotton season, but the difficulties did not arise in the slightest degree as a result of shortage of nitrates, nor as the result of the low price of cotton per pound. Cotton has been selling for months at between 23 and 30 cents a pound. The trouble was the boll weevil that reduced the quantity of cotton produced. The trouble was not the fertilizer, because there was plenty of it.

If the amendment is adopted no fertilizer can be purchased by the United States Government after its passage and delivered to the farmers in time to be of any use whatsoever in the year 1924. It takes 60 days to send a vessel to Chile and load her and to bring her back and unload her, and when that 60-day period has elapsed we will simply have doubled the quantity of fertilizer in the country, and the Government will be compelled to sell it at cost. The market would be flooded as a result.

Mr. HARRIS. The Senator is right about this year, but he has not read the amendment carefully. The amendment contains exactly the same date that is contained in the Norbeck bill, to wit, June 30, 1926, and it will help us next year and the year after.

Mr. WADSWORTH. Is there any evidence to the effect that help will be needed next year with the nitrates?

Mr. HARRIS. The Senator from New York spoke of the boll weevil and the price of cotton in the South. If cotton were 30 cents or 50 cents or $1 a pound and the boll weevil took it all, it would not help the farmer. That is the condition of at least a third of my people to-day. The bill includes an appropriation for calcium arsenate to combat the boll weevil, and that is the only poison we have found in the South that would get rid of the boll weevil. Every section of the country is interested in this matter.

The other countries of the world are going to raise much of the cotton now produced in this country if the price remains so high. If our farmers can not raise cotton at a lower price in some way where it has been destroyed by the boll weevil, many of our people are going out of the cotton-producing business and other countries are going into it, and they will take from this country a large amount of the production of cotton. They are already increasing their yield. If the farmer could raise cotton at as low expense as he could formerly, he might sell it at a lower price and make a profit and there would not now be such a shortage of cotton.

Mr. SMITH. Mr. President, I would like to call the attention of the Senator from New York, as well as of the Senator from Georgia, to an error as to any benefit which might accrue to the farmer from the importation of soda within the next 60 or 90 days. Soda is rarely used as a primary or initial fertilizer in the planting of a crop. Its great value is in what is known as top dressing. It is perhaps the quickest and most powerful plant stimulant known to agriculture. Neither the sulphate of ammonia nor the ammonia derived from cottonseed meal or even from the cyanamid from the Niagara plant, where they have the nitrogen fixed from the air, has the peculiar effect of the nitrate of soda. It has revolutionized agriculture in the South.

We have a sandy soil and the danger of leaching or the actual leaching of the artificial fertilizers put in the soil is tremendous. So that even when we went to great expense in buying fertilizer to put under the different crops when growing, the friability of the soil and the excess rainfall in our section caused it to leach out, so that we lost perhaps the greater percentage of that which we had put in as fertilizer. If it were attempted to use the coarser forms of fertilizer as a top dressing, there would also be loss, for the reason that they are too slow in their action when applied later, during the growing period of the crop. However, one may plant an oat crop in the South on very poor soil, and if there is enough plant food in the soil to keep the "stand," as we call it, alive until spring, and then the crop is top dressed with nitrate of soda it has been known to double the yield of grain. That is its effect when applied to the small grains.

If applied to corn just before the ear begins to form, even though the stalk is very small, it will double and, in many instances, has been known to treble the yield of corn. I do not think I shall strain the faith of my colleagues in my veracity when I state that my State of South Carolina, which was perhaps one of the lowest in its average yield per acre of corn, yet holds the record yield of corn, having in a prize contest produced 235 bushels of corn as it came from the field on a single acre of upland. That phenomenal yield was produced largely because of the application of this wonderful plant stimulant or plant food.

With reference to the increase of the use of nitrate of soda since it was first tentatively tried some 30 or 35 years ago, the results of its application in the Atlantic coastal plain south of the Potomac River and east of the Alleghenies will indicate just what a revolution this particular ingredient has brought

about not only in the yield per acre but also in the stimulation of interest in the farm. I dare say there is not an article in all the category of fertilizer ingredients which means as much to the farming interests of the South as does this particular ingredient.

I have not been advised as to the cost this year at the ship side of nitrate of soda in Chile. Perhaps the Senator from New York [Mr. WADSWORTH] has investigated the matter and is possessed of that information. I do not think, however, the price is uniform in Chile. The export duty by the Chilean Government is uniform. The fact is that the Chilean Government practically derives its revenue from its export duty on this ingredient.

The conditions which now confront us are not similar to those which existed at the time I asked the Senate to pass a resolution identical with the amendment now proposed by the Senator from Georgia. That resolution was passed, and it involved the saving of millions of dollars to the farmers. As the Senator from Georgia suggests, the Government not only did not lose a dollar, but, according to advices from the Agricultural Department, which had the distribution of the fertilizer in hand, they overestimated their overhead charges—that is, what it would cost to employ certain agents of the Government to distribute the nitrate of soda—by about $60,000, which the Government received in excess of what it cost to bring the fertilizer in and to distribute it. Understanding the fertilizer business as I do, and as I have been compelled to do during all my life, I can not see why there should be any objection to this proposition. If the Government has the facilities—and I presume we have them in the shape of certain vessels which we own——

Mr. WADSWORTH. Mr. President, will the Senator yield to me a moment?

Mr. SMITH. I yield.

Mr. WADSWORTH. Does not the Senator realize the cost which would be imposed upon the Government if it took some of the Shipping Board vessels which have been moored in our rivers for 18 months or 2 years and put them in shape to go to Chile in order to get the nitrates? It would be prohibitive.

Mr. SMITH. I presume that the Senator from Georgia who proposed the amendment does not contemplate that the Government shall lose any money by the operation. Therefore, if the Government, under the amendment, should find that the cost of Government operation would be greater than through private individuals, of course the amendment would not compel the Government to do the work.

The point I am making is this: All of us who have had any experience at all with commercial fertilizer know that its cost is very high. Senators will understand there is a radical difference between what is known as the manipulated fertilizer—that is, where certain fertilizing ingredients are compounded and sold as a complete fertilizer—and fertilizer such as nitrate of soda. All fertilizer plants use fertilizer in its prepared form for the major part of their business.

Mr. HARRIS. Mr. President, will the Senator from South Carolina yield to me for a moment?

Mr. SMITH. I yield.

Mr. HARRIS. My amendment provides that the Government is—

> To dispose of the same at the total cost to the Government, payable in advance.

Every cost is to be included.

Mr. SMITH. I understand that the amendment proposed by the Senator from Georgia is identical with the resolution which I introduced during the World War.

Mr. HARRIS. The amendment is like the joint resolution submitted by the Senator from South Carolina, as I stated in the beginning, except that it includes calcium arsenate now.

Mr. SMITH. What I wish to state is that no manipulation whatever, save by the evaporating vats in Chile, is needed for the preparation of the nitrate of soda; or, I will put my statement in another form and say that no kind of a manipulation is needed after the soda is delivered by the Chilean mines at the ship's side in Chile. The form in which it is then received on shipboard is identically the form in which I use it on my farm.

The only question involved here is, What is the margin of the profit of the private importers, the parties who buy this stuff and bring it to the United States and sell it? Of course, they are going to have a profit. This commodity is used extensively in the manipulated fertilizers as a basis of their ammonia. They also use fish scrap; they use sulphate of ammonia; they use cottonseed meal, and they use a form of tankage, all of which have a greater or less per cent of ammonia. They use those substances with phosphoric acid and potash and make what is called a "balanced" fertilizer, but even in that form the soda content, or the ammonia content, is a costly one. Phosphate is abundant. Since the termination of the war potash has been coming in from Germany almost as freely as it came in before the war. So that the one element in the production of the crops of the South which is costly to the farmer is the element of ammonia. The others are negligible. Anything that will tend to lessen the cost of his fertilizer tends to increase the yield per acre of his crop and as a result tend to lower the cost of living, for the reason——

Mr. WADSWORTH rose.

Mr. SMITH. If the Senator will bear with me a moment—for the reason that the farmer has no way in the world of carrying on to another the cost of his production, and just as in proportion as that production becomes unprofitable is he going to lessen his crop, and just in proportion as the cost of production becomes expensive it will be reflected, as a matter of course, if under no other law under the law of supply and demand, in the higher cost of living. We ought by all means within our power to encourage the production of those ingredients which are essential with due regard to as great profit as the farmer may obtain.

I will go further, Mr. President, and say that in the present order of things when practically every other industry in this country is organized it is the logic of the circumstances in which modern life finds itself. I daresay that there is not an article of ordinary use in any of the stores of the city of Washington or in any other city in America that is not only controlled by a combination which produces it but also the territory in which it is distributed is controlled and the price of it is fixed by that organization. We speak of competition, but under capitalistic production competition is an impossibility as we knew competition before we had the forces for manufacturing that we now have. Anyone who will take the time to study that last remark or the basis upon which it is made will realize that under the forms of capitalistic production we can not have competition. We can not have competition between the railroads of this country; we can not have competition between the manufacturing industries of this country. The things which are necessary to equip the factories are standardized by virtue of the operation of the same law.

Mr. WADSWORTH. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from South Carolina yield to the Senator from New York?

Mr. SMITH. I do.

Mr. WADSWORTH. The Senator says we can not have competition in the manufacturing business?

Mr. SMITH. Yes.

Mr. WADSWORTH. That is an extraordinary statement in view of the well-known fact that price cutting is a common thing as between manufacturers.

Mr. SMITH. Price cutting, Mr. President, as between manufacturers can only be possible where the difference between the cost of production and the selling price has reached such a degree that they can compete. The Senator knows that the equipment of all factories in a particular line costs practically the same; wages are practically the same; the capital invested per unit of output is the same, and, if competition gets down to the point where the cost of production has been reached, then the only way to meet expenses is to go into capital and the moment that is done the plant ceases to operate.

Mr. WADSWORTH. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from New York?

Mr. SMITH. I do.

Mr. WADSWORTH. Does the Senator from South Carolina deny that the southern cotton mills compete with the New England mills?

Mr. SMITH. The southern cotton mills compete with the New England mills by virtue of a natural law.

Mr. WADSWORTH. I am not asking the reason, but do they not compete? Do they pay the same labor wages as the New England mills?

Mr. SMITH. Practically the same.

Mr. WADSWORTH. Is the Senator sure of that?

Mr. SMITH. If the Senator from New York will look at the reports, he will see that they are practically the same.

Mr. WADSWORTH. Are the hours of labor the same?

Mr. SMITH. The hours of labor are practically the same.

Mr. WADSWORTH. That is news to me.

Mr. SMITH. If the Senator will investigate the matter, he will find that they are practically the same.

Mr. BRUCE. Mr. President, will the Senator yield to me for a moment?

Mr. WADSWORTH. I am not denouncing the industry at all, but am merely calling attention to the fact that the Senator is making a very broad statement here when he says that there is no competition in the manufacturing business.

Mr. SMITH. I think I can sustain it.

Mr. WADSWORTH. I have seen some competition in skillfulness of management which the Senator has not touched upon.

Mr. SMITH. Yes.

Mr. WADSWORTH. That is the keenest and most important competition of all.

Mr. SMITH. Yes; I admit that, and I will answer that suggestion.

Mr. BRUCE. Mr. President, there has been in recent years such a complete departure from all the old, time-honored principles of American government that I am just a little desirous of finding my bearings. I should like to ask the Senator a single question. Is he a state socialist?

Mr. SMITH. Mr. President, I have not the time to answer any question of that kind, nor should a conclusion of that sort be deduced from what I have said.

Mr. BRUCE. The Senator says there can be no competition in railroad operation, there can be no competition in commerce, there can be no competition in manufacturing enterprise. It seems to me it follows, as a necessary corollary from that, that there is nothing that can be done except to resort to state socialism.

Mr. SMITH. Mr. President, every man admits that in the management of our manufacturing industries in this country it will be found that those that are manufacturing have practically identically the same overhead charges. The cost of the goods as placed upon the market is the same, based upon the fact that capitalistic production can not compete as natural production is forced to compete. Mr. Morrison, one of the great economists of England, said in the very beginning of railroad operation that being monopolistic in its nature, having practically the same cost of construction and practically the same cost of upkeep, in its very nature competition there was impossible. I shall take occasion to show, and I think if time permitted I could show now, as the Senator from New York [Mr. WADSWORTH] suggests, that where skill and thrift and economy are practiced, all of those can be accounted for to a negligible per cent; but when we take the cost of wages, fixed now by the hour, fixed now by the ordinary, uniform price that labor obtains, the standardization of the material out of which the plant is built, the markets in which the products are sold, the uniformity of the price of all manufactured goods throughout the country establishes the fact that the statement I made is practically correct. There is no competition possible in capitalistic production as we know it in the ordinary production. Therefore, until this Government by the proper legislation has brought about, for those who produce the raw materials of this country, a condition where they can meet the fixed, almost inflexible prices of the things that they have to buy, agriculture will stay where it is now. Every overhead charge of all the things that the farmer has to buy is absorbed in the price he has to pay, while from all that he has to sell has to be subtracted the price of all that he has to buy in producing it. So that we shall have to revolutionize our system of financing the farmer, and recognize the radical difference between artificial production, namely, manufacturing, and natural production, namely, the products of the field; and it is not, as the Senator from Maryland [Mr. BRUCE] would indicate, State socialism for us to provide, by Federal enactment, means that will enable the farmer to better his condition, any more than for us to turn over to the national banks of this country the sole regulation of the circulating medium, and not allow the several States as well as the Federal Government to fix the amount of the very lifeblood of commerce.

Therefore, every help that can be extended should be extended, especially in view of the fact that in the case of this ingredient that the Senator from Georgia [Mr. HARRIS] is attempting to aid, I do not see why there should be any radical objection. I frankly admit that the need for it does not exist as acutely to-day as it did at the time of the former introduction of the bill during the war; but I do say that the condition of the farmers in the South is no different from that of the farmers in other parts of the country. There may be some little differences in degree, perhaps, but they are all practically insolvent by virtue of two radically different things—in the West, overproduction; in the South, underproduction.

Mr. BRUCE. Mr. President, will the Senator yield again?

Mr. SMITH. I yield.

Mr. BRUCE. The last statement of the Senator seems to me to be just a little inconsistent with a statement in the last report of the Department of Commerce. It says that the total value of the assessed property of the State of Virginia has exactly doubled in the last 10 years.

Mr. SMITH. Oh, yes; Mr. President.

Mr. BRUCE. That does not look like insolvency to me.

Mr. SMITH. If I were 20 feet down in a hole, and the hole were filled up with a deadly gas, and some one were to pull me up 10 feet, and I were not out of the gas, I would be in just about as bad a fix as if I were at the bottom. The value of their property may have increased, but they are still very far from solvent. That is the condition in my State. We were not as badly off in 1923 as we were in 1921, but we still are not out of debt, and there does not seem to be very much hope of our getting out of debt when the markets can be raided by those who do not know a wheat field from a broomstraw field, nor a cotton stalk from a jimson weed; and yet to-day they are absolutely controlling the price of the product produced by those upon whom we are dependent for our food and our clothing.

Mr. BRUCE. Mr. President, may I interrupt the Senator just once more?

Mr. SMITH. I yield.

Mr. BRUCE. I also saw a statement a few days ago to the effect that it was computed that within the next six years the State of North Carolina will have exhausted all of its potential water power for manufacturing, and that consequently some of the people of North Carolina were considerably concerned at the idea of the Muscle Shoals project diverting a portion of their manufacturing power. That too, does not look like insolvency to me.

Mr. SMITH. So far as the water power in North Carolina is concerned, I guess it is like it is in my State, controlled by private concerns who are manufacturing the raw material out of which the farmer is hoping to get something; but the difference between the price at which he sells his product and the price at which he buys the manufactured product is what is making possible the rapid development of water power in North Carolina. Of course it is in the hands of corporations.

I have no quarrel with them. It is their duty to make all the money they can; but I do maintain that under the condition that exists in this country, by virtue of the great number of the farms and by virtue of the fact that it is impossible for the farmers to organize as other business organizes, the Government should recognize that fact and do all that legitimately may be done to bring about a condition where the farmer will be more or less assured of a fair return upon the things that he produces.

I have been a Member of this body 15 years, and I have seen the manufacturers of this country come and ask us to pass Federal legislation that not only would shut out the competition of foreign countries but would measure the difference between what the manufacturer would have to pay his laborers here and what the foreigner would have to pay his laborers, throwing the strong arm of the Government around him and shutting out competition in order to give him the American field for his exploitation. Everyone knew that the farmer could not enjoy the benefits of that, for the reason that unless the farmers were so organized as to handle their own output so that if they had a surplus they could dictate the price of the product they sold in America, and then have their surplus shipped out and meet world competition, the tariff was a dead letter to them for this reason: We put a tariff on wheat. It did the farmers practically no good. Why? Because the man that set the price of the wheat and bought the wheat was the man that exported the wheat and sold it to the domestic mill. The consequence was that the domestic price was the world's competitive price. Now, suppose the farmers had been organized sufficiently to control their output. They would have sold the domestic wheat at just the level of the tariff. They would have fixed the price, and they would have fixed it as high as the tariff, and what they exported would have been exported to meet the world's production.

We have here a bill, known as the McNary-Haugen bill, which says to the Government: "You assume the rôle of the unified buyer and seller, and you buy this wheat until you have bought up enough of it so that the purchasing power of the wheat dollar will measure up to the purchasing power of the dollar of the manufacturer who produces the things the farmer has to buy." In other words, it is tantamount to saying to the Government: "You stand in the place of an organized buying and selling movement until you get the domestic price up to the level of the tariff, and then distribute the export at the price of the world competition."

That bill, I understand, is indorsed by the present administration. If I am in error, perhaps some one who knows the situation will correct me; but the principle involved, that the surplus shall be bought up by the Government until the domestic price reaches the level of the tariff price and then the surplus shall be sold abroad, recognizes the fact that the farmer can not do it.

He has not the means to do it. He has not the organization to do it. Therefore the Government steps in and says, "We recognize the condition brought about by organized production and the tariff, and in decency we will meet it by assuming the rôle of an organized buyer and seller, and enable you to enjoy the benefits of the tariff."

I surmise that if the Government had assumed that rôle in reference to all the products of this country produced by the farmers, we would not have had such wonderful adherence to the principle of the protective tariff as we now have; but that goes to illustrate the point I am making, that the farmer is compelled to buy in a market where the price of the thing he buys is fixed by the seller, and then has to sell his product in a market where the price of the thing he sells is fixed by the buyer. That is the condition that confronts the country; hence, I presume, it was the reason why the Senator from Georgia [Mr. HARRIS] introduced this measure.

I will state frankly that I do not think the necessity for the passage of the bill is anywhere near as great now as it was when it was first introduced; but in view of the fact that not a pound of this material is produced in America, not a pound—that which is available for us is a natural product found alone in Chile—if the Government, by virtue of its activity, can find a means of saving something to the farmer in order to enable him to meet the terrible conditions that now confront him, I do not see why it may not be done.

Mr. WADSWORTH. Mr. President, I indicated a few moments ago that I did not intend to keep the Senate longer in this discussion, but some of the observations made by the Senator from South Carolina [Mr. SMITH] are so extraordinary, to my view, that perhaps I will be forgiven if I make some comment in reply.

The Senator from South Carolina proceeds on the assumption, apparently, in the discussion of this entire agricultural problem, that the price of everything produced by the farmer is controlled arbitrarily by somebody else, some association or group of powerful individuals or corporations, generally never described or identified, remote and mysterious, but nevertheless all powerful. If that were true, cotton would not be selling at 30 cents a pound, because the organized buyer would not pay that much for it. He would insist upon a lower price. The very condition of the cotton market illustrates the utter fallacy of the statement that the buyer controls in every case the price of a great staple.

Mr. BRUCE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maryland?

Mr. WADSWORTH. I yield.

Mr. BRUCE. May I call the attention of the Senator from New York to the fact that the recent advance in the price of tobacco is quite marked in southern Virginia and North Carolina, and I believe that there is a considerable amount of tobacco raised in South Carolina, too.

Mr. WADSWORTH. If the statements made by the Senator from South Carolina are correct, the price of no farm product would ever go up. I have been in the business as a serious undertaking long enough to know that the prices of agricultural products vary every day in the year, and that no one has complete control over them.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from South Carolina?

Mr. WADSWORTH. I yield.

Mr. SMITH. The Senator from New York is setting up conditions of argument which I myself did not state. I did not say that any one man or any one corporation or any number of men control the price of the things the farmer sold, but what I did say was this: That the farmer had no say in the price of the thing he sold. The Senator will not deny that.

Mr. WADSWORTH. Yes, Mr. President; I deny it in part.

Mr. SMITH. To what extent?

Mr. BRUCE. Mr. President, I do not want to be too much of an interloper, but I would like to ask just one other question of the Senator from South Carolina. Does he or does he not attribute the rise in the price of tobacco grown in southern Virginia and North Carolina and South Carolina to the farmers' cooperative marketing association? It seems to me that this enhancement in the price of tobacco was a distinct and unmistakable result brought about by the action of the farmers themselves.

Mr. SMITH. If the Senator from New York will allow me, may I ask the Senator from Maryland if he thinks the price was affected by cooperative marketing?

Mr. BRUCE. I think so, unquestionably. I grow a considerable amount of tobacco on my own plantation, and I think that the rise in the price of tobacco in the last year has been due to the marketing association formed by the southern farmer. That is the impression of my neighbors, as well as of myself.

Mr. SMITH. I heartily agree with the Senator. I think that has increased the price, and that is exactly in keeping with the argument I made, that organizations control the price. The Senator from New York will not deny that.

Mr. WADSWORTH. The Senator most certainly gave the impression that the farmer had no control whatsoever.

Mr. SMITH. He has not.

Mr. WADSWORTH. That is a situation which I can not admit as existing.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield further to the Senator from South Carolina?

Mr. WADSWORTH. I would like to be permitted to explain why I can not admit it. Perhaps it would be more logical if I should explain why I do not admit the assertion of the Senator from South Carolina.

Mr. SMITH. Very well.

Mr. WADSWORTH. I am quite sure the Senator from South Carolina has heard of the dairymen's league of the State of New York and neighboring States, entered into voluntarily by thousands of dairy farmers for the purpose of controlling the price and other conditions in relation to the dairy industry; and they have been measurably successful in that. The Senator from South Carolina will not assert that the wheat farmer has no control over the price of wheat. He may not have control as of a given day, but, directly or indirectly, through a whole season he has a control in proportion as he increases or decreases his acreage in wheat.

Mr. COUZENS. May I interrupt the Senator?

Mr. WADSWORTH. I yield.

Mr. COUZENS. Does the individual farmer have any control over that?

Mr. WADSWORTH. In many, many instances individual farmers decrease their acreage in one crop because they see that the price is too low, and increase it in another, where they think the price is profitable. I have seen that happen time and time again. They do not always do it with absolute accuracy; but to say that the farmers of the country have no control whatsoever over the price of their principal products, as has been said here, is against my own experience.

Mr. COUZENS. The Senator may have had some unusual experience.

Mr. WADSWORTH. Not at all.

Mr. COUZENS. The Senator might have had a better training, perhaps.

Mr. WADSWORTH. Oh, no.

Mr. COUZENS. After all, if one farmer decreases his crop because he visualizes that there is going to be an overproduction, and another farmer increases his production, not visualizing the same thing, is not the farmer who reduces his production affected by the action of the farmer who increases his production because he does not guess the same?

Mr. WADSWORTH. I do not say that all farmers are affected exactly alike by an increase or a decrease of acreage of a certain staple, but these things run by cycles. The acreage to winter wheat for this coming season is considerably below the acreage of last year, and just as surely as the Senator and I are standing on this floor the price of wheat next autumn will be higher than it was last.

If I recollect aright, for example, I read in some report that the acreage in Oklahoma planted to winter wheat this last autumn is 40 per cent lower than it was the year before. It is bound to have an effect. It does have an effect. I am merely attempting to reply to the broad assertions of the Senator from South Carolina. He cited broomcorn, cotton, and two or three other staples or articles which occurred to him as he discussed this question, and he certainly gave the impression that somebody other than the farmer fixed the price in every instance. If that were true, as I said a moment ago, the buyers would not be paying 30 cents a pound for cotton to-day. They would insist upon a lower price if they controlled it. It is because cotton is scarce, due largely to the boll weevil, that the price has gone up. It is not due to any scarcity of fertilizer. There is plenty of fertilizer on hand now.

Mr. COUZENS. I agree with the Senator; but the farmer did not control the price of cotton, did he?

Mr. SMITH. No. The Senator from New York has the price controlled. Even the boll weevil has come in now, according to the Senator's argument, and is controlling the price, rather than the farmer.

Mr. COUZENS. No matter what the conditions were, he did not control the price?

Mr. WADSWORTH. Not for this year, but his planting for next season will have a profound effect on the prices of next year.

Mr. COUZENS. If he guesses correctly, of course.

Mr. WADSWORTH. Everything in business is a guess, more or less.

Mr. COUZENS. Not necessarily so.

Mr. KING. May I inquire of the Senator from Michigan, for information, if he believes that the Government should fix the price of the products of the farm, or the products of manufacture, if it is a legitimate function of the Federal Government to fix prices of commodities, of labor, or of anything else?

Mr. COUZENS. I do say that the individual farmer has less control over the price he is going to get for his product than the manufacturer has, if, indeed, he has any control. In other words, the farmer has one crop in a season. The manufacturer may change his course of production from day to day, in accordance with market conditions, and is not bound by the same conditions by which the farmer is bound.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from South Carolina?

Mr. WADSWORTH. Does the Senator desire to ask a question?

Mr. SMITH. No; I will let the Senator finish his statement.

Mr. WADSWORTH. The Senator from Maryland [Mr. BRUCE] asked the Senator from South Carolina if he is a State socialist. I feel pretty certain that the Senator from South Carolina is no such thing.

Mr. SMITH. I am obliged to the Senator.

Mr. WADSWORTH. But I do invite attention to this amendment, and in that respect, in part at least, the question asked by the Senator from Maryland has a bearing. There is no scarcity of fertilizer whatsoever. That is conceded. The price is lower, in proportion, than upon any other article purchased by farmers necessary to the conduct of their business.

Mr. HARRIS. Mr. President, there is a scarcity of calcium arsenate.

Mr. WADSWORTH. A decreasing scarcity. It was scarce last year. It is much less scarce now.

Mr. HARRIS. It has gone up 300 per cent within two years.

Mr. WADSWORTH. Yes; owing to the immense demand incident to the discovery that that chemical is useful in handicapping the boll weevil; but the trade is responding to the demand. The production this year is infinitely greater than it was last year, and the price has been going down as compared to last year's price. There are many things, may I say, in which farmers are interested which are difficult to get, and expensive to get. Why confine Government operation to nitrates? Where I live, and where large numbers of livestock are on the farms, a fence post is getting to be a pretty expensive article to obtain.

I can remember very well when we could get the very best white cedar fence posts for 15 cents apiece. Now they cost nearly 50 cents apiece. They have to be brought from Canada. Why does not somebody rise and offer a resolution to appropriate a million or two or three million dollars to have the Government go to Canada and get fence posts for my neighbors and myself at cost? There are any number of things one could bring up, which may seem ridiculous at first, but the purchase of which I think would be consistent with the effort reflected in this bill. There is far more of an emergency in respect to fence posts than there is in fertilizer, the price of which has not gone up, and of which there is no scarcity.

I have every sympathy with people on the farms who have difficult times. I have seen people have very, very difficult times, and have had some myself, but never yet have I found a paternal government able to lift agricultural industry, or any other industry, out of the difficulties which have come to it as the result of natural economic law. It has never been done in the history of the world. None of us is perfect in the conduct of his business. Most of us make mistakes year after year, and learn by experience.

I think I can appreciate the condition, for example, in which the wheat farmer finds himself to-day. It is due, in my judgment, to two major reasons; one, immense overproduction as the result of the demand for wheat and bread during the war, when the wheat acreage immensely increased, and the farmer, left with his increased acreage on his hands, kept on planting it after the war was over, and there was too much wheat. Then in certain sections of the country the per acre production of wheat over a 10-year period does not average much more than 8 or 10 bushels per acre, and no section of country on the face of this globe can prosper at raising wheat, and nothing but wheat, when only 8 or 10 bushels per acre is produced.

Mr. KING. Or even 14 bushels.

Mr. WADSWORTH. Farmers can not live on it. The soil has been cultivated for 30 years out there, and not one thing put back on it to refertilize it. It is going back toward exhaustion. The farmer has impaired his capital.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. WADSWORTH. I yield.

Mr. COUZENS. I recognize that what the Senator says is correct, and I am in entire accord with him, and do not agree with this amendment; but in view of the fact of this great increase in acreage and the poor yield per acre, a condition has arisen which leaves many farmers on the farms without a source of income or any means of protecting themselves.

Mr. WADSWORTH. It is a very, very difficult situation.

Mr. COUZENS. Has the Senator any suggestion as to how that might be remedied by any act in Government, private or otherwise?

Mr. WADSWORTH. I remember that was very thoroughly discussed last year in connection with the so-called agricultural credits bill, which bill I supported as did a great majority of Senators. The Government in that legislation provided additional facilities for the extension of credit, under proper safeguards of course, to people especially in farming regions who found themselves greatly in need of extended credits, but could not get them from local banks because the local banks were overextended. I think legislation of that kind is justified, is warranted, and in many instances it would be helpful; but I do not think it will be helpful for the Government itself to go out and purchase supplies for the farms to be delivered to the farmer at cost, or to purchase products from the farm to be sold by the Government somewhere else at a supposed profit.

I do not think we will ever get anywhere with either of those proposals because they are uneconomic. They are in violation of the law of supply and demand, and that law can never be violated with impunity over any considerable length of time. That is the reason why I am opposing the amendment of the Senator from Georgia. It thrusts the Government into the business of buying and distributing fertilizer. There is no emergency. That is admitted. The Senator from South Carolina [Mr. SMITH] says there is not any emergency.

Mr. COUZENS. Does the Senator believe one of the remedies for aiding the farmer is diversification so he is not confined to a one-crop plan?

Mr. WADSWORTH. I think diversification in the long run is the answer to the whole thing.

Mr. COUZENS. Does the Senator believe in the Government helping to that conclusion?

Mr. WADSWORTH. If such a thing is possible, I do; but I can not see any help in the pending bill. I am wondering whether it is possible for the Government to really aid them effectively, because diversification can only be achieved on the farm after the expiration of a considerable number of years. No farmer who, we will say, has nearly all his farm in wheat or in corn or in any one crop can in one year's time become engaged in diversified farming. Take the bill that is now before us. It authorizes a loan of $1,000 to any farmer of reputable character who is not so heavily in debt as to make it impossible or impracticable for him to carry any more debt. It says, "Here is a thousand dollars which you can have at 6 per cent. You are going to buy cows or chickens or pigs or sheep." The idea seems to be that the thousand-dollar loan is going to make a diversified farmer of him. Why, Mr. President, it will not start him on it; it will not even give him a start.

If he is going into the dairy business, he will have to build a silo; and if he builds a 150-ton silo, it will cost about $1,100. He has to build a cow barn; and if it is to come within the sanitary requirements of the cities to which he sells milk, it has to be a pretty good barn. He can not build a barn that will hold 20 cows for less than $3,000. He has to fence his land to

hold the livestock when it is turned out. He has to get various articles of equipment in addition to buying the cows. A thousand dollars will not last him two months in an endeavor to make a diversified farmer of him.

No man can completely change his method of doing business out in the open on a farm in one year's time. It is a slow process, involving gradual changes one after another, working from one kind of business and slowly going into other kinds, until finally the man is raising several different kinds of crops and is selling some milk and some butter and some eggs and some pork. I think the thousand dollars may as well be put in the middle of the street. It will not get him anywhere.

I notice that the loan is to be a lien on the livestock which the Government is to purchase for the farmer and on the natural increase of the livestock. Suppose the farmer bought a flock of hens, and the hens hatched out some little chickens, not one of those little chickens can be sold until it is released from the lien, no matter if they are only half as big as a man's fist.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Washington?

Mr. WADSWORTH. I yield.

Mr. DILL. The Senator assumes that because we propose to help the farmers to enter upon diversified farming they would change their entire business and prepare to do nothing but the dairying business. He speaks of a silo and 20 cows and new barns. The Senator must know that just because it is proposed to have diversified farming is no reason why a man must give up all his other work.

Mr. WADSWORTH. I did not say that.

Mr. DILL. His argument against that was based on that theory.

Mr. WADSWORTH. I think not. I may have misstated my argument, but I certainly did not intend to have it based on that theory.

Mr. DILL. Does not the Senator think that a thousand dollars to a man who has no money with which to buy pigs and cattle would help give him a start, would help him start his process of changing, which the Senator says will take a few years?

Mr. WADSWORTH. I honestly believe, and I understand the bill is confined largely to the wheat-growing areas where the acreage is very large, that if the Government wants to stake a farmer in that country in such a way that he may become a diversified farmer or engage in diversified farming within any reasonably short period, it had better loan him $10,000 than $1,000.

Mr. DILL. Of course, the Senator said it would take several years to do this.

Mr. WADSWORTH. Yes; even with the $10,000 loan.

Mr. DILL. Of course, $10,000 would start him on another kind of business than farming. I thought the purpose of the bill was simply to assist him gradually to change from being a purely wheat farmer to doing some other things that would bring more income and would tend to diversify his farming activities.

Mr. WADSWORTH. If the bill were just a starter for annual bills of this sort at $1,000 per year, perhaps I might agree with the Senator.

Mr. DILL. I speak of this because the Senator knows that in the Eastern States the farmers have a few pigs, a few sheep, a few cows, and they raise some wheat and some oats, and in no case scarcely through the Middle West do they have a dairy farm and dairy barns.

Mr. WADSWORTH. I am speaking of the bigger ones.

Mr. DILL. But in the far West they raise nothing but wheat, and they are to-day in a condition that they can not even begin the operation of having a little stock and gradually working into diversified farming. I ask the Senator from that viewpoint whether he does not think there is some merit in the bill.

Mr. WADSWORTH. I think the object of the bill is meritorious, but I think the bill will accomplish nothing.

Mr. KENDRICK. Mr. President——

Mr. WADSWORTH. I will yield to the Senator in just a moment. The Senator from Washington spoke of the farmers of the East, and I assume he includes in that everything east of the Mississippi and quite a little west of the Mississippi that are diversified farms. The process of becoming diversified farmers must come through the slow process of the years. The country in which I live raised nothing but wheat 100 years ago. Through the slow process of the years it now raises or produces 15 or 20 or 30 articles. The farmers have done it, as experience has taught them, a little bit now and a little bit next year and a little bit the year after. But to think that this $1,000 loan will transform anything over any great extent of territory is to confine one's faith to a very slender reed. I promised to yield to the Senator from Wyoming, and I now do so.

Mr. KENDRICK. I want to ask the Senator, who is not only a practical but a successful farmer, if he were to recommend a change from the one-crop system to diversified farming, whether he would not in the natural order of things recommend a gradual change?

Mr. WADSWORTH. Yes; a very gradual one.

Mr. KENDRICK. Such as he has apparently been inclined to ridicule.

Mr. WADSWORTH. No; I did not ridicule a gradual change. I ridiculed any attempt at an abrupt change and say that it is impossible.

Mr. KENDRICK. On the other hand, the Senator pointed out that the amount of $1,000 would be entirely ineffective in making the gradual change.

Mr. WADSWORTH. I think so.

Mr. KENDRICK. I believe the Senator will agree with me that a thousand dollars on the average size farm will fairly well stock that farm with both cattle and hogs, will he not?

Mr. WADSWORTH. What does the Senator mean by an average size farm—160 acres?

Mr. KENDRICK. Yes.

Mr. WADSWORTH. No; I do not. A thousand dollars will come nowhere near it. The farmer would not only have to stock his farm but would have to house the stock.

Mr. KENDRICK. It appears from the Senator's talk that we can not avoid the conclusion that he is viewing the question from the standpoint of the extensive farmer, rather than for the one of limited means, for whom benefits of this act are primarily intended. The information that comes to us is in effect that in many of the farm units there was diversified farming before the Government offered encouragement to go solely and entirely into wheat production.

Mr. WADSWORTH. That was a very unfortunate event.

Mr. KENDRICK. If that be true, there would be found already on the majority of the farms in the wheat-growing district outbuildings to meet the needs of the situation. Then the Senator must not overlook the fact that has been pointed out here that there should be a very great economic need for livestock on the farms in the producing of food and subsistence for the farmer and his family. That in itself would prove highly economical, because while they could live easily without the livestock, they can not live comfortably without it. My opinion right along has been that instead of making this amount $1,000 it should be limited to $500, and therefore make the change even more gradual from the one-crop system to diversified farming than will be done under the total of $1,000.

Mr. WADSWORTH. The Senator and I generally have pretty similar ideas about these problems, as I happen to know from conversation with him on many occasions.

Mr. BRUCE. Mr. President——

Mr. WADSWORTH. I will yield to the Senator from Maryland when I have answered the Senator from Wyoming. If this were to be an annual extension of credit thoroughly systematized and supervised with a degree of paternalism which the Senator from Wyoming never would permit on his ranch, nor I on mine, it might work out practically, but my contention is that merely the loan of $1,000 is not going to give these great farming regions any distinct advantage. Furthermore, as the Senator himself has suggested, more calamity than anything else would result from a state-wide or semination-wide attempt on the part of farmers to suddenly change the entire character of their business and endeavor to raise crops and produce articles with which they are not familiar.

As the Senator said, it is infinitely healthier, though it may be a little more painful in the beginning, but in the long run it is infinitely more healthy in its results if the change from one-crop farming into diversified farming is made gradually over a considerable term of years. The Government may some day think that it is worth while to take up and encourage that kind of transformation, and a transformation achieved after that fashion would be perhaps all right, but the bill pending before us apparently goes upon the assumption that by loaning $1,000 we are going to change the method of farming on thousands and thousands of farms in our great Northwest, and the Senator, I think, knows that it will not happen.

Mr. KENDRICK. I wanted to say to the Senator, and I call attention again to the fact in spite of his joke about the little chickens that it is presumable under the bill, and I believe it will prove practical in experience and results, that the money will be employed in the purchase of cattle, sheep, and swine on the farm. The Senator knows very well that even if the amount here appropriated and limited to $1,000 should be

small to begin with, the natural increase from this livestock would stock the farm in a very short time.

He is not overlooking the fact, I am sure, that the fund proposed to be provided here is not presupposed to increase the quantity of livestock in the country so tremendously in one or two years, but it is to be distributed over a period of three years, so that the whole process will be a gradual one. It is no doubt considered that all of this livestock can not very well be purchased and supplied in any one year. So I am sure that the plan of the proposed legislation is very much more sane and rational from the standpoint of the farmer and diversified farming than the Senator is allowing himself to believe.

Mr. BRUCE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maryland?

Mr. WADSWORTH. I yield.

Mr. BRUCE. Mr. President, I would like to ask the Senator from New York whether his attention has been particularly called to the extremely precarious nature of the security that is proposed to be given to the Government for the loans which are to be made under this bill. Among the other purposes for which money is to be loaned is that of purchasing chickens for the farmer. Of course, we all know that chickens are of a rather perambulatory nature and are likely to wander off from the premises to be destroyed by hawks or crows and sometimes merely to be hopelessly lost. Then, of course, chickens are likewise exposed to theft. There would always be a likelihood, too, that even if the chickens on which the Government reserved a lien escaped those dangers, they might be eaten by the borrower before it got back its loan on them or perhaps die of the pip. Personally, I could not conceive of any object on which it would be more difficult to obtain anything in the nature of such a substantial lien as this bill contemplates than a chicken.

I would like to ask the Senator from New York another question. Has he stopped to think how far assistance of this kind, if rendered to the farmer, is likely to work demoralization in his industrial character? We all know that our old southern slave conditions had their strong as well as their weak side. They created a pure and delightful society, they produced many noble men and women, and they contributed many great men to the political and military history of this country; but, of course, the fatal infirmity, economically speaking, of the old southern society was that slavery sapped the principle of self-help, which is another way of saying that it aimed a destructive blow at industrial thrift. Under the institution of slavery it was entirely too easy for the master to have some squalid negro man or slatternly negro woman to do something for him that it would have been well for him to do for himself with the consequent disciplinary effect. Happily, the present economic structure of the South is being built up with splendid success on entirely different foundations.

Now, will not the inevitable tendency of such loans as are proposed under this bill be to produce just such economic results as were produced at the South by slavery? Will not the habit of relying on the Government for things for which men should rely upon themselves only become more and more a settled habit, until we shall find very much the same ruin to character worked in this country that was worked in England by the indiscriminate practice of government poor relief?

I ask the Senator from New York whether these two points have occurred to him?

Mr. WADSWORTH. Mr. President, I shall first touch very briefly on the second question which has been asked by the Senator from Maryland. There is no doubt about what paternalism in government leads to. Everyone knows that it leads a people to a state of dependency. Of course, emergencies do arise and overtake industrious human beings from time to time which only the Government can meet. I think there are occasions when the Government is justified in taking paternal action, but, generally speaking, it is a dangerous experiment. It is very popular sometimes at the outset, but the imposition of a paternal government operated by a large bureaucracy inevitably becomes very burdensome on the people. I have thought on a good many occasions in recent years that we are slowly transforming the Federal Government at Washington into a huge, top-heavy bureaucracy, manned by thousands and thousands of persons about whom no one knows anything, who are remote and mysterious and irresponsible, who are armed with some little power through which by the stroke of a pen they may regulate the acts of some family living 1,000 miles or 2,000 miles from Washington. I wish we could halt that tendency. I have cried out against it on a good many occasions, but with very little success. I have been accused upon some occasions of being an "old-fashioned Democrat" in that regard. I find myself very lonely even in that category.

The question raised by the Senator from Maryland is well worthy of our consideration, not so much, perhaps, in connection with this especial bill, but in connection with the general tendency of legislation to-day. Now as to his first question——

Mr. KING. Mr. President, before the Senator leaves that subject may I interrupt him?

Mr. WADSWORTH. I should like to answer the question of the Senator from Maryland.

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

Mr. WADSWORTH. Very well, I yield.

Mr. KING. The Senator stated that he believed perhaps some conditions might arise which would justify paternalism.

Mr. WADSWORTH. Temporary in character.

Mr. KING. Of course, the Senator means that the paternalistic undertaking must not be unconstitutional?

Mr. WADSWORTH. Oh, no; I am assuming that we will obey the Constitution.

Mr. KING. And the Senator, of course, with his splendid mind and his fine ability, appreciates the fact that we have a dual form of Government; that the States may do things which are forbidden to the Federal Government; that a thing paternalistic in character might be done by a State and there would be no State inhibition against it, but the same act would not be within the power and the authority of the Federal Government. I am sure the Senator will assent to that.

Mr. WADSWORTH. The Senator from Utah is correct.

Mr. KING. Now the Senator, of course, must agree with me, because he is an "old-fashioned Democrat" and believes in our form of Government, that it is not within the power of the Federal Government to lay its heavy hand of taxation upon the Senator from New York because he is thrifty and prosperous and has ability, in order to recoup my losses because of my lack of ability or my lack of thrift or even because of my misfortune. It is more than paternalism, it seems to me—and I ask the Senator if he does not assent to that view?—to invoke the taxing power of the Government to take from those who have in order to put money into the pockets of those who have not.

Mr. WADSWORTH. Mr. President, I do not know that I can answer that observation in a sentence, and I shall not attempt to do so at this time. Of course, I live under the impression that dollars must be earned, and that even though we start out by lending a dollar to the people who need the loan sooner or later that dollar must be earned and repaid. That is the only honest mode of life, and the only sane system of finance in the conduct of a government.

Mr. President, the remarks of the Senator from Maryland in regard to chickens has to do with this very question of paternalism and bureaucracy. If really the Government is to take a lien not only on livestock which it purchases for the farmer but upon their natural increase, it will inevitably compel the employment of thousands of inspectors to go all over these vast regions to count the calves and the little pigs and the little chickens; otherwise this language is not worth the paper on which it is written as providing any kind of security to the Government.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. WADSWORTH. I yield.

Mr. COUZENS. Is not the Senator drawing the picture rather large? Is it not a fact that that provision being in the act itself might be taken as an indication of the belief that the farmer who borrows the money is honest and that the Government is relying upon his honesty in recognizing that there is a lien on the property? In other words, I do not think we need to draw an act that presupposes that we can not rely upon the integrity of the farmers of the country.

Mr. WADSWORTH. I only know that the Government does not trust people so implicitly in other walks of life. It does not trust the taxpayer.

Mr. COUZENS. Oh, yes.

Mr. WADSWORTH. Oh, no; the Government does not trust the income-tax payer. It examines his return with the greatest of care to determine if he has been guilty of any omission, and it sends agents to his home or office to examine his books.

Mr. COUZENS. Is that true in the case of every one of the taxpayers?

Mr. WADSWORTH. It is true in the case of everyone where there is the slightest evidence or suspicion that something has been left out.

Mr. COUZENS. They will do that in the case of the farmer where there is prima facie evidence that the farmer has not lived up to the intent of his borrowing.

Mr. WADSWORTH. Yes; that is true, but it will take a great many thousand employees to do it. Mind you, this is going to apply to millions of people. This act is intended to apply not only to the wheat area, as I understand, but to the rest of the country. Another $25,000,000 was put in the bill in the committee just for good measure, to cover all the parts of the country not covered by the first $50,000,000. I think I am right in that.

Mr. COUZENS. That is true; but the man takes the risk of going to jail for violating the act, and I do not believe that any man is going to take all the chances that he would take if there was no lien upon his property.

Mr. WADSWORTH. That is true in the case of every statute practically—the citizen takes the chance of going to jail—but I notice that the Government always employs a sufficient number of inspectors to see that the statutes are enforced; in other words, it does not leave it, in the first instance, to the people who are to live under the law, but it proceeds to find out whether the law is being obeyed. I have in mind certain existing laws which seem to be violated somewhat wholesale, and the Government still goes on trying to stop it. But, Mr. President, I honestly believe that the overhead charge necessary to carry out a measure of this sort in the way provided by this bill will be so heavy that it will tend to defeat the very purposes of the measure; in addition to which I think a loan of a thousand dollars, as provided in this act, will not accomplish what the sponsors of the bill hope to accomplish by the legislation.

I had not expected to discuss the body of the bill itself, but to confine myself to the amendment suggested by the Senator from Georgia, which, to my mind, if adopted as an amendment to the bill, will make it so much the worse.

Mr. NORRIS. Mr. President, I did not expect to take the time of the Senate on this bill until I saw what course it was taking and listened to some of the objections that were being made. Then I had hastily prepared a chart which is hanging on the wall here, and which I am going to use in the argument I shall make.

I am the chairman of the committee that reported this bill. I started in on the hearings, which extended over a considerable length of time, opposed to the bill. I did not believe that we ought to enact the kind of legislation that is provided in this bill. I feel, therefore, that having started in opposed to the bill, and having come out of the hearings in favor of the bill, perhaps the same feeling applies to most other Senators.

This is one occasion when I wish every Senator could be here and hear what I have to say, not because of any ability that I possess, not because of any wisdom of mine, not because of any superior judgment of my own, but because I am probably the only Senator in the Chamber who has heard all the testimony that has been offered in favor of this bill; and I can not conceive how other Senators can reach a different conclusion than I reached or fail to be influenced in the same way that I was influenced. Therefore I am deeply interested and exceedingly anxious that Senators should look not upon the proposition now before us in an attitude of ridicule or derision.

Let me say in addition to what I have said that if this bill is enacted into law not one dollar of the money will go into the State that I have the honor in part to represent in this Chamber, so that I can not be moved by any selfish interest. In fact, those of us coming from other agricultural localities than the one that will be somewhat benefited by the enactment of this legislation have been subject to censure from our own constituents, because there is a depression in agriculture everywhere. My State and your State and every State where there is any agriculture to speak of are in a very depressed condition, and all agriculturists and farmers are asking for various kinds of legislation and measures that in their judgment will bring about relief.

This bill is not intended to affect the general agricultural situation of the country. If it is enacted into law, it will apply only to Montana, North Dakota, South Dakota, and Minnesota. There may be some other sections and some other localities that will be affected by it; but after listening for many days to the evidence in this matter I reached the conclusion that there were no other localities in the country where there were farmers who could qualify under the provisions of this bill.

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

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

Mr. NORRIS. I yield.

Mr. KING. I am advised that an amendment was offered calling for an additional $25,000,000, the language of that amendment being so broad and comprehensive as to be interpreted, as I understand, to apply to any part of the United States where the agriculturist may suffer.

Mr. NORRIS. The Senator is right. I was speaking of the bill without the amendments of the committee, and without any of the pending amendments. I am opposed to every one of these amendments. I am opposed to the committee amendments, not because those in favor of those amendments are not moved by the very highest of motives, but because when we start in on a proposition of this kind if we subject it to amendment from every agricultural locality where they are in a depressed financial condition we shall have, before we get through, an omnibus bill that will overwhelm us and the country, too.

We decided in the Agricultural Committee that the wheat farmers in these particular localities—not all of them in those localities, but the wheat farmers in the particular localities that I have mentioned—had made a case, showing that there was something very materially different in their localities and that that difference had come about through the action of the Government itself during the war. That is what won me over to the farmers up in that locality.

Now let me call the attention of Senators to this chart. The chart represents North Dakota. The same argument will apply to Montana, to the north half of South Dakota, and to the west half of Minnesota.

Mr. McLEAN. Mr. President——

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

Mr. NORRIS. I yield to the Senator.

Mr. McLEAN. Before the Senator directs the attention of the Senate to his chart, I should like to call his attention to a statement which he made in his opening remarks to the effect that this appropriation of $50,000,000 would not apply to more than two or three or four States in the Union. My understanding is that the purpose of the bill is to encourage a diversity of farm products.

Mr. NORRIS. Yes.

Mr. McLEAN. And the industry that I have heard mentioned most prominently is the dairy industry. I call the attention of the Senator to the fact that thousands of dairy farms in New England have been abandoned within the last 10 years because dairying there has proved to be unprofitable; and I am wondering if there is any provision in the bill whereby the New England farmers who have experimented with dairying until they have found it unprofitable can be encouraged to diversify their products?

Mr. NORRIS. No; there is not any such provision in the bill.

Mr. McLEAN. Does not the Senator think that farmers in the East who have experimented with dairying, and have found out that there is great overproduction——

Mr. NORRIS. They have not found that out, Mr. President. There is where the Senator is making a statement that will not be borne out by the statistics. That has not been found out. There is not an overproduction in this country.

Mr. McLEAN. I think I am familiar with the figures. There has been some importation of dairy products within the last year, I think amounting to 500,000,000 pounds, or something of that sort; but I think the Senator will find, when he inquires into the character of those importations, that it still follows that milk and butter can not be produced in many sections of New England at a profit at the present time.

Mr. NORRIS. No; and I can tell the Senator a place in Washington where they can not be produced at a profit. I presume if you paid $30,000 for a few feet at one corner of the Capitol here you could not produce milk and butter there at a price that would enable you to make a return on the investment; but, laying it down as a general proposition, there is no overproduction. There has been, rather, an underconsumption in the world of dairy products, and we can not do any better work than to increase it if we can.

We had before us, on this very proposition that the Senator has mentioned, the dairy farmer. He is hard up, too. He has not been making much more than a living, but he has been making a living.

Mr. McLEAN. Mr. President——

Mr. NORRIS. Let me answer the first question that the Senator took 15 minutes to ask. Let me have five minutes to answer it, and then he can ask another one. We had that dairy farmer before us, and without exception every one of those dairy farmers said: "We are not afraid of overproduction in the dairy business. Get your fellows up in the Northwest into the dairy business and into the hog business. It will not hurt us. There is room for all of us."

Mr. McLEAN. That is necessarily so, because your market would be far west of ours.

Mr. NORRIS. Well, if in 10 or 15 years from now the dairy business, for instance, is very much increased in North Dakota, part of their market will be Europe. There is not any

doubt about that, and there will be a very great market over there when the people of Europe get on their feet and commence to eat.

Mr. WALSH of Montana. Mr. President——

Mr. McLEAN. The Senator's reply to my statement that a good many dairy farmers in the East have gone out of business I think was hardly a proper one. He stated that if a man paid $30,000 for a little piece of land the chances are that his dairy would fail. I want to call his attention to the fact that the farmers who have gone out of business in the East have been the small farmers, and it is only the larger producers who have been able to continue in business.

Mr. NORRIS. There are places in the East where there ought to be no dairying. There are such places in the West; and there is not any doubt that the man who starts a dairy farm where conditions are such that cattle can not be raised or kept under reasonable conditions and circumstances will make a failure at it, or, at best, will not get rich at it.

Mr. McLEAN. Mr. President, does the Senator think that North Dakota is more favorably situated than New England?

Mr. NORRIS. Some parts of it. There are some places in New England that are not as favorable as some parts of North Dakota.

Mr. McLEAN. Take the States of Massachusetts and Connecticut, for instance. Does the Senator think that the chemical composition of the soil in North Dakota and the uncertain rainfall there give it an advantage over Connecticut and Massachusetts?

Mr. NORRIS. Not as a whole, no; I would not say that. But the Senator would not claim, either, that the amount of money invested by the farmer in his farm around Boston or Springfield, or anywhere between them, would compare with the amount that is invested in the farms in North Dakota.

Mr. McLEAN. The Senator means that there is a smaller investment in New England than in North Dakota?

Mr. NORRIS. The Senator can take it that way if he wants to.

Mr. McLEAN. That is the fact.

Mr. NORRIS. There are also a good many of the dairy farms in Connecticut and in Massachusetts and in Vermont that are owned and operated by men who are millionaires, living in their offices in town, or who are Members of the Senate, and they do not give their individual attention to the work. They hire all of it done. They employ men for everything that is done. If the man in North Dakota worked on that basis and had to hire everything that was done and did not do any work himself, and no member of his family did any work, he would be in the poorhouse in 24 hours. He could not live at all.

Mr. McLEAN. But those are not the farms that are being abandoned. The few wealthy men who own farms manage to stand the loss. It is the small farmers who are going out of business.

Mr. NORRIS. The wealthy fellow, in one way or another, has gotten the farm away from the poor fellow.

Mr. McLEAN. Because he can afford to stand the loss if necessary.

Mr. NORRIS. Yes; and, of course, the poor man can not compete with him, because he can not stand the loss.

Mr. WALSH of Montana. Mr. President——

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

Mr. NORRIS. I should like to proceed if I can, but, of course, I will yield.

Mr. McLEAN. If the Senator will permit me——

Mr. NORRIS. I do not have to yield, because nobody asks me to yield; they just go ahead.

Mr. McLEAN. This proposal is, Mr. President, to give to the Secretary of Agriculture $50,000,000——

Mr. NORRIS. Mr. President, I want to stop the Senator right there. In the midst of my explanation, when I am about to explain this chart, he starts out to make an argument as to what this bill is. I was only half through trying to tell what it is; I had hardly commenced to state what the bill is, and the Senator takes me off my feet now in order that he may tell what the bill is. When I get through he will have all night and all of to-morrow and next week to tell what the bill is. I do not want somebody else to put into my mouth what my idea of this bill is; and, with due respect to my friend from Connecticut, I think I know more about this bill than he does.

Mr. McLEAN. I think that is so.

Mr. NORRIS. Will not the Senator let me proceed and explain this chart?

Mr. McLEAN. No; I am going to apologize to the Senator, and then I am going to ask him to permit me to answer his last proposal, because he has not begun on his chart yet, and he knows it.

Mr. NORRIS. No; but I was just about to begin.

Mr. McLEAN. The Senator will have plenty of time.

Mr. NORRIS. I do not think Senators ought to take half an hour of time when I am starting on a proposition, when they can just as well do it in their own time.

Mr. McLEAN. I am sorry the Senator is so sensitive.

The PRESIDING OFFICER. The Senator from Montana [Mr. WALSH] has been trying for some time, in a respectful way, to get permission to interrupt the Senator from Nebraska.

Mr. NORRIS. I yield to the Senator from Montana.

Mr. WALSH of Montana. With the kindness of the Senator from Nebraska, the Senator from Connecticut seems to be apprehensive about overproduction of dairy products. I would like to say for his information that last year there were produced at Miles City, Mont., about a million pounds of butter, a very considerable portion of which was sold in the Orient, in China, Japan, and the Philippine Islands; so that is a field in which the opportunities for expansion are indefinite.

Mr. McLEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield for an interruption of the Senator from Montana by the Senator from Connecticut?

Mr. NORRIS. I yield.

Mr. McLEAN. I would assume, from the statement of the Senator from Montana, that they are producing more butter and milk in Montana than they consume in that State, and that they have a large export.

Mr. WALSH of Montana. That is quite right.

Mr. McLEAN. Does the Senator think it advisable, then, to give $50,000,000 to the Secretary of Agriculture to be used by him for the express purpose of repairing the capital of farmers in North Dakota, so that they can compete with Montana?

Mr. WALSH of Montana. I think the Senator from Nebraska will be able to answer that question better than I can.

Mr. McLEAN. He will not answer my question; I did not know but that the Senator from Montana would.

Mr. WALSH of Montana. I rose only because the Senator from Connecticut seemed to be opposing this bill upon the ground that there is already an overproduction of dairy products, and that therefore this legislation is inadvisable.

Mr. McLEAN. The Senator admits that there is a large exportation and, of course, the export price will control the domestic price, and consequently the farmers will have to do business at a loss.

Mr. WALSH of Montana. What is the difference whether it is sold abroad or at home?

Mr. McLEAN. Because if they sell it abroad they have to get the price that will be given abroad.

Mr. WALSH of Montana. Exactly; and if they did not get a better price abroad they would sell at home. So that we are able to produce butter in Montana and sell it at a low price. The Senator is objecting to this bill on the ground that there is already an overproduction of dairy products.

Mr. NORRIS. Mr. President, as a matter of fact, there is an underproduction of dairy products and a wonderfully increasing consumption of dairy products. The figures as to the consumption per capita are fully given in the report on the bill. As I remember them the per capita consumption in this country is very low compared with the per capita consumption in other countries of the world, and is capable of being wonderfully increased, and ought to be increased.

Mr. FESS. Mr. President——

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

Mr. NORRIS. Yes; I yield to the Senator from Ohio.

Mr. FESS. I have the report to which the Senator refers. In 1918 the per capita consumption was 37.4 pounds. In 1923 it was 50.5 pounds. So it increased from 37.4 to 50.5 in five years.

Mr. BRUCE. Mr. President——

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

Mr. NORRIS. I yield.

Mr. BRUCE. I merely want to ask one question, and then I shall not interrupt the Senator any more. He was about to speak of North Dakota. I thought I would give him an opportunity to reconcile some statements that have been brought to my attention with what he seems to think of the present plight of North Dakota. I quote the Minneapolis Sentinel of December 20, 1923. In that paper it is stated that the per capita savings deposits in North Dakota in 1922 were

$150 and in 1923, $159, an increase of $9 per capita. It is also stated, as to the total ordinary savings deposits, that on June 30, 1922, the total savings deposits of North Dakota were $9,481,000, and on June 30, 1923, $11,798,000. It also states that in 1923—and perhaps the Senator from Nebraska will deem this an indication of adversity rather than prosperity—there was an increase in the number of automobiles in North Dakota of 10,000 cars. If there is any truth in these statements, coming from what I assume to be a responsible journal, I would be glad to have the Senator reconcile these statements as he goes along with the view he takes of the present unhappy condition of the farmers of North Dakota.

Mr. NORRIS. It is not necessary to reconcile them. I do not know whether those statements are true or not. As far as I know, they may be true. I hope the savings deposits are increasing. But I do not know just what that has to do with the particular proposition before us. It may be true that a good many people in North Dakota have made money. Perhaps some of them made it as profiteers in the war or subsequent to the war. Perhaps some of them made money out of the very farmer who would be relieved by this kind of legislation; I do not know. I shall not argue the proposition. But, as I look at it, it is no argument against this legislation to say that a lot of fellows in North Dakota have automobiles. I do not doubt but that a good many fellows up there have automobiles who should not have them; and I run an awful chance when I say that, because I am likely to incur the hostility of Mr. Ford. But I do not think that ought to be urged as a reason why this kind of legislation should not be passed.

If we have the truth in the hearings, from professors of colleges, from representative farmers, from farm agents in the various counties, from the State farm officials in the States which will get this money if we pass the legislation; yes, and the local bankers, the large bankers, the business men, the manufacturers, where there are manufacturers, then undoubtedly this legislation should be passed. In the State of Montana there is a State-wide organization composed of bankers, manufacturers, business men, dry-goods men, grocers, with all kinds of business represented, as well as farmers. They know that the prosperity of their State, of the businesses in which they are engaged, depends upon the prosperity of the farmer after all. They realize that these things I am going to describe from this map have been taking place all over the great Northwest, and that it is because of that condition that these farmers are at the doors of Congress asking for this relief.

Now I shall discuss North Dakota; and this chart I have is official. It is drawn correctly according to scale. I have had it enlarged for our benefit. It was known in North Dakota before the war that the farmers of North Dakota had to diversify. The yield of wheat was getting less and less. Farms were growing up to weeds. When your produce one crop like wheat, which is not cultivated, year after year, and produce nothing else, you will get the soil filled with seeds of various kinds of noxious weeds, which will interfere with your wheat crop The wise men of North Dakota knew that they had to quit raising wheat alone, that they had to diversify, and the professors in the colleges, the bankers, the representative farmers in their organizations, all commenced to discuss it, and in 1911 they commenced to practice diversification. They went into it earnestly. They were in fair shape financially then. The farmer could diversify then without asking anybody to help him. So, in 1911, they started out to produce less wheat and more stock.

This perpendicular line at the left of the chart represents the year 1911, when they commenced the diversification program. This line represents the production of wheat in North Dakota. It was up here at this point near the top of the map in 1911. Systematically they started this program of education over the State of North Dakota, with the result that in 1917 it had been reduced down to this point. They had reduced it one-tenth from 1911 to 1917.

Let me pause here to say that you can not do this kind of a job over night. You can not diversify in one year or two years or three years. You can not go into the wheat business, and produce nothing but wheat, and stop all at once and raise hogs. That is a physical impossibility; it can not be done.

The farmers out there had done wonderful work in starting to diversify. Let us see what they had done with corn. When they want to produce hogs they raise corn, if the climate will permit it. Here was corn in 1911, clear down at the bottom of the map. It took an upward stride until 1917, when it reached up to this point in the center of the map, making a rapid advance in the production of hogs. In the hearings we had the number stated. It is all worked out there. That related to corn.

The production of hogs was down at this point on the map in 1911. In furtherance of the program of diversification, they commenced to increase the number of hogs raised, until in 1917, at the beginning of the war period, which I have marked here, it had reached this point in the central part of the map, making wonderful progress in the increased hog production in the State of North Dakota.

This line represents milch cows. They start down here in 1911, and while the number did not increase as rapidly as did the number of other cattle, or of hogs or corn, they did increase quite rapidly and reached this point on the map in 1917.

This line represents other cattle, consisting of all kinds of cattle outside of milch cows, starting at this point and running up rapidly.

So during these years, from 1911 until 1917, we have wheat going down, hogs going up, corn going up, milch cows going up, and other cattle going up. In other words, the plan of diversification was working almost perfectly, and we find that in 1917, when we went into the war, North Dakota was in a fairly good condition as far as diversification was concerned. She had learned her lesson before that time. That was true to a great extent of the other States, but I am using this only as an example. They had learned their lesson. They knew they had to go out of the wheat business to a great extent. They knew that before we went into the war.

What happened in 1917? We went into the war, and Senators know then what happened. Out from Washington into every locality in the United States went the propaganda, paid for by taxation, "Raise more wheat. Raise wheat. Raise wheat." That was the slogan, "Feed the soldiers. You can win the war by raising food. Raise wheat. Produce more bread, more wheat." These fellows answered that slogan. These men answered that proposition.

What did it mean to them? Just think of it for a moment. They had to some extent quit raising wheat. They had erected sheds for cattle and for hogs. They had put their money into cattle and hogs and cows and corn. They had the implements necessary for use on a farm in producing crops in the diversified way I have outlined. They had given up their binders and their other machinery to a large extent, necessary where men are doing nothing but producing wheat. They had been diversifying. They had put themselves in a fairly prosperous condition when we went into the war, and in answer to our cry, in answer to our Government, from a patriotic motive, these men just reversed the whole system.

Mr. DIAL. Mr. President——

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

Mr. NORRIS. I yield.

Mr. DIAL. Of course they expected a better price for their wheat, did they not?

Mr. NORRIS. They did not get it, if they expected it. We told them that they would get a good price for it, but what we really did was to reduce their price. When we fixed the price of wheat at $2.20 a bushel in Chicago, it was selling for over $3. The North Dakota man's wheat was on the market that very day, selling for $3, I understand.

But, Mr. President, the farmer up there is not complaining about that and I do not want to put that in the argument.

Mr. DIAL. But he did not have to sell if he did not want to.

Mr. NORRIS. Oh, no. Of course the farmer does not have to plant wheat. He does not have to raise hogs or cows or anything. He can just go out on the prairie and sit down and starve to death if he wants to. He did not have to do anything. He is now surrounded by a condition where there is only one thing he can do. He did not have to answer the patriotic cry of his country, either. He did not have to go into the wheat business, either, but he did. We asked him to do it. We sent men all through the country making speeches everywhere. We devised all kinds of schemes to increase the production of wheat. We said it was a patriotic duty. We would have called him pro-German if he had not done it, and every one of those men in answer to that cry went into the wheat business again when they were trying to get out.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

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

Mr. NORRIS. I yield.

Mr. ROBINSON. The Senator has stated that the farmers in the section of the country of which he is speaking realized before the war the necessity for diversification and that they had adopted a plan or policy which had resulted in greatly reducing the quantity of wheat which they produced and in correspondingly increasing the quantity of livestock and other products than wheat, but that as a result of the appeal issued by the Government when we entered the war to farmers to

produce all the wheat possible to feed the soldiers, they reversed the policy which they had adopted of diversification and went back to producing wheat in increased quantities again. Can the Senator say, as to the end of the war period and at present, what relation the quantity of wheat grown bore to the quantity grown when the appeal was made to stop diversifying and grow wheat? How far did the reaction proceed?

Mr. NORRIS. I have tried to illustrate it, I will say to the Senator from Arkansas, by the map which I am about to explain. That, I think, will give to the Senate at a glance an idea of just what did happen. I have traced it to the line which represents 1917. That is when the cry "Raise more wheat" went forth. This is the way they answered the cry. Here we find wheat down to this point. [Indicating.]

Mr. WALSH of Montana. Will the Senator tell us the highest point from which it descended?

Mr. NORRIS. Something over 9,000,000 acres.

Mr. WALSH of Montana. In what year?

Mr. NORRIS. In 1911, and going down to a little less than 7,000,000 acres in 1917.

Mr. WALSH of Montana. That is, the farmer had been gradually going down?

Mr. NORRIS. Yes; gradually going down all that time.

Mr. WALSH of Montana. And going out of the wheat business.

Mr. NORRIS. Then he went up again and in answer to the demand of the Government. The farmers of North Dakota and the other States where they raised only wheat must have known that this demand was absolutely contrary to the policy which, after deliberation and study and advice, they decided to follow. They took a course just opposite to the one they had deliberately decided to follow when they were looking for diversification and increased prosperity.

Mr. FESS. Mr. President——

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. FESS. On the matter of increase, Doctor Coulter made the statement that in North Dakota alone the increase was nearly 3,000,000 acres.

Mr. NORRIS. During what period of time?

Mr. FESS. During the period of the war.

Mr. NORRIS. That is the period I think I have reached on the map. Here were the farmers down to this point in production [indicating] when the cry went forth. Immediately they started to raising wheat. During the two years from 1917 to 1919 they went back again in wheat production clear up practically to the same point from which they started downward in 1911. What happened to corn while they were answering that cry of patriotic devotion to the country? Here was corn starting right down again. It traveled downward with about the same rapidity that it had traveled upward when they were following out their own inclinations based on business principles. What happened to milch cows? They did not decrease, but they did not increase. They held their own during that period. What happened to hogs? Hogs went down a little more rapidly than corn decreased during that period of intensified wheat production. Other cattle went down, not so rapidly, but still to a very perceptible degree.

What did that mean, Senators, to those men? What did that means to the farmers? Picture yourselves in that condition. From patriotic motives they reversed the entire agricultural program in those States, and now we find them in 1919 with the war over, and what is the condition? They thought when they started in that they would follow the demand of their country, that they would produce more wheat, as was demanded of them, and that when the war was over they could start down again on wheat and up again on the diversification program without any difficulty; but what did they find? First they lost money. Taking one year with another, it cost them more to produce their wheat than they got for it.

The Government itself held the price down. There is no question that if it had not been for the Government machinery wheat would have gone to $4 or $5 a bushel in Minneapolis and all over the country in the same proportion. But we know what happened. We know it was held down. It was kept down and the crop was increasing in regard to its production, and the result was that the farmer lost money.

Now, in 1919 not only had the farmers lost but the business men of North Dakota and to quite an extent the other States that I have mentioned—the western part of Minnesota, parts of South Dakota, and almost all of Montana—were in a very bad financial condition. How were the banks? I say this in no sense as a criticism of the banks, but the farmers could not borrow a dollar to buy another cow or hog or, as jokingly has been remarked here, even to buy an old hen or a young chicken or a dozen eggs. The banks with very few exceptions were absolutely closed to borrowers. It was good business to do it. Their deposits had gone down. Hence the farmers, mortgaged to the teeth when the war was over—and it had been won partially by their efforts and their sacrifices and their losses—found themselves paupers practically, with every bank door closed in their faces, unable to borrow a dollar in order to diversify.

They started again. One thing they could do, as will be seen from the map, was to raise corn. It would not cost much money to diversify for corn. Everybody knows that for a few dollars one can buy enough seed corn to plant, so see how rapidly corn went up. Cattle went up quite rapidly afterwards. Hogs were almost on a level since that time. The milch cows were a little bit better than hogs, but there was not very much of an increase. The increase in the diversified products came from men who will not get a dollar under the provisions of the bill. It is not the men who are able to perform their own diversification that the bill will help.

Does it not appeal to you now, Senators, when you put that picture in your minds, that we owe something to those fellows that we do not owe to the ordinary individuals? Do you not realize that those men, starting out to make their country and their homes prosperous and happy in 1911, embarked upon a diversification program and were carrying it out almost to perfection? Then the war came on. We voted the war. Senators sitting within the sound of my voice voted for the war.

What did it mean to the North Dakota farmer whom we induced to go into the production of wheat, or to the Montana farmer, or any of those others who happened to put in that one crop? We did not think at the close of the war that he was going to be confronted with the condition that did confront him. He did not think so himself, but the facts are that he was thus confronted, and he was at the end of his string and absolutely helpless, made so because he patriotically responded to the call of his country. I do not see how we can get away from it.

Senators laugh at the idea of diversifying by giving a man a thousand dollars to do it. I am sorry the Senator from New York [Mr. WADSWORTH] is not in the Chamber just at this moment, but I will say for his benefit that all the testimony produced before the committee indicated that there would not be any such thing as a thousand dollars loaned to the ordinary farmer. That is the extreme limit. The Senator thinks a thousand dollars will not be a drop in the bucket, but in my judgment when the provisions of the bill are put into effect the average loan will not be more than $600. There will be very few farmers who will get a thousand dollars under the bill. We know that diversification can not be brought about in 24 hours. We know that even if we pass the bill to provide for the $50,000,000, it will not repay those men for many of the losses and sacrifices that they made out there at our call and at the call of their country. We know it is not going to make them whole. It will not be a drop in the bucket for them. There are years ahead of them before they can diversify and put themselves on a prosperous basis up in that country.

Mr. ROBINSON. Mr. President, may I ask the Senator a question?

Mr. NORRIS. Certainly.

Mr. ROBINSON. Is it expected that this legislation and the loans contemplated by the bill shall be followed by other appropriations and loans through legislation by Congress in subsequent years?

Mr. NORRIS. No; I do not think so; at least there has been nothing of that kind developed in all the hearings.

Mr. ROBINSON. I will state to the Senator frankly why I asked the question. It was prompted by the statement which he had just concluded when I interrupted him, and that is that the sponsors for the legislation realize that it will not prove adequate to carry forward the work of diversification to any very great extent, and that when the remedies afforded by this bill have been applied and exhausted the diversification process will still be very far from complete.

Mr. NORRIS. Oh, yes, I think that is true; but we realize, in the first place, that it takes a great many years to diversify. The Senator from New York said that the first thing we ought to do is to give the farmer $10,000 to buy a herd of cattle; that he would have to put up a barn, and while he did not say so I presume it would follow that he would have to paint it red; that he would have to put up a lot of silos; that he would have to fence a lot of fields. Picture the enormous expense that it would be to carry it out. That would all be true; but the men who start to carry it out will never get that far. Their children may be able to do so, but it is going to take years. We have now a man, say, in North Dakota—and there are thou-

sands of them—living on a farm without a chicken, without a hog, without a cow. Why should we not let such men have money enough to pay for one cow, one hog, and even a dozen chickens?

Mr. GEORGE. Mr. President, may I ask the Senator a question?

Mr. NORRIS. I yield to the Senator from Georgia.

Mr. GEORGE. They may not be produced by the same causes, but the conditions which the Senator from Nebraska describes in North Dakota and other States in the wheat belt obtain in my section; indeed, in my own State and in other Southern States. The causes may not be the same—as a matter of fact, they are not—but the same conditions exist.

Mr. NORRIS. I think so.

Mr. GEORGE. But may I ask this question: It is contemplated, is it not, that the advances or loans which are proposed to be made by the Government are to be good, ordinary, safe business investments?

Mr. NORRIS. No; I do not think they are, I will say frankly to the Senator. I was coming to that after a while. As a matter of business, we would not be justified in passing this bill. As a banker or as a money loaner, if I were loaning this money out and expected to get it back, I would not consider this security ample.

Mr. GEORGE. That is what I desired to ask the Senator.

Mr. NORRIS. I am glad the Senator asked my opinion, for I might have forgotten that point, and I do not wish to deceive the Senate. I might as well touch on that subject right now.

Mr. KENDRICK. Mr. President——

Mr. NORRIS. Will the Senator allow me to proceed for just a moment?

Mr. KENDRICK. Certainly.

Mr. NORRIS. When I was interrupted I was speaking of farmers who did not have cows, who did not have pigs. Some of them have one, some of them have two; and if they have two or three, they will not get any of this money. However, we will say here is a farmer who went into the wheat business, who sold his hogs, who sold his cattle, who sold everything and bought machinery with which to produce wheat. That machinery is now no use to him. In a great many cases the farmer has pastures and some even have silos; but, as a rule, the men who will get this money do not have silos; they have not gotten that far; they have merely been raising wheat in order to help out Uncle Sam. Now, here is a man without a cow, let us say, living on 160 acres of land in North Dakota. Everybody knows that that is not the way to farm; that he ought to have a cow in order to supply milk and butter for his own family; but there are thousands of them who do not have a cow and who are raising nothing but wheat. That man wishes to get a cow. How is he going to get it? Where is he going to get it? He has lost money for three or four years on his wheat, and he has been unable to pay the taxes on his farm. The bank would not lend him enough money with which to buy cattle if he were able to give a thousand-dollar United States bond as security. It is not the question of security that governs the bank, but it is because the bank can not afford to loan a dollar to anybody; in many places the banks have closed. How is such a man going to get a cow? How is he going to get some chickens? And everyone ought to have some. How is he going to get a pig? There is not any place on earth for him to get a dollar with which to buy these things. The avenues for that purpose have all been closed. He did not anticipate such a condition when he responded to the call of his country and went to raising wheat to the exclusion of everything else, but that is his predicament now. We put him there to a great extent; not always it is true; I admit that; of course, what I have said can not apply to everyone, for some farmers in every community would make a failure under any kind of conditions.

Now, responding to the question which the Senator from Georgia asked me about the security, I desire to say that the bill provides that the security shall be a lien upon the stock which is purchased, and that is the only security which is required. Of course, every money lender knows that as a business proposition to take such security would not be good business; but we think it would not be unwise. We think that from the evidence, too, Senators, because there have appeared before us bankers, college men, and farm agents who have stated that they have made a survey from house to house in many counties, have interviewed every man who under any conditions could come under the bill, and they have brought the report that they will help the Government in every way possible, and will do it without a cent of pay. There will be committees in every community who will report to the Government; they will help in making the loans and seeing that the money is not placed in the hands of disreputable and dishonorable men. They are going to try to place the money with the farmers who have honestly gotten into this rut, for the reasons which I have briefly outlined to the Senate here to-day. If they do that, will the Government lose?

Mr. President some of the cattle and some of the hogs will die, and then the owner of the cattle perhaps will not have anything else, and the security will be gone. That will happen once in a while, but we run that risk.

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

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

Mr. NORRIS. I will yield in just a moment. There will, however, be thousands, in fact, a larger percentage of these cattle, which will not die. The farmers will buy cows, from which they will raise calves and obtain milk and butter for their families in order to consume and to sell it. Eventually, out of the money which they get from the very things which they buy, they will pay the Government back every dollar which they receive. If they are honest, they will do so; and the majority of men are honest. There will be some who are honest, however, who will fail because, as I said, in some instances the livestock will die, and it will be impossible for us to get our money. Now I yield to the Senator from Utah.

Mr. KING. I ask for information, how much money was loaned by the Government, either directly through the Department of Agriculture or through the War Finance Corporation, to the farmers of North and South Dakota?

I desire to ask another question. How much of that money has been repaid to the Government, and what part of it will never be repaid?

My understanding is that the Government loaned a considerable sum for the purchase of seed in order that they might grow more wheat. I am advised at least 30 per cent of the sum loaned has not been paid and never will be paid. It is also true, as I am informed, that many loans made by the War Finance Corporation have not been paid and probably never will be paid.

Does not the Senator think that agriculturists, as well as many of the people of the United States engaged in other industries, are suffering from too much credit rather than from too little? The Senator from Minnesota [Mr. SHIPSTEAD] made an able speech some days ago in which he showed that the United States and the States and political subdivisions thereof, including the people, were owing between $120,000,000,000 and $130,000,000,000, a sum so great as to equal, perhaps, one-half of the value of all the property in the United States. Is it not a fact that we have been borrowing and loaning too much; that all classes, including farmers, have borrowed so heavily that the industrial life of the Nation has been affected and the people burdened by debts which are obstacles to prosperity?

Mr. NORRIS. Mr. President, the Senator's question is pretty long and I have forgotten the first part of it; but I think he answered the various questions as he went along.

Mr. KING. I hope I did to the satisfaction of the Senator from Nebraska.

Mr. NORRIS. In the main, the Senator did, I will say.

Mr. LADD. Mr. President——

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

Mr. NORRIS. Will the Senator let me answer the question of the Senator from Utah, unless the Senator from North Dakota has some statistics which were produced before our committee? I yield to him to present those figures, if he has them.

Mr. LADD. I wish to say, if the Senator will permit me, that I have here an official statement by States furnished to me this morning, showing the amount of seed loans, the percentage of the amount that has been recovered, and the amount which has been recovered since it became overdue. I should like to have the figures included in the RECORD, if there is no objection.

Mr. NORRIS. I will ask that they be read; I should like to have them read. They will answer the question which I was about to answer from memory. I have seen the figures but, of course, I do not have them before me at the present time. I ask that the Secretary may read the statement presented by the Senator from North Dakota.

The PRESIDING OFFICER. In the absence of objection, the Secretary will read as requested.

The principal legislative clerk read as follows:

Statement showing the amount of seed loans by States in 1921 and 1922, with the total collections and the percentage collected to November 24, 1923.

(Original amount loaned by States, amount of principal collected to November 24, 1923, and percentage of total collected to November 24, 1923.)

	1921 loan.			1922 loan.		
	Loans.	Collections.	Per cent.	Loans.	Collections.	Per cent.
Idaho	$95,331.00	$77,376.97	81.17	$24,684.50	$20,698.39	83.85
Montana	1,044,578.00	578,184.51	55.35	755,492.29	468,503.71	62.01
North Dakota	808,079.20	551,163.26	68.20	660,588.05	500,520.24	75.76
South Dakota	.....	.....	.....	37,611.85	32,527.20	86.48
Washington	9,419.00	5,248.74	55.72	1,730.00	555.85	32.13
Total	1,957,407.20	1,211,973.48	61.92	1,480,106.69	1,022,805.48	69.10

Of the $1,211,973 of 1921 loans collected, $660,403 were paid in by June 15, 1922; $500,576 between June 16, 1922, and June 30, 1923; and $50,994 between June 1, 1923, and November 24, 1923.

In other words, more than $550,000 have been paid on the 1921 loans since June 16, 1922, most of this, of course, having been collected out of crops subsequent to the one on which the loan was made. Of the payments on the 1922 loan, $56,863 have been collected since July 1, 1923, most of which being paid out of proceeds of the 1923 crops.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. Yes.

Mr. KING. May I inquire of the Senator from North Dakota whether this includes the loans made by the War Finance Corporation?

Mr. LADD. I have not those figures. These figures relate only to the seed loans.

Mr. NORRIS. I think we ought to bear in mind the fact that a loan made by the Government to buy seed wheat in a country where they are subject to drought, or where, for other reasons, the crop is uncertain, is not nearly so good a business proposition as a loan made on cows, for instance. If a loan is made to a farmer who lives in the semiarid country to buy seed wheat, and he purchases seed wheat and puts in a crop of wheat, dry weather or hail or some other thing may destroy the crop entirely, and he may not even get the seed back. In that case it would be difficult to get back the loan. In fact, it seems to me that if the farmer, when we wanted him to produce wheat, was willing to risk all his time and everything in an uncertain venture like that, and we had nothing in it but the seed wheat, he has lost more than we have. Yet, notwithstanding that, these percentages of payment on the seed loans run all the way from 55 to 87 per cent, and undoubtedly a great deal will still come in. There is money coming in all the time on them.

I think that kind of a loan is a much more dangerous proposition than loaning on livestock, because even the failure of a crop does not destroy the livestock. There will always be roughage enough on which they can get through.

Mr. KENDRICK. Mr. President——

Mr. NORRIS. I yield to the Senator from Wyoming.

Mr. KENDRICK. I wanted to remind the Senator that out in the West it has not been at all unusual for our banks to make loans on livestock that would cover the entire cost of a bunch of livestock, provided the purchaser was well supplied with feed to take care of them. This was done, among other times, when prices were high and uncertain. Surely, therefore, now that prices are down and more stabilized, we can well afford to give the plan our serious consideration; so that it does represent a fairly good form of security, and a fairly reasonable amount of security. But, Mr. President, I wanted to ask the Senator if he was a member of the Agricultural Committee that reported favorably a bill fixing the price of wheat during the war for the purpose of stimulating the production of wheat?

Mr. NORRIS. I was a member of the Agricultural Committee at the time that was done.

Mr. KENDRICK. The Senator recalls that the price was fixed according to the belief of every member of the committee at that time that the price would be the minimum price?

Mr. NORRIS. Yes; Mr. President.

Mr. KENDRICK. And the Senator understands that instead of the minimum price it proved to be the maximum price?

Mr. NORRIS. I think that amendment was put on the bill on the floor of the Senate. I have forgotten now, and I am speaking only from memory, and, as Senators know, it was several years ago; but, as I remember, I made a speech on the floor of the Senate in opposition to it, and I based my opposition on the ground that if we adopted the amendment we would find that in carrying it out the officials would make what we intended to be the minimum price, the fixed and only price, and that wheat would not go above it. I know I felt that way, and I think I expressed those sentiments on the floor of the Senate.

I have no disposition at this late day to say "I told you so;" but, as a matter of fact, the theory of the law was, when we passed it—and there is not any question about it; no one who was here then will deny it for a moment—that we were going to fix a minmum price for wheat in order to encourage the farmer to produce more wheat, and that when wheat got above that price we would let the law of supply and demand take its course. What actually did happen, as we all know, was that we organized this Grain Corporation and absolutely controlled the market for wheat and fixed the price. The price we fixed became the definite, fixed price, and wheat was selling here at the Government-fixed price when over in Italy and other parts of Europe it was selling for from $4 to over $5 a bushel. Wheat was selling for over $3 a bushel, as I remember, on the day when we fixed the minimum price, and all the farmers who had wheat lost the difference between the market price of their wheat and the fixed price that we established by law. In addition to that, the Grain Corporation went out into the world and not only controlled the price of wheat but sold it at a profit; and after paying large salaries and all other necessary paraphernalia connected with the Grain Corporation, all paid out of the wheat farmers' money, they made a net profit of something over $60,000,000, not a dollar of which ever went to a farmer who produced wheat. Mr. President, that profit alone, made by the operation of the wheat act that fixed the price of wheat to the farmer, was more money than is being asked in this bill to assist the wheat farmers to diversify their farming industries.

Mr. BROOKHART and Mr. KENDRICK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Wyoming, who has been on his feet for some time.

Mr. KENDRICK. I just wanted to ask the Senator if he did not consider this one act, and its effect upon the farming community, ample justification for this relief measure?

Mr. NORRIS. Yes; certainly it was justification for it.

I now yield to the Senator from Iowa.

Mr. BROOKHART. Mr. President, the Federal reserve system, according to the statement of about three months ago, has accumulated a surplus of $218,000,000, and it has put up $63,000,000 worth of buildings. I should like to ask the Senator if a large portion of those profits was not collected, at least indirectly, from the farmers of the United States?

Mr. NORRIS. Every farmer who paid any interest to a bank has made a contribution toward them. All the expense and all the profits of the Federal reserve banking system, of course, comes out of people who pay interest, whether they are farmers or business men.

Mr. BROOKHART. The steel trust is continuing with its great profits, and practically all the big combinations of capital are continuing to collect their great profits from the people of the United States. Is it not true that a large part of those profits are being paid by the farmers of the United States, at a time when they are on the verge of bankruptcy?

Mr. NORRIS. Yes, of course that is part of the farmers' expense. I do not think there is any doubt about that.

Mr. BROOKHART. Then, since the farmer is paying about 65 per cent more for everything he buys and is selling at about pre-war prices, and since this condition has been brought about by the tariff action of the Government, and the Government's Federal reserve system, and the Government Grain Corporation, and all that, would it not be fair to establish this relief for the farmer, and then to restore the excess-profits' tax to pay the expense if there is loss?

Mr. NORRIS. Mr. President, that would be fair if we could do it. I do not know any way in which it can be done, however; and I want to say for the farmer that the farmer is not here asking that he be paid what he lost. It would be fair to pay it if any way could be devised by which it could be done. I do not think there can be any doubt about that.

Mr. KING. Mr. President——

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

Mr. KING. I thank the Senator for his courtesy.

With reference to the statement made by the Senator concerning the fixing of the price of wheat during the war, my recollection is slightly different from the Senator's. The first suggestion made for the fixing of a price, as I now recall, emanated from the then junior Senator from North Dakota, Mr. Gronna; and the Senator, I am sure, will corroborate my recollection that Mr. Gronna suggested at that time, and others also urged the same policy that a price of $1.25 to $1.45 per bushel, be fixed by the Government in order that the farmer might obtain a higher price for his wheat than he was then obtaining. Strong opposition developed to that suggestion, which came from those who were supposedly representatives of the farmers; and my recollection now is that later the same Senator whose name I mentioned a moment ago asked that the price of wheat be fixed at $2.50, and finally it was fixed at $2.25 per bushel. I am speaking without having the matter brought to my attention since the legislation and may be guilty of inaccuracies. However, my recollection is that that legislation was initiated by representatives of the farmer, and was passed at the instance of farmers. Later, when prices increased, and when our allies overseas were greatly in need of grain, and when it was feared that they were about to collapse economically, the food-control organization as well as other organizations of the Government attempted to fix the price not only of grain but of copper and of other commodities produced in the United States and used by us and by our allies. I was one of those—and I think the Senator from Nebraska was, too—who did not approve of that legislation. I thought that it violated economic laws, and though it might be justified in war time, I felt that it would fail to accomplish the purpose for which it was designed.

Mr. SHIPSTEAD and Mr. DIAL addressed the Chair.

Mr. NORRIS. I will ask Senators not to interrupt me for a moment. I want to say just a word about the statement of the Senator from Utah.

I think what the Senator from Utah has said does not in effect contradict what I have myself said before. I have not claimed that this act or that act was justified or unjustified. I have only been giving what I believed to be the facts. Congress enacted with the very best of motives the law fixing the price of wheat. There is not any question about that. They did it to a great extent upon the demand of at least a portion of the farmers of America, and the argument was that we wanted to guarantee a certain price to the farmer who would plant wheat in order that if he produced it and the end of the war came before he could put it on the market he should not lose everything that he had invested in it. So we said, by the law: "We will guarantee that you will get a certain price if you will plant wheat. When it is harvested we will see that you are paid that much for it."

No one in Congress, as far as I know, wanted that price to be the maximum price, but we all know that that is the way in which the law was carried out by those who had charge of the administrative features of the law, and the price fixed became the maximum as well as the minimum price. Therefore, that being true, when the law of supply and demand would have put the price of wheat up to $3 the farmer who had the wheat could not get more than the price fixed by law because the price was absolutely controlled by the Grain Corporation, and even at the price at which they handled it they made enormous sums of money, not a dollar of which ever went into the pocket of a producer of a bushel of wheat.

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

Mr. NORRIS. Yes.

Mr. SHIPSTEAD. Does the Senator know that at the time Congress fixed the price of wheat, in the spring of 1917, the price of wheat was $3.20 a bushel?

Mr. NORRIS. That is, at Minneapolis?

Mr. SHIPSTEAD. At Minneapolis.

Mr. NORRIS. Yes; I knew it was somewhere in that neighborhood. I have stated that, in effect.

Mr. SHIPSTEAD. If the Senator will give me a minute, I should like also to call to his attention the fact that one of the main arguments for fixing the price of wheat below the market price was in order to be able to supply our allies with food at a price they could afford to pay. It was also said that this was the maximum price. I do not know what Congress said, but I know the Grain Corporation said it was a maximum price.

Mr. NORRIS. It was, as far as the Grain Corporation was concerned. They made it so.

Mr. SHIPSTEAD. If the Senator will permit me, I happen to have very intimate knowledge of what took place, because I was raising wheat at the time.

Mr. NORRIS. Would the Senator just be willing to let me finish and then take the floor in his own right?

Mr. SHIPSTEAD. Certainly.

Mr. NORRIS. I am satisfied the Senate would be glad to hear the Senator, because I know he has knowledge of that subject, and I would like to conclude, if I can.

Mr. DIAL. Mr. President, there seems to be so much divergence of opinion as to the price of wheat that I would like to know what it was a short time previous to that.

Mr. NORRIS. I can not give that without looking it up.

Mr. GOODING. Will the Senator yield?

Mr. NORRIS. Yes; I yield.

Mr. GOODING. I would like to ask the Senator from Nebraska if the McNary bill, the bill we call the export bill, if passed, will not relieve the conditions of the wheat growers very generally all over the country?

Mr. NORRIS. I think it will, Mr. President; but I do not want to discuss that bill now. I am discussing the Norbeck bill.

Mr. GOODING. The point I want to make is, if that bill is passed, we will not need this bill at all, because all the wheat growers will be relieved, and not only a few in the Northwest.

Mr. NORRIS. The Senator perhaps is not aware that the bill that is pending is the Norbeck bill, the purpose of which is to have the Government loan money to certain classes of farmers to buy cattle and hogs.

Mr. GOODING. I am very familiar with the bill. I listened to the hearings on it for some days before the committee, and I regret that I can not support it. I would support the bill, however, if I found that the McNary bill could not pass. But I am satisfied that if the McNary bill is passed it will relieve the conditions of agriculture and the farmers will be able to buy chickens and cows with their own money. I am sure they would have a credit established to-morrow if the bill were passed to-day.

Mr. NORRIS. I hope Senators will not interrupt me now to make speeches on other bills. I am trying to conclude as quickly as possible. The McNary bill is not now before the Senate. I will discuss it when it gets before the Senate. It has nothing to do with this bill, as I look at it.

Mr. FESS. Will the Senator yield for a question that will take but a moment?

Mr. NORRIS. I yield.

Mr. FESS. Is it not a fact that when the Government undertakes the guarantee of a minimum price in practice that minimum price becomes the maximum price?

Mr. NORRIS. That happened.

Mr. FESS. Is it not economically true that it will happen?

Mr. NORRIS. No; I do not think that it is necessarily true. It was not in the mind of Congress when they passed the law fixing the price, in my judgment. I never heard a Senator, except myself, make that kind of claim. I was afraid that we had given so much power to the Grain Corporation that they would be able to do that very thing.

Mr. FESS. Will the Senator yield further?

Mr. NORRIS. I yield.

Mr. FESS. When the matter was being discussed at the other end of the Capitol, that was the contention that was made by certain Members, including myself, that if we fixed a minimum price, giving the authority to the Government to fix the minimum price, the Government would really become a purchaser, and therefore a monopolistic purchaser, and the minimum price in practice would become the maximum price.

Mr. NORRIS. That depends entirely on what this Government corporation would do. As the Senator from Ohio truly said, we devised a corporation and gave it power to buy all the wheat in the United States, and if they paid the minimum price that is all the producer could get for it; but they were not directed to do anything of the kind. I have not the act before me and do not know just how it was worded, but the idea—at least in this Chamber—was that they would hold wheat up to the price fixed in the law and let the law of supply and demand carry it as much higher as might be. Of course, we know it did not operate that way.

Mr. JONES of New Mexico. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from New Mexico?

Mr. NORRIS. I yield.

Mr. JONES of New Mexico. I think perhaps if the Senator from Ohio will just recur to what actually happened during the war, he will find the reason why, in the general law of economics, the practice which he has just announced did not apply.

Mr. NORRIS. Might I interrupt the Senator? I hope the Senator will not discuss that in my time. It will be very

interesting, I know, but at the same time, I do not want to detain the Senate myself in discussing propositions that are not directly affected by this bill. I know we are anxious to get along, and I do not want to go over the field and discuss it all day. I would like to finish.

Mr. JONES of New Mexico and Mr. GOODING addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield the floor. That will end it. I was not through, but I will just stop.

Mr. JONES of New Mexico. Mr. President, while I am on my feet I would just like to answer the Senator from Ohio by making this observation, that the food-control organization had entire charge of the exports of wheat during the war, and inasmuch as this country produced a surplus, the control of the exports controlled absolutely the price, and that food-control organization declined to aid in granting a minimum price for wheat. Therefore the price was arbitrarily fixed by operation of law at the minimum price during the war, if I have been able to understand the proposition.

Mr. DILL. Mr. President, I want to say just a word in regard to some statement made by the Senator from New York [Mr. WADSWORTH] to the effect that if this bill proposed to loan $10,000 to farmers it might be more effective. If the bill proposed to loan $10,000 to farmers I should be opposed to it. In other words, if the bill proposed to set men up in business I should be very much opposed to any such legislation. But since it proposes simply to help farmers already in the farming business—to tide them over, as it were, to give them some little assistance when they need it, to begin the diversification of farming—it seems to me it is a very desirable piece of legislation.

Mr. FRAZIER. Mr. President, I would like to make just a few remarks to correct a slight error made by the Senator from Nebraska [Mr. NORRIS] in his figures on this map on the wall. The figures on the left-hand side represent acres, but a cipher has been left off each figure. Where it is given as 900,000 it should be 9,000,000, and so on down the column.

While I am on my feet I wish to say just a word in regard to this livestock loan measure. It is generally conceded that diversification for farmers is a good thing, and I believe the figures will bear out the statement which has been made a great many times by farm papers and experts from the agricultural colleges, that up to a percentage of diversification the raising of livestock and livestock products benefits farmers a great deal. As I remember the figures, if about one-third of the total gross receipts from the farms come from livestock and livestock products, the farmer is, generally speaking, more prosperous than he is if it goes under that amount or over that amount.

The reason is this: That the average farmer who has, say, a half section of land, can milk a few cows, can feed a few hogs, and keep a certain amount of poultry, and perhaps keep a few beef cattle with the same help that he would require in just simply farming his land or in raising grain. In other words, his overhead expense is no more when he has a few cows and a few hogs and a few chickens and a few beef cattle than it would be if he did not have them. In other words, if he works an hour longer before breakfast milking cows and works an hour longer after supper milking cows, he has that much more profit, which goes to help pay his grocery bill.

This measure is not intended to solve the situation the farmers of the Northwest are confronting. It will not do it, and no one who knows anything about the situation ever thought it would or expected it would; but it will help a lot of farmers to get on their feet if some of these other measures, like the McNary bill or the Norris bill, are passed, and farming is put on a paying basis.

There are a lot of farmers in North Dakota and in the other agricultural States who at the present time have very little or no livestock upon their farms and can not under the present conditions buy or borrow money to buy. This measure is intended to give those very farmers a chance to borrow a little money to buy milch cows, not to build farm buildings and silos, as suggested here by one Senator, but to buy a few cows which he can take care of on his own farm with his own help and without any increase in the cost of labor or anything of that kind. That would help him pay his grocery bill and help the farmer make a living for himself and his family.

The only object of this bill, as I see it, is to help in a small way toward starting diversification, which will help the average farmer to pay his expenses on the farm by raising and selling livestock and livestock products.

Mr. CAPPER. Mr. President, rarely have we a bill before us the purpose of which is so clearly set forth in its title as the one we are now considering. This purpose is to promote a permanent system of self-supporting agriculture in regions adversely affected by the stimulation of wheat production during the war and aggravated by many years of small yields and high production costs of wheat. While this legislation is in a sense of an emergency character and is being urged at this time because of the acute distress in the regions particularly affected, yet it is based on a sound principle and is designed to work a permanent and entirely beneficial effect. Its chief purpose is to help the farmer help himself.

Anyone who has given close study to agricultural conditions during and since the war readily understands why the farmer generally, and the farmer of the wheat section in particular, finds his industry in a state of depression. The wheat farmer was the outstanding victim of war-time price fixing. The Government, on the one hand, urged him to grow wheat—always more and more wheat—to help win the war, and then by arbitrary action the Government fixed a selling price for that wheat 50 cents below the market price on the day the price was fixed and easily a dollar a bushel below what the price would have been immediately had the market been unrestricted. Then, following the close of the war, when readjustment was at its height, this Government-fixed price was suddenly removed, just as the greatest wheat crop in recent years was coming into market. Thus was the farmer victimized because of his patriotic response to the plea of his Government to intensify and extend production to help win the war. He was the one producer in the country penalized for his patriotism.

During the same time prices of all other products—clothing, cotton and woolen goods, farm machinery, everything that the farmer required in his farming operations—were soaring. The farmer was compelled to sell his product, wheat, at a price fixed by the Government far below what he would have received in a free market and to buy manufactured goods in a free market at prices grossly stimulated by war conditions. As a result the wheat grower finds himself in a condition of acute distress, and for this condition it can not be said the Government is wholly blameless.

So much for the situation it is hoped to remedy. Now as to the remedy proposed. Its aim is to assist the farmer in getting out of the dilemma into which he was urged and persuaded by his own Government—a dilemma accentuated by a series of wheat crop failures or near-failures. Students of farm conditions agree that one road to the desired goal is diversified farming. The wheat-belt farmer should produce less wheat and more poultry, hogs, and cattle. But with his credit gone, in part because of his patriotic response to his Government's call for excessive wheat production, many of these farmers—indeed, most of those in the Northwest—find themselves without capital with which to make the desired changes in farming operations. Ordinarily, the farmer would go to his local banker or loan agent to obtain the credit necessary, but all the testimony taken by the Senate Committee on Agriculture in the exhaustive hearings on the bill, as well as letters and resolutions from bankers and business men, commercial clubs and similar organizations, indicate that these credit sources are already strained to the limit and are wholly inadequate to meet the present emergency. Hence, the system of direct loans, with a maximum set at the relatively small sum of $1,000, to the individual borrower, and to be made through the agency of the Department of Agriculture, as provided in this bill now before us.

Opponents of this measure are overfond of referring to it as paternalistic and as making a gift to the farmer. It is no gift, Mr. President. It is a loan, and experiments heretofore made in loaning money for the purchase of seed and similar purposes indicate that this money will come back to the Federal Treasury.

But while this talk of gift is being indulged in, it is well again to reflect that the price of wheat arbitrarily fixed during the war took out of the farmer's pockets untold sums of money. The loss the first year after wheat price-fixing to the farmers of my State alone was $50,000,000. The farmer has something coming to him from his Government, but what is offered in this bill is in no sense a gift or bounty—it is a loan which will be repaid to the Government in due time when the activities it is designed to set in motion have had time to bear fruit. It is the hope, and the confident belief of students of the situation, that the system of diversified farming these loans will enable the farmers of the Wheat Belt to engage in, combined with a better system of marketing, which it is designed to encourage through the McNary-Haugen marketing bill, soon

to be considered by the Congress, will materially assist the restoration of a condition of permanent prosperity in this great agricultural section.

Mr. President, I desire to add only this to what I have already said. I am opposed to any attempt by the Government to guarantee prices of the products of the farm, even in an emergency like the one confronting the farmers of the Nation at this time. I think it is economically unsound, and I think our experiment during the war demonstrated that the farmer was the victim and not the beneficiary of that experiment. I do not lay all the troubles of the farmer to the encouragement to overproduction of wheat by the Government during the war, to which he responded so patriotically. I do believe, however that much of his trouble is due to that policy and to the deflation policy pursued subsequent to the war, which suddenly and without warning cut off the farmer's normal sources of credit. I think the Government's responsibilities in these respects are sufficient to warrant this departure, which I admit would not be thought of in normal times, and to justify these direct loans to farmers. The farmer has suffered further from the fact that he is the one producer who has not been able to pass his costs along to the ultimate consumer, but must take whatever is offered for his products, resulting in the last few years in prices for farm products far below the cost of production.

The present bill and the legislation proposed looking to an improved marketing system will be two aids toward a restoration of prosperity on the farm which, in my judgment, should receive the enthusiastic approval of the Congress, and which will, I believe, meet with the approval of the country generally.

Mr. President, I fear our people do not fully realize that the Nation has passed into a new economic era in which the balance between agriculture and other industries must be more carefully safeguarded. We are passing through a period of acute agricultural depression. The bill before us is unusual, it is true, but the emergency demands unusual measures. It requires united and aggressive action by those having a common interest in the welfare of the producer.

Prices received by the farmer for his products are still all out of balance with the price of nearly everything he must buy. When the farmer takes his dollar to town to buy the few things his restricted income permits, he finds it worth but 75 cents in terms of other commodities, according to the statistics of the Department of Agriculture.

Secretary Wallace says that 25 per cent of the farmers in 15 wheat-producing States are either bankrupt or have been saved from actual bankruptcy only through the leniency of their creditors.

The wheat that went into a barrel of flour in 1913 cost virtually the same, at the farm, as the wheat that went into a barrel of flour in 1923. Yet the consumer last year paid $7.50 more for the bread made from the barrel of 1923 flour than he paid for the bread made from the barrel of 1913 flour. The farmer lost money on every bushel of that wheat, but a New York baking company had a profit of 117 per cent on last year's business.

Mr. President, our present purpose must be to find means to restore the whole unbalanced situation to a balance, to make the farmer's dollar worth as much as the dollar of anybody else.

The business of the farmer is basic. If it is healthy, it stimulates all other business, because it pours out a full, strong stream of the lifeblood of commerce. If it is sick, the poison of its illness courses through the veins of commerce.

Relief measures such as that proposed in the pending bill are in reality more necessary for national welfare and the good of all the people than for the farmer and stockman they are designed to benefit, directly, in order that all others may be benefited.

Congress can not end the troubles of the farmer by legislative enactment to be sure. But I do say it is up to this Congress to give its first attention and its best attention to the problems of agriculture. It is up to this Congress to take an economic spirit level and go about the job of reducing some of these economic inequalities. To the extent that it is possible for this Government to accomplish it, we must bring about a fairer relationship between the fruits of the labor of the farmer and the labor of others.

Mr. SHIPSTEAD. Mr. President, I had not intended to say anything about the bill before the Senate. I intend to vote for it, not because I believe that it will provide any permanent relief for the condition of agriculture, but because a good many Senators think it will do some good, and because I know there are a few men and women on the farms who also hope that it will bring to them some relief. I am not going to take the time of the Senate in discussing the bill this afternoon, because there are other agricultural bills coming before the Senate later, on which I expect to speak at length.

However, there were some charges made this afternoon on the floor of the Senate that the proposition of the Government in loaning money to farmers was a paternalistic idea, and I believe one Senator made the remark that it would demoralize the character of the farmer. I want to call to the attention of the Senate that it is no innovation on the part of the Government to loan public funds to various private enterprises. It is not establishing a precedent so far as paternalistic enterprises by the Government are concerned. I call attention to the fact that the bill provides for the loaning of $50,000,000 of Government funds to the farmers.

I want also to call attention to the fact that according to the Secretary of the Treasury in his report of August 1, 1923, the sum of $337,629,667 of the public funds had been loaned to the railroads for terms of 15 years at 6 per cent under section 210 of the transportation act, of which $191,741,808.97 was outstanding. According to the Director General of Railroads, James C. Davis, loans of the public funds to railroads outstanding October 1, 1923, at 6 per cent for varying terms up to 1937, amounted to $205,723,000. According to the War Finance Corporation loans of public funds to railroads as of October 10, 1922, amounted to $10,000,000.

Assuming, in view of the fact that such report is more than a year old, that this loan if not others is still outstanding, the approximate sum of the loans outstanding to railroads as of this date is as follows: Loaned through the Interstate Commerce Commission, $191,741,808.97; through the Director General of Railroads, $205,723,000; through the War Finance Corporation, $10,000,000, making a total of $407,464,808.97.

I have heard no Senator make the charge that loaning almost half a billion dollars to the railroads out of Government funds constitutes paternalism. I also wish to call the attention of the Senate to the fact that the Federal Government donated to the various western railroad companies 200,000,000 acres of public lands in order to help out railroad enterprises. During the 20 years following 1850 the Congress of the United States alone, not including the State governments, appropriated to the railroad companies a total of nearly 312,000 square miles, or approximately 200,000,000 acres of land. It is true that 54,687 square miles, or 35,000,000 acres of those lands were subsequently forfeited for various reasons, but the amount forfeited is more than equaled by State donations of land; that of Texas alone amounting to 50,625 square miles, or 32,400,000 acres.

From the records of the United States General Land Office it appears that the following proportions of the areas of the several States were granted to the railroads: Minnesota and Washington, one-fourth; Wisconsin, Iowa, Kansas, North Dakota, and Montana, one-fifth; Nebraska, one-seventh; California, one-eighth; and Louisiana, one-ninth.

It also appears that the Northern Pacific Railroad was credited with an acreage of over 44,000,000; the Southern Pacific system, with an acreage of 24,000,000; the Union Pacific system with an acreage of 20,000,000; the Santa Fe system with an acreage of 17,000,000; the Illinois Central grant amounted to over 2,500,000 acres; and that of the Mobile & Ohio to over 1,000,000 acres; many lines now included in the "granger" system—the Northwestern, the Burlington, the Rock Island, and the St. Paul, each received land grants; so that the aggregate acreage donated to each of these systems is several million acres. The total acreage includes more than 137,000 square miles—more than the total entire area of Turkey. It is greater by 50,000 square miles than the territory not merely of Japan proper, but of the Empire of Japan. The land grants to railroads constitute more than 187,000 square miles more than the area of Norway, and 139,000 square miles more than the area of Sweden. The Kingdom of Spain lacks 116,000 square miles and that of Italy 192,000 square miles of being as large as these land grants. The Republic of France and the German Empire contained about the same land area before the outbreak of the European war.

The free land gifts of the American people to the railroads have been, roughly, in round numbers, 100,000 square miles in excess of the area of either France or Germany before the great World War.

I wish to call to the attention of the Senate also the report from the Secretary of Agriculture that the American agriculturist has been deflated to the amount of $13,000,000,000 since 1920. When we talk of agricultural relief and helping certain people and certain interests, I desire to say that the Federal Government delegated the power that it possessed under the Constitution to control the money supply, to manufacture the money, to put it in circulation, and to determine its value to a

private corporation, the Federal reserve banking system, and that system used this power in the year 1920 to bring on the deflation period that has deflated the American farmer of $13,000,000,000; but no one has charged that as being paternalism to the banking system of the United States. However, when we come to give back a crumb to Lazarus, who is the farmer, to loan back to him $50,000,000, then we are charged with fostering paternalism.

I wish to call to the attention of the Senate the condition of the banking institutions in the Northwest, which have been extending credit or loaning money directly to the farmers. Many of those banks are going bankrupt because the farmers went bankrupt first. As a direct result of the bankruptcy of the farmers 16 State banks have failed in Wyoming since 1921; 52 State banks have failed in Minnesota, 60 State banks have failed in Iowa, 60 State banks have failed in South Dakota, 96 State banks have failed in North Dakota, and 119 State banks have failed in Montana. The Comptroller of the Currency gives the following figures on the failure of national banks in western States since January 1, 1924: Montana, 16; North Dakota, 14; South Dakota, 8; Iowa, 1; Minnesota, 3; Kansas, 1; and Nebraska, 2.

I stated in the beginning that I did not consider that this bill, if passed, would afford relief for agriculture. The farmers must have better prices. We are going to ask for the passage of an entirely different proposition as a permanent relief for the farmer. We have been charged with fostering paternalism. Mr. Doheny, the oil man, who ought to be an expert on paternalism, the other day was quoted as saying that Senators from the wheat-growing States had backbones of chocolate éclair. I think there is some truth in that charge, because if we had not had backbones of chocolate éclair we would not have tolerated these conditions which we have tolerated so patiently. However, I think our backbone is improving, and the Dohenys may not like it.

I wish to say, in conclusion, that this bill appears to me to be like giving half of a cookie to a man who has not had anything to eat for eight weeks. It may help a very few, it may do some good; that is the reason I am going to vote for the bill.

Mr. GOODING. Mr. President, let me ask the Senator from Minnesota a question. I wish to ask him the same question that I asked the Senator from Nebraska. Will not the McNary bill relieve the wheat growers very generally all over the country? Will it not reach all agriculture practically, so far as that is concerned?

Mr. SHIPSTEAD. I will say to the Senator that I am not a prophet and I can not tell in what shape the so-called McNary bill will be passed by the Senate. I hope that some real, permanent relief for agriculture will be incorporated in the bill before it shall be finally passed. I can not say what action the Senate will take; I can not say what the contents of the bill finally will be when it comes to a vote in the Senate. I hope that the measure will be made the unfinished business very soon.

Mr. GOODING. If it could be brought before the Senate at the present time and passed—and I believe it will pass—it will very generally relieve the condition of agriculture and relieve the condition not only in the Northwest but everywhere, including the wheat grower in all parts of the country, for it covers all lines of agriculture that is depressed at the present time.

The pending bill, if it shall be passed, will relieve only a few people in the Northwest. It will not reach the general condition which exists; it will not be helpful as a whole. Agriculture is suffering in every State of the Union; there is no question about that. I have felt that if we could exert our efforts toward something that would give general relief to agriculture, where it is depressed, that we would be doing a wise thing.

I do not believe that this bill will help to any great extent, and if it does help to any great extent it can only help by increasing the number of cattle upon the farms in the Northwest, when there is already an overproduction of cattle in this country. I do not know of any industry that is suffering any more than the cattle industry is at the present time.

Mr. SHIPSTEAD. I wish to call the Senator's attention to the fact that we consumed all our beef in this country last year, and we also imported an immense quantity of dairy products.

Mr. GOODING. Yes; but if we put dairy cows out in the Northwest, in that dry, arid section, they must be what we call "dual purpose" cows, animals which will produce beef and butter. In that case we are going to increase the production of beef, and I know of no industry in this country, not even including wheat growing, which is in such a deplorable condition as is the cattle industry to-day. In my State the beef growers have been simply wiped out of business. They have shipped whole herds to the slaughterhouse. That is also true of Oklahoma; at least such a statement was made by witnesses coming before the committee from Oklahoma. They are going out of the livestock industry generally because they have not been able to get a sufficient price to keep the industry alive.

Mr. OVERMAN. Mr. President, will the Senator yield to me to ask him a question?

Mr. GOODING. I yield.

Mr. OVERMAN. Do I understand the Senator to say that there is a bill now before the Senate providing for permanent relief for all the farmers of this country and not the farmers of any particular section, and that the Senator regards the pending bill as merely a temporary measure? Is that what I understand the Senator to say?

Mr. GOODING. There is not any doubt about that. I do not think the pending bill will help to any appreciable extent at all; but if it should help, it would only be by stimulating an industry that is already overdeveloped.

I wish to say to the Senator that I have sat upon the Agricultural Committee now for almost two years and I have listened to the recital of the deplorable conditions before that committee from all the States west of the Mississippi River.

There is no question that the conditions are deplorable, but this bill does not go far enough. If the McNary bill can be passed, it will bring about a changed condition almost overnight, because it will hearten the farmers of the country. They have all gone on record for it, I think, in every State that is growing wheat, so far as that is concerned, all the grain growers favor it; it meets the situation, in my judgment, very thoroughly; at least, that is my opinion after listening to conditions as portrayed before the Committee on Agriculture. I believe the McNary bill will solve the problem.

A year ago I introduced a bill for the stabilization of the price of wheat, and I introduced one at this session of Congress, but I am not going to urge that measure, because I know that the McNary bill will go further than my bill will in bringing about an increase in prices for agricultural products.

Mr. WILLIS. Mr. President——

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

Mr. GOODING. I yield.

Mr. WILLIS. I am very much interested in the Senator's statement. If I had heard all of it, perhaps, I would not have needed to ask the question I am about to ask. Is the Senator opposed to the passage of the pending bill?

Mr. GOODING. I am opposed to passing the pending bill, yes, because I do not think if passed it will relieve the condition of agriculture at all. I make the statement again that if it should relieve the condition of agriculture it could only relieve it by putting what are called "dual-purpose" cows in the arid and semiarid sections, where wheat is grown, and increase the beef production, which is already overdeveloped to a very dangerous extent.

Mr. WILLIS. Was not this bill reported by the Committee on Agriculture and Forestry, of which the Senator is a member?

Mr. GOODING. It was; but I did not vote to report it favorably.

Mr. WILLIS. Let me ask the Senator another question. He is very kind to yield to me. So far as I am familiar with its provisions, I, too, am in favor of the McNary bill; but how is the enactment of the pending bill going to interfere in any respect with the favorable consideration of the McNary bill, so-called?

Mr. GOODING. The point I make is that agriculture will be perfectly satisfied with one measure, which will relieve the whole condition, and that the McNary bill will increase the price of wheat and will give the wheat grower a credit almost overnight. There is not any question of doubt about that. I think it will meet the whole situation; and why should we pass a measure of this kind if the emergency can be reached in some other and better and more proper way without impairing another great industry?

Mr. WILLIS. While the Senator is yielding, I should like to have his opinion specifically of the amendment that has been offered, I think, by the Senator from New Mexico, touching the banking situation. What does the Senator think of that amendment?

Mr. GOODING. I realize that there is a very dangerous condition existing among the banks of this country. My figures show that 164 national banks have failed since June 30, 1921, and 1,319 State banks. Then there are several States that have not reported their failures since the 1st of July, 1923. It is

likely that in the last seven months over 500 State banks have failed in the country, in the different States of the Union. I would vote for the relief of the banks, because that is a different proposition. If something can be done to relieve the condition of the banks, I might vote for that amendment; but I know that the McNary bill will cure the situation. It will do all that this bill proposes to do, and a great deal more.

Mr. WILLIS. I regret to separate from my friend, though we generally agree about questions relating to the farm. As I see it, the amendment relating to banks ought not to be adopted; but I feel strongly inclined to support the bill if that amendment is not adopted.

Mr. GOODING. That is the Senator's privilege, of course. I think if he would study the banking conditions over the West, and if he were as familiar with them as I am, and lived in a State where there have been a great many bank failures, he might feel differently about that; but something must be done if we are going to save not only agriculture but the industries of the country. The country can not go on with the unbalanced conditions that exist; and I know that agriculture is in such a serious condition that I would vote for this measure, hoping that it might do a little good, if I did not believe that the McNary bill was going to pass; but I believe that when the McNary bill is properly presented to the Senate, as it will be, it will be passed almost unanimously. I think when the Senate thoroughly understands the conditions that exist in agriculture in this country there will not be any division on the McNary bill, even if it does provide for a high tariff on wheat. I think the Democrats will come right across the line and help support it. I do not think there is any doubt about that, because I think they are just as keen and just as anxious to help agriculture as the Senators are on this side of the aisle.

Mr. WILLIS. I fear that is a vain hope.

Mr. BROOKHART. Mr. President——

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

Mr. GOODING. Yes; I yield.

Mr. BROOKHART. I should like to inquire of the Senator if there are any provisions of the McNary bill that provide for financing this particular proposition?

Mr. GOODING. Yes; I think it carries an appropriation of $100,000,000. I do not care to discuss the McNary bill, however, because it is not up for consideration, and I want the Senator from Oregon, who introduced the bill, to discuss it first.

Mr. BROOKHART. Yes; but is it not true that the purposes of this particular bill are different from any of the provisions of the McNary bill?

Mr. GOODING. Oh, yes; entirely different. This bill makes a flat appropriation with which the Government goes out and buys cattle and other livestock, chickens, hogs, and those things and puts them on the farm. I would go that far if I did not think the farmer could do that for himself through the McNary bill.

Mr. BROOKHART. The McNary bill would give every farmer a better market, we will say, for what he has to sell; but this is to provide farmers with something to start upon, something they do not have.

Mr. GOODING. The McNary bill will do this: There may be some parts of the country in which the farmer is suffering from a lack of credit, but that is not generally true. I know of no State, unless it is North Dakota, where the farmers can not go and borrow money at any time to buy a dairy cow, because the bankers realize, first of all, that the farmers with dairy cows are generally the ones that are succeeding; but the point I am making, as far as that is concerned, is that the Northwest, that part of the country in which the farmers have suffered so much, is a semiarid country where the rainfall is light, and I might say uncertain, and is not a dairy country, and can not be made a dairy country, and there they must have what is called the dual-purpose cow, which only means increasing the cattle industry, an industry that is suffering even more than the wheat industry.

Mr. BROOKHART. I agree with the Senator largely upon that proposition; but they do not have even the dual-purpose cows in a great deal of that country.

Mr. GOODING. That is true; but I can not understand a farmer being so poor that he can not at least have chickens on the farm. I can not understand that kind of farming, and I have been a farmer all my life.

Mr. BROOKHART. They are getting mighty poor when they pay about 65 per cent more for what they buy and receive the same old price for what they sell.

Mr. GOODING. I agree thoroughly with the Senator that the farmer is in a most deplorable condition, and I know that this Government is responsible for it. No one else is responsible. And I am going to make a fight for a measure that will give him relief, and that will be permanent relief, or relief for some time, at least.

I want to say to the Senator that in my judgment what the farmer needs is increased prices, not increased debts, which he will have if this bill passes.

Mr. BROOKHART. There is no question about that proposition; but would this in any way interfere with or retard the McNary bill?

Mr. GOODING. No; I do not think it would, but I say again that if we can get the McNary bill we will give him relief all the way through, and permit him to do these things for himself. I think the last thing the Government should do is to go into the business of loaning money in a measure of this kind. I voted for all these relief measures as far as furnishing seed was concerned, and I shall be glad to do that again when an emergency comes along; but I am not in favor of the Government going into business and developing an industry that is already overdeveloped.

Mr. BROOKHART. Has not the Government developed a loaning industry in the Federal land banks?

Mr. GOODING. Yes; the Government has done that. That is entirely different, however.

Mr. BROOKHART. That is another system, is it not?

Mr. GOODING. That is entirely different. In that case the Government takes some security. In this case the Government does not take any security—only the livestock it purchases. The Senator would not loan money on such security as that. I am saying to the Senator that I would vote for this measure if we could not pass the McNary bill; but, believing that the McNary bill, as I have said so often, will cure all the troubles of agriculture—a great many of them, at least—I am for the McNary bill.

Mr. JOHNSON of Minnesota. Mr. President, I should like to say a few words about this Norbeck bill, as it is called.

I do not agree with the Senator from Idaho [Mr. GOODING]. He does not think that the dairy farmers are any better off than the wheat-growing farmers. Of course they are.

Mr. GOODING. Oh, no, Mr. President; of course they are better off. The Sentaor misunderstood me. I said the men in the cattle business—that is, the beef end of it.

Mr. JOHNSON of Minnesota. The Senator said that the farmers in every State are pretty hard up.

Mr. GOODING. Yes; I said that.

Mr. JOHNSON of Minnesota. Yes; but let us take, for instance, the State of Wisconsin. They have been in the dairy business for many years back, and they are not so hard up that they are coming down here to ask for any special relief, are they? And the farmers in the southern and the central part of the State of Minnesota are not here asking for relief either in that respect.

I am not so struck on this bill. It is just a crumb thrown out for us if we get it through. I realize that. When I went out and made campaign speeches to the people in my State, I promised them that I was not going down here to vote for more credit for them, because they have too much credit now. I said that I was going down here to see if we could in a way stabilize the prices of farm products. For instance, the bill of the Senator from Idaho [Mr. GOODING] was a step in the right direction; but I understand that the Senator from Idaho, because he ran up against great odds, began to get cold feet on his own bill, and probably that is why the McNary bill got in in its place.

Let us analyze this bill. I live in a dairy section of the State of Minnesota. This bill perhaps will hurt me, but I am absolutely willing to lose a little bit if it will benefit the extreme northwestern part of my State, where they have raised grain for years and years, and they are down and out and the banks are broke.

On top of that, Mr. President, we were told to go in and raise potatoes alongside of the wheat. In 1922 we had 20,000,000 bushels of potatoes in the ground that were not dug in the Red River Valley alone, on the Minnesota side. In that same spring I made a speech over in St. Paul, and I was backed up by documents from two different departments, showing that 7,000,000 bushels of potatoes were in the storehouses in the Twin Cities and on the farms and in the small towns in that section, and they were sold in 1923 from the 1922 crop for from 10 to 18 cents a bushel.

Those farmers need a little bit of help. Of course, they are not the same farmers that farmed last year and probably will farm this year. Some of them are gone, some of them are broke, and still, if they are there, some of them, they are not going to put their noses in the vise the second time, I want to tell you that. They are going to try to buy one or two cows, and it might be a good thing for them to get a little exercise,

as the Senator from North Dakota said, to get up a little bit earlier in the morning and work a little bit later at night. They want us to slave anyway, and we may as well milk cows when we can not do anything else.

Now, here is the situation: A farmer gets $500 or $200 or $300, let us say, and buys cows. That money will be returned every two weeks—or every day, if that kind of an agreement is made—and that will bring in a little bit of money to the farmer. So far as the wheat production is concerned, they are going to put in wheat; there is no question at all about that; and the McNary bill perhaps will help the grain-producing farmer in that respect. There is no question at all about that.

I would not vote for this bill to-day or to-morrow if the banks of the Northwest, especially in the northwestern part of my State and in North Dakota, part of South Dakota, Montana, and a few other States in the West, were in a position to loan money; but they can not loan money at all, as the Senator from Nebraska [Mr. NORRIS] so ably stated a little while ago. Therefore, suppose in my section of Minnesota I can sell a few cows. There is no question about that; and probably the Senator will think that I will vote for the bill because I can sell off a few cows from my herd. I am willing to sell a few of them for the people up there, and it is not going to be a county agent that will scrutinize them before they are sold, either, I want to tell you.

So there you are. We are willing to help all the members of this great American family. That is what we are here for, and the Government is to blame for the deplorable condition that American agriculture is in to-day. It is up to us to quit talking about the Republican Party and the Democratic Party. So far as I am concerned, each of them is just about equally bad.

I intend to support the McNary bill. I am not going to jump from this bill to the McNary bill. I think if we amend the McNary bill it probably will be a pretty good measure to put through, but as a matter of emergency we ought to help the farmers in the States that need help now.

So far as I am concerned, I should be willing to vote for the bill of the Senator from Idaho [Mr. GOODING]. His bill was unanimously indorsed at the convention we had up there, not because the bankers and farmers and business men of the Northwest believed in any subsidy to help the farmer, though you have given it to the railways, as the distinguished senior Senator from Minnesota [Mr. SHIPSTEAD] has stated; but in a case of emergency, for a couple of years' time, the Senator's bill should have gone through, and not any other bill, and I want him to remember that. We looked over the Senator's bill, and I am really sorry that he got cold feet and did not push it a little further. It probably would have gone through if he had.

Mr. GOODING. Mr. President, I want to assure the Senator from Minnesota that my feet never grow cold—not on occasions of this kind, and when I think I am fighting in the interest of agriculture. I am for the McNary bill because I know that it is a better bill than mine, and I do not think I would be true to agriculture or to myself if I did not take the best bill that I could get and help pass it. That is the reason why I am against the Norbeck bill, and that is the reason why I am against my own bill and shall not ask for its consideration unless I find that the McNary bill can not pass. Then I may ask for some consideration of it.

Mr. JOHNSON of Minnesota. Mr. President, may I ask the Senator one question?

Mr. GOODING. Yes.

Mr. JOHNSON of Minnesota. Somebody seems to be a little afraid that we are going to overdo butter production. That is the same thing we thought when we began to have more poultry on the farms of the State of Minnesota. Why, lately we have organized egg-selling associations and poultry associations, and I know I had the honor to assist in appropriating more of the money of the taxpayers of the State of Minnesota for fairs and associations, and so forth, to encourage the poultry industry.

We made money. One of my neighbors in Minnesota is getting more from the sale of eggs laid by his hens than he gets from his fine dairy herd of Guernsey cows.

Mr. GOODING. Mr. President——

Mr. JOHNSON of Minnesota. Just one more thing. The Senator has not cold feet yet, has he?

Mr. GOODING. No; I have not.

Mr. JOHNSON of Minnesota. Does the Senator realize full well that the farmer can also go into the hog business? The farmers can raise more swine on the farms, if you will help them, and perhaps if you will extend some aid to them to buy stock, they will not need to buy any fertilizers, which Senators have been discussing here to-day.

MERCHANT MARINE—TRADE WITH RUSSIA.

Mr. DIAL. Mr. President, the whole country is interested in our merchant marine. In 1920 Congress passed a very comprehensive act in an effort to encourage our shipping. I noticed the other day with great pleasure a ruling which the Shipping Board had made, wherein it notified the Interstate Commerce Commission that we had sufficient ships now ready to transport all of our produce, except grain, to all the countries of the world. I ask that this clipping from the Washington Star be inserted in the RECORD.

Mr. President, I also notice that we are opening up considerable trade with Russia, and I was delighted to see that our ships carried 75 per cent of the cotton of the South to other countries of the world. They are now carrying considerable cotton to Russia, and I hope it will be transported in American ships. I have here another clipping from the Washington Star relating to this subject which I would like to have inserted in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clippings referred to are as follows:

SEEKS PREFERENCE ON EXPORT RATES—SHIPPING BOARD ASKS FOR NEW RAIL SCHEDULES ON GOODS CONSIGNED TO AMERICAN VESSELS—SUFFICIENT TONNAGE EXISTS—PROVISION IN THE MARINE ACT OF 1920 WOULD BE APPLIED TO ALL PRODUCTS EXCEPT GRAIN.

[From the Washington (D. C.) Evening Star.]

WASHINGTON, February 27.—The Shipping Board took action to-day designed to obtain for American shipping the preferential treatment in handling American exports which was provided in the merchant marine act of 1920.

By resolution it certified to the Interstate Commerce Commission that sufficient American ships are now available to handle all export commodities except grain, and that in consequence American railroads should be required to make through export rates in conjunction with American vessel lines, and to refuse to make such rates with foreign vessel lines.

The effect of the order is to bring into operation section 28 of the marine act, which gives the Interstate Commerce Commission power to enforce the making of such through rates on the railroads, and likewise power to prevent the granting of the same rates to foreign vessel lines. The section has never previously been put into effect, however, because the Shipping Board until now has deemed it unwise to certify that American vessels existed in sufficient numbers and conditions to justify the step.

The Commerce Commission's action in the matter will not be taken immediately, but it is expected that inquiry will be instituted without delay as to the through-rate schedules in existence.

Normally, it is understood, the through export rate schedules made by ships and railroads in combination are lower than the tariffs imposed when exporters pay a domestic rail rate to the seaboard and an additional separate ship rate from the American port to the destination abroad for which the commodities are consigned.

The commission was informed by the Shipping Board resolution that operation of section 28 should not be further suspended "so far as relates to all commodities except grain transported between ports of the United States and Great Britain and northern Ireland and the Irish Free State; the ports of continental Europe north of and including Bordeaux and the east coast of Asia; the islands of the Pacific Ocean, Australia, and the East India Island; and the ports of Central and South America."

Commissioner Thompson, of the Shipping Board, who proposed the resolution of certification, declared in a statement that the effect of the certification, when action had been taken by the Interstate Commerce Commission, "would be to grant shippers benefit of the through export rate only when foreign commerce moved in American flag vessels in the zones prescribed in the resolution, commerce moving in vessels other than American registry taking the domestic rail rate to seaboard outlet and the ocean rate from such seaboard destination."

The lower rates, said the commissioner, would establish a distinct advantage for the shippers to use American flag ships, "in that, with certain exceptions, the through export rate is less than the domestic rate to seaboard destination with the ocean rate added."

"It should greatly increase," he said, "the movement of American commerce in American flag ships and prompt wider utilization of American flag vessels for foreign exports."

Section 28, Commissioner Thompson declared, was "a wise provision of the merchant marine act, and now that there is an adequacy in tonnage in operation under the American flag, the time is opportune to utilize this provision of the American Congress. It is but a statutory aid that previously was utilized by foreign shipping lines under contractual agreements with American railroads."

DESPITE NONRECOGNITION, RUSSIA IS BUYING HEAVILY HERE ON A CREDIT BASIS—BRITISH ACTION A STIMULANT—GREATER PART OF GOODS CARRIED IN SHIPPING BOARD VESSELS—SOME RESHIPPED FROM ENGLAND.

[From the Washington (D. C.) Evening Star.]

Regardless of the fact that the United States has not recognized Soviet Russia, a long list of American manufacturing concerns are engaged in supplying that country's post-revolutionary needs on a credit basis with the backing of American banks. And, for the most part, the goods sold to Russia are being carried to her in United States Shipping Board vessels.

The big increase in Russo-American trade which was looked for with the signing of an agreement between the Russian Foreign Trade Monopoly Bureau and the Allied American Corporation in Moscow on July 14 of last year is materializing to a degree beyond expectations.

It was learned yesterday that the stipulated turnover of not less than $2,400,000, fixed in that agreement with the Russian Government as the aggregate amount of business to be carried on through the Allied American Corporation each year probably will exceed $10,000,000 by July 14 of this year when the first or "trial year" expires. As a matter of fact the $2,400,000 was reached and passed by January 14, six months after the signing of the agreement.

Among the products which Russia is buying in increasing amounts from American manufacturers are cotton, of which the aggregate American shipments through the arrangement already have exceeded in value $1,000,000; motor trucks, agricultural machinery, farm implements and accessories, tools, tractors, belting, milling machinery, typewriters, automobiles, and automobile parts. A partial list of the American concerns, most of whom are selling to Russia on credits of from six months to two years or on a basis of both cash and credit, follows:

* * * * * * *

The corporation, American owned and American directed, has, since the concession was obtained from Russia, recently opened branches in London, Paris, and Riga. At these points, as at New York, the corporation acts as agent for the sale of goods to Russia and the purchase of Russian products, such as hides, furs, caviar, butter, and eggs. The concession stipulated that the imports into Russia must not exceed the exports. That the corporation has met this requirement also was borne out in the statement of one of the officers yesterday. The contracts entered into thus far have been without loss, and there has been no defaulting, according to Dr. Armand Hammer, secretary of the corporation.

"With but very few exceptions, and excluding the Ford Motor Co., the goods bought from American concerns have been purchased on credit ranging from six months to two years," Doctor Hammer said.

Because of the greater liberality of the British banks in extending credit to the Russians, even before Britain recognized Soviet Russia, Doctor Hammer said a considerable amount of the business handled by the corporation had been originating in the British markets. He cited cotton as an example. American cotton to the amount of $1,000,000 had been bought in England by the corporation and shipped to Russia, he said.

RADIO IN OTHER COUNTRIES.

Mr. DILL. Mr. President, I want to digress from the discussion of the Norbeck bill for just a moment to speak on another subject. I am somewhat of a radio fan, and on last Saturday evening there was delivered over the local broadcasting station an address by Mr. Laurens E. Whittemore, who is the secretary of the interdepartment radio advisory committee of the Department of Commerce, in which he gave the facts as to radio development in foreign countries. That address was so full of information regarding the development of the radio and the treatment of radio broadcasting stations and radio receivers that I asked him to send me a copy, which I ask to have inserted in the RECORD as a part of my remarks.

Before sending the address to the desk I want to call attention to one thing in it which seems to me extremely important in connection with the development of radio. In every other great civilized country where radio is developing there has been built up a system of licensing of the man who listens to radio. It is called a license; it is in reality a tax. Mr. Whittemore says that in Germany a citizen can not even buy a radio receiving set; he can only rent it, and a part of the rental is a license fee, used in running the broadcasting station.

The result is that in this country radio is developing more rapidly and is becoming more and more useful to our people than in all other countries combined. We have 40 Class B broadcasting stations, and some 500 others in the United States. In England they have only 9, and they are under the control of one broadcasting company. In Canada they have 35, in Holland they have 6, in France 4, in Germany 3, and in Belgium 3.

I simply call attention to this to show that the system of free radio growing up in America is developing the art in such a way that no man can have any real conception of what may happen. I do not want to be considered a prophet, but I venture to say that it is not beyond the realm of probability that within the next five years the proceedings of the Senate and of the House of Representatives will be broadcast over the country by means of microphones which will be placed upon the desks of Representatives and Senators.

I do not want to take more time, but I ask that these four pages comprising a speech delivered by Mr. Whittemore, who is an authority on the subject, may be inserted in the RECORD as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD as a part of Mr. DILL's remarks, as follows:

[Address broadcast by Mr. Laurens E. Whittemore, secretary interdepartment radio advisory committee of the Department of Commerce, from broadcasting station WRC in Washington, D. C., Saturday night, March 1, 1924.]

RADIO IN OTHER COUNTRIES.

We sometimes get so interested in listening to our favorite broadcasting station or in hearing snatches of other programs that we are not aware of the many ways in which radio is being used both in this country and abroad.

Probably the most important use of radio is for communication with ships. The safety of many human lives may at any time depend on the successful transmission and reception of a single radio message. More than 12,000 of the 33,000 registered ships of the world are supplied with radio apparatus. About 3,000 of these radio-equipped ships fly the American flag. If all of these ships are to communicate with one another and with shore stations in any part of the world, there must be some sort of agreement as to the frequencies or wave lengths which they shall use. The present international agreement on this subject was worked out at a meeting in London in 1912, and does not provide adequately for the needs of present-day shipping. Plans are under way, however, for a meeting of delegates from the countries of North and South America to modernize the international radio agreement or "convention," as it is called.

The 500 kilocycle or 600 meter wave is used by ships throughout the world for calling and for transmitting S O S signals and distress messages. The 666 kilocycle or 450 meter wave and the 1,000 kilocycle or 300 meter wave, which are also authorized by this international agreement for use on ships, are within the range to which most broadcast receiving sets can be tuned, and the calling and distress wave is just above those used by the broadcasting stations. It is no wonder that sometimes our sensitive receiving sets pick up signals which are being transmitted by ship and shore stations. This sort of interference would be much more troublesome but for the fact that the marine radio services have agreed quite generally, out of consideration to the broadcast listeners, to discontinue the transmission of messages on these waves during the evening hours. There are, however, also several other waves of lower frequency or longer wave length which are used by ships for message traffic during these hours as well as at other times.

Other countries as well as our own have established radio fog-signal stations and radio direction-finding stations along the seacoast for the use of ships. Through the use of these special radio services a ship is enabled even during fog to determine its position at sea and to approach a shore or enter a harbor in safety.

An entirely different class of radio service is that of transoceanic or intercontinental communication. This service is a radio equivalent or supplement to the service rendered by the cables. For example, a message may be filed at the office of the Radio Corporation of America in Washington or in New York for transmittal from one of their high-power radio stations in New Jersey or on Long Island direct to a similar station operated by a company in England or Italy or Sweden or Argentina, etc. This service is going on steadily day and night, using very low frequencies or long wave lengths which do not interfere with broadcasting.

The distances over which these low-frequency high-power stations communicate are ordinarily 3,000 to 5,000 miles. In some cases they have been heard halfway around the world, which is as far away from the transmitting station as any receiving station can be. Since radio waves travel at the rate of 186,000 miles per second, it takes only one-fifteenth of a second for the waves to travel this distance, halfway around the world.

The messages normally sent by these high-power stations are radiotelegraph messages in code. Radio telephony from high-power stations is being conducted in an experimental way, and it may be possible some day to talk from our homes direct to a telephone subscriber in Europe.

These high-power transmitting stations have large antennas supported on towers, which in many cases resemble the towers of the United States Naval Radio Station at Arlington. The highest power-

transmitting stations of the world are not those at Arlington nor at the Eiffel Tower in Paris, as many people think. There are several stations in the world of about equally high power, each using apparatus employing 500 kilowatts. Among them are the United States naval stations at Annapolis, Md., and Pearl Harbor, Hawaii, and the radio stations at Bordeaux, France; St. Assise, France; Leafield, England; and Berlin, Germany. There are also about 50 other stations at various points over the world having power of 100 or 200 kilowatts each and 2,500 lower-power land stations for short-distance commercial communication.

In the principal nations of the world aircraft are beginning to employ radio for communication with each other and with their landing fields. Many of you heard the radio messages between the dirigible *Shenandoah* and the radio stations on the ground on the night of her recent forced flight. In Europe commercial aircraft travel regularly between London and Paris, and they are in constant communication with the landing fields by radio, telephone, and telegraph. The international list of radio stations includes 52 radio stations on aircraft.

Radio is used in this country for point-to-point communication over land to a greater extent than in other countries. This use is particularly valuable in mountainous regions, where wire lines are hard to maintain.

Little do we who listen to broadcasting night after night realize how fortunate we are to have so great a number and variety of excellent programs within our grasp and to be able to listen to them at will, unhampered by license fees and Government restrictions, which are imposed on receiving sets in many other countries.

As compared with our 40 Class B stations and some 500 other broadcasting stations, the British Isles have 9. It must be kept in mind, of course, that the area of the British Isles is about the same as that of our New England States. The broadcasting in England began in November, 1922, and is all done by a single company, the British Broadcasting Co., whose membership is made up of English manufacturers of radio receiving apparatus.

The British Government requires that the listener secure a permit or license for the operation of his receiving set, the annual fee being about $2.50. A part of this fee goes to the Government, while a part is turned over to the British Broadcasting Co. It is reported that about 600,000 licenses have been issued for the operation of receiving sets in England. A regulation requires that regenerative receiving sets be operated, so as to avoid producing radiation from the receiving antenna.

In Germany the use of radio receiving sets is still further restricted. Receiving sets are rented by the month or year for the reception of certain limited kinds of broadcasting, such as market and financial reports and, to a limited extent, concerts.

The regulations in France have recently been revised and are much more liberal than before. A permit for a receiving set is still required, however, and a small fee is collected.

In Australia the regulations provide that a receiving set shall be sealed up in such a way as to insure that the listener can tune only to the broadcasting station to which he is a subscriber. If he desires to receive programs from a second station, he must pay an additional fee for the privilege of using a set which will also receive programs from that station. One of the Australian broadcasting services is called "Farmers' Service," not, however, because of the listeners, but because that is the name of the concern which operates the station.

Other countries have somewhat similar regulations. As a whole, more freedom is gradually being given to the broadcast listeners.

It is interesting to notice the frequencies or wave lengths used by the broadcasting stations in other countries. I will state the wave lengths in meters, since most of us are more familiar with that designation than with the frequency in kilocycles, though I believe that the adoption of the kilocycle (meaning 1,000 cycles) is a proper forward step. Notice how they compare with the range from 222 to 545 meters covered by American stations.

England's eight stations are between 350 and 500 meters, with an additional relay station on 303 meters. Canada has about 35 broadcasting stations; Holland has 5, France 4, Belgium and Germany each 3. One or two stations each are operating in Spain, Algeria, Denmark, Hungary, Italy, Morocco, Switzerland, Czechoslovakia, Australia, Argentina, Brazil, and Uruguay. These stations use wave lengths which vary from 200 to 4,000 meters.

While the number of stations in each of the European countries may seem rather small, it must be remembered that distances there are not great. In Holland and Belgium, for example, the listeners who have tube sets, or "valve sets," as the English call them, can hear British and French broadcasting stations as well as their own. International radio broadcasting is, therefore, common in Europe.

Last December, during the special tests which many of you doubtless recall, British broadcasting stations were heard in America, and now almost every night one or more of our American stations are heard in England and France. Broadcasting from "the States" is heard regularly in Alaska, and once in a while a report of reception comes from a far-away point in South America.

For the benefit of listeners in England who have only crystal sets, the British Broadcasting Co. has on several occasions during the past two months staged a demonstration in which an American program has been relayed. On February 5 of this year the entire evening's program from station KDKA, at East Pittsburgh, Pa., was received at one of the British broadcasting stations and was automatically rebroadcast for the benefit of the listeners in England.

The British have the advantage over us when it comes to listening to radio programs across the Atlantic Ocean. Since the radio waves do not travel as far through daylight as through darkness we can not hear the programs from England unless they are transmitted after nightfall here, which puts it about midnight in London. At this time we are, however, subject to interference from our American stations. When it is 8 o'clock in the evening at Washington it is 1 o'clock in the morning in London, and there is darkness over the intervening ocean. So by staying up until after the English stations sign off for the night, the British listener has a chance of getting an American program.

This business of listening to broadcasting in other countries is resulting in the quick spread of musical hits. The "banana song" has been heard on the air many times in England and, in a corrupted form, even in Germany, since its popularity here.

Music, of course, makes its universal appeal no matter what the language spoken by the listener. However, for speeches and addresses, and especially for announcements, radio is adding its stimulus to the demand for an international language of some sort, and it is interesting to learn that from certain stations announcements are sometimes made both in English and in the language of the country where the station is located.

The programs given by the broadcasting stations in other countries are very similar to our own, but more attention is given to the transmission of complete plays, operas, and similar productions. Simultaneous broadcasting of the same program from several stations is common in England.

The radio amateurs of England are organizing a British radio relay league, which is similar to the American Radio Relay League. The transmitting of a radio message from country to country by the low-power sets used by these "transmitting" or "relay" amateurs has already been accomplished to an extent which has called for the proposal that an international radio relay league be organized. American amateurs have been heard in France, England, Hawaii, and Australia.

A story is told of a Scotchman who had a dozen guests at his house one evening and wanted them all to hear the radio concert. Not being the possessor of a loud speaker, he succeeded in borrowing several pairs of phones and at last had one earpiece for each listener. After the concert he was heard to complain that he himself had been unable to get an ear in edgewise. We have all had trouble at times getting a word in edgewise but we now have the entrance of the "edgewise ear."

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 4121) to extend the provisions of certain laws to the Territory of Hawaii.

The message also announced that the House had passed without amendment a bill and joint resolution of the following titles:

S. 2014. An act to authorize the Park-Wood Lumber Co. to construct two bridges across the United States Canal which connects Apalachicola River and St. Andrews Bay, Florida; and

S. J. Res. 57. Joint resolution authorizing the erection on public grounds in the District of Columbia of a statue by José Clara personifying "Serenity."

The message further announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 192. An act to provide for a girls' dormitory at the Fort Lapwai Sanatorium, Lapwai, Idaho;

H. R. 472. An act to authorize the deposit of certain funds in the Treasury of the United States to the credit of Navajo Tribe of Indians and to make same available for expenditure for the benefit of said Indians;

H. R. 498. An act providing for a recreational area within the Crook National Forest, Ariz.;

H. R. 593. An act authorizing the issuance of service medals to officers and enlisted men of the two brigades of Texas Cavalry organized under authority from the War Department under date of December 8, 1917, and authorizing an appropriation therefor; and further authorizing the wearing by such officers and enlisted men on occasions of ceremony of the uniform lawfully prescribed to be worn by them during their service;

H. R. 837. An act to exempt from taxation certain property of the Daughters of the American Revolution in Washington, D. C.;

H. R. 1018. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Albany Institute and Historical and Art Society of the city of Albany, N. Y., the silver service which was presented to the U. S. cruiser *Albany* by citizens of Albany, N. Y.;

H. R. 1831. An act to loan to the College of William and Mary in Virginia two of the cannon surrendered by the British at Yorktown on October 19, 1781;

H. R. 1869. An act for the incorporation of the Grand Army of the Republic;

H. R. 2812. An act to authorize the Secretary of the Interior to sell certain lands not longer needed for the Rapid City Indian School;

H. R. 2876. An act to provide for the payment of claims of Chippewa Indians of Minnesota for back annuities;

H. R. 2877. An act providing for the reservation of certain lands in New Mexico for the Indians of the Zia Pueblo;

H. R. 2883. An act to validate certain allotments of land made to Indians on the Lac Courte Oreille Indian Reservation in Wisconsin;

H. R. 3684. An act for the enrollment and allotment of members of the Lac du Flambeau Band of Lake Superior Chippewas, in the State of Wisconsin, and for other purposes;

H. R. 4117. An act authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz., and for other purposes;

H. R. 4161. An act authorizing the Commissioner of Indian Affairs to acquire necessary rights of way across private lands, by purchase or condemnation proceedings, needed in constructing a spillway and drainage ditch to lower and maintain the level of Lake Andes, in South Dakota;

H. R. 4803. An act to authorize the sale of lands and plants not longer needed for Indian administrative or allotment purposes;

H. R. 4804. An act to authorize the allotment of certain lands within the Fort Yuma Indian Reservation, Calif., and for other purposes;

H. R. 5549. An act to detach Jim Hogg County from the Corpus Christi division of the southern judicial district of the State of Texas and attach the same to the Laredo division of the southern judicial district of said State;

H. R. 5633. An act granting the consent of Congress to the Board of Supervisors of Hinds County, Miss., to construct a bridge across the Pearl River in the State of Mississippi;

H. R. 5737. An act granting the consent of Congress to the county of Kankakee, State of Illinois, and the counties of Lake and Newton, State of Indiana, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River at or near the State line between section 19, township 31 north, range 15 east of the third principal meridian, in the county of Kankakee, State of Illinois, and section 1, township 31 north, range 10 west of the second principal meridian, in the counties of Lake and Newton, State of Indiana;

H. R. 5799. An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Seminole Indians may have against the United States, and for other purposes;

H. R. 6420. An act to extend the time for the construction of 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;

H. R. 6925. An act granting the consent of Congress to the city of Chicago to construct a bridge across the Calumet River at or near One hundred and thirtieth Street in the city of Chicago, county of Cook, State of Illinois;

H. R. 6943. An act granting the consent of Congress to the village of Port Chester, N. Y., and the town of Greenwich, Conn., or either of them, to construct, maintain, and operate a dam across the Byram River; and

H. R. 7039. An act to amend section 72 of chapter 23, printing act approved January 12, 1895.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were subsequently signed by the President pro tempore:

H. R. 584. An act to authorize the county of Multnomah, Oreg., to construct, maintain, and operate a bridge and approaches thereto across the Willamette River in the city of Portland, Oreg., in the vicinity of present site of Sellwood Ferry;

H. R. 3265. An act to authorize the construction of a bridge between the Boroughs of Brooklyn and Queens in the city and State of New York; and

H. R. 3681. An act to authorize the building of a bridge across the Waccamaw River in South Carolina.

PETITIONS AND MEMORIALS.

Mr. WARREN presented a resolution of the Chamber of Commerce of Casper, Wyo., protesting against any immediate amendment to the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

Mr. WILLIS presented a resolution from Neff Post, No. 77, the American Legion, of Neff, Ohio, favoring the passage of legislation granting adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

Mr. CAPPER presented a resolution of the Horton Shop Federation and the Ladies' Auxiliary Shop Federation, of Horton, Kans., protesting against a resolution adopted by the Horton (Kans.) Chamber of Commerce, which opposed the passage of legislation making any substantial change in the transportation act of 1920, etc., which was referred to the Committee on Interstate Commerce.

Mr. HARRISON presented a resolution unanimously adopted by the Mississippi Division, Farm Labor Union of America, at Tupelo, Miss., favoring the passage of the so-called Norris-Sinclair bill, providing aid to agriculture, which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of sundry citizens in the State of Mississippi praying for the passage of legislation to reduce the so-called war tax on alcohol used in the manufacture of flavoring extracts, which was referred to the Committee on Finance.

Mr. HARRIS presented a telegram in the nature of a memorial from Dr. J. R. McCain, of Atlanta, Ga., remonstrating against the inclusion in the revenue bill of a tax on gifts as affecting adversely the interest of colleges, which was referred to the Committee on Finance.

He also presented a resolution adopted at the midwinter meeting of the Georgia Press Association at Cairo, Ga., favoring an appropriation to erect in the city of Washington a monument to commemorate the memory of Henry Woodfin Grady, which was referred to the Committee on Appropriations.

INVESTIGATION OF DEPARTMENT OF JUSTICE BY SPECIAL COMMITTEE.

Mr. KEYES. Mr. President, several days ago the Senate passed a resolution providing for an investigation of the Attorney General. It now appears that adequate provision was not made for necessary clerical assistants. An amendatory or supplemental resolution was prepared and referred to the Committee to Audit and Control the Contingent Expenses of the Senate and that committee is now ready to report. I ask unanimous consent that I may present the report at this time.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New Hampshire? The Chair hears none, and the report will be received.

Mr. KEYES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 183.

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

The resolution (S. Res. 183) submitted by Mr. JONES of Washington on the 3d instant, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That Senate Resolution No. 157, agreed to February 29, 1924, be, and the same hereby is, amended to include authorization for the employment of such clerical and other personal services as may be necessary for the accomplishment of the purposes of said resolution.

REPORTS OF COMMITTEES.

Mr. JONES of Washington, from the Committee on Commerce, to which was referred the bill (S. 2122) to create a Pribilof Islands fund and to provide for the disposition of surplus revenue from the Pribilof Islands, Alaska, and for other purposes, reported it without amendment and submitted a report (No. 200) thereon.

Mr. SIMMONS, from the Committee on Finance, to which was referred the bill (S. 2510) for the relief of William Henry Boyce, sr., reported it without amendment and submitted a report (No. 201) thereon.

Mr. WALSH of Montana, from the Committee on the Judiciary, to which were referred the following bills and joint resolution, reported them severally with an amendment, and submitted a report thereon where indicated:

A bill (S. 314) concerning actions on account of death or personal injury within places under the exclusive jurisdiction of the United States;

A bill (S. 2691) to amend the Penal Code;

A bill (S. 2693) in reference to writs of error; and

A joint resolution (S. J. Res. 4) proposing an amendment to the Constitution of the United States relative to the adoption of amendments thereto (Rept. No. 202).

Mr. BRUCE, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon where indicated:

A bill (S. 78) for the relief of the owners of the barge *Anode* (Rept. No. 203);

A bill (S. 82) for the relief of the owners of the steamship *Comanche* (Rept. No. 204);

A bill (S. 84) for the relief of the owners of the steamship *Ceylon Maru* (Rept. No. 205); and

A bill (S. 788) to extend the benefits of the employers' liability act of September 7, 1916, to Daniel S. Glover (Rept. No. 206).

CHANGES OF REFERENCE.

On motion of Mr. WALSH of Montana the following changes of reference were ordered:

A bill (S. 303) authorizing the conveyance of certain land to the city of Miles City, State of Montana, for park purposes; from the Committee on Public Buildings and Grounds to the Committee on Public Lands and Surveys.

A bill (S. 2086) for the relief of W. W. Payne; from the Committee on Public Lands and Surveys to the Committee on Claims.

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. SWANSON:

A bill (S. 2727) to extend the benefits of the employers' liability act of September 7, 1916, to Otis Dodson; to the Committee on Claims.

By Mr. WALSH of Montana:

A bill (S. 2728) granting an increase of pension to Clarence J. Cure (with accompanying papers); to the Committee on Pensions.

By Mr. BURSUM:

A bill (S. 2729) granting a pension to Jose Rafel Apodaca; to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2730) to allow and credit the accounts of First Lieut. W. W. Jenna, Infantry, assistant United States military attaché, acting quartermaster at Athens, Greece, and Belgrade, Yugoslavia, with $11,206.13 disbursed as refundment of expenses incurred, through loss of exchange, in the payment of salaries and bills of officers and employees of the United States; to the Committee on Military Affairs.

By Mr. LODGE:

A bill (S. 2731) for the relief of the Chamber of Commerce of the city of Northampton, Mass.; to the Committee on Claims.

By Mr. KENDRICK:

A bill (S. 2732) granting a pension to Emily A. Duffield; to the Committee on Pensions.

By Mr. BRUCE:

A bill (S. 2733) to provide for the establishment in the State of Maryland of a fisheries station, to be under the direction of the Bureau of Fisheries of the Department of Commerce; to the Committee on Commerce.

By Mr. CARAWAY:

A joint resolution (S. J. Res. 89) authorizing and permitting the State of Arkansas to construct, maintain, and use permanent buildings, rifle ranges, and utilities at Camp Pike, Ark., as are necessary for the use and benefit of the National Guard of the State of Arkansas; to the Committee on Military Affairs.

CREDITS ALLOWED INDIVIDUALS UNDER NORMAL TAX.

Mr. TRAMMELL submitted an amendment intended to be proposed by him to House bill 6715, the revenue bill, which was referred to the Committee on Finance and ordered to be printed.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on February 29, 1924, the President had approved and signed an act and a joint resolution of the following titles:

S. 2189. An act granting the consent of Congress to the State highway department of North Carolina to construct a bridge across the Peedee River in North Carolina between Anson and Richmond Counties; and

S. J. Res. 83. Joint resolution for the appointment of one member of the Board of Managers of the National Home for Disabled Volunteer Soldiers.

HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 7039. An act to amend section 72 of chapter 23, printing act approved January 12, 1895; to the Committee on Printing.

H. R. 498. An act providing for a recreational area within the Crook National Forest, Ariz.; to the Committee on Public Lands and Surveys.

H. R. 837. An act to exempt from taxation certain property of the Daughters of the American Revolution in Washington, D C.; to the Committee on the District of Columbia.

H. R. 1018. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Albany Institute and Historical and Art Society of the city of Albany, N. Y., the silver service which was presented to the U. S. cruiser *Albany* by citizens of Albany, N. Y.; to the Committee on Naval Affairs.

H. R. 593. An act authorizing the issuance of service medals to officers and enlisted men of the two brigades of Texas Cavalry organized under authority from the War Department under date of December 8, 1917, and authorizing an appropriation therefor; and further authorizing the wearing by such officers and enlisted men on occasions of ceremony of the uniform lawfully prescribed to be worn by them during their service; and

H. R. 1831. An act to loan to the College of William and Mary in Virginia two of the cannon surrendered by the British at Yorktown on October 19, 1781; to the Committee on Military Affairs.

H. R. 1869. An act for the incorporation of the Grand Army of the Republic; and

H. R. 5549. An act to detach Jim Hogg County from the Corpus Christi division of the southern judicial district of the State of Texas, and attach the same to the Laredo division of the southern judicial district of said State; to the Committee on the Judiciary.

H. R. 5633. An act granting the consent of Congress to the Board of Supervisors of Hinds County, Miss., to construct a bridge across the Pearl River in the State of Mississippi;

H. R. 5737. An act granting the consent of Congress to the county of Kankakee, State of Illinois, and the counties of Lake and Newton, State of Indiana, to construct, maintain, and operate a bridge and approaches thereto across the Kankakee River at or near the State line between section 19, township 31 north, range 15 east of the third principal meridian, in the county of Kankakee, State of Illinois, and section 1, township 31 north, range 10 west of the second principal meridian, in the counties of Lake and Newton, State of Indiana;

H. R. 6420. An act to extend the time for the construction of 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;

H. R. 6925. An act granting the consent of Congress to the city of Chicago to construct a bridge across the Calumet River at or near One hundred and thirtieth Street in the city of Chicago, county of Cook, State of Illinois; and

H. R. 6943. An act granting the consent of Congress to the village of Port Chester, N. Y., and the town of Greenwich, Conn., or either of them, to construct, maintain, and operate a dam across the Byram River; to the Committee on Commerce.

H. R. 192. An act to provide for a girls' dormitory at the Fort Lapwai Sanatorium, Lapwai, Idaho;

H. R. 472. An act to authorize the deposit of certain funds in the Treasury of the United States to the credit of Navajo Tribe of Indians and to make same available for expenditure for the benefit of said Indians;

H. R. 2812. An act to authorize the Secretary of the Interior to sell certain lands not longer needed for the Rapid City Indian School;

H. R. 2876. An act to provide for the payment of claims of Chippewa Indians of Minnesota for back annuities;

H. R. 2877. An act providing for the reservation of certain lands in New Mexico for the Indians of the Zia Pueblo;

H. R. 2883. An act to validate certain allotments of land made to Indians on the Lac Courte Oreille Indian Reservation in Wisconsin;

H. R. 3684. An act for the enrollment and allotment of members of the Lac du Flambeau Band of Lake Superior Chippewas, in the State of Wisconsin, and for other purposes;

H. R. 4117. An act authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz., and for other purposes;

H. R. 4161. An act authorizing the Commissioner of Indian Affairs to acquire necessary rights of way across private lands,

by purchase or condemnation proceedings, needed in constructing a spillway and drainage ditch to lower and maintain the level of Lake Andes, in South Dakota;

H. R. 4803. An act to authorize the sale of lands and plants not longer needed for Indian administrative or allotment purposes;

H. R. 4804. An act to authorize the allotment of certain lands within the Fort Yuma Indian Reservation, Calif., and for other purposes; and

H. R. 5799. An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Seminole Indians may have against the United States, and for other purposes; to the Committee on Indian Affairs.

TRIBUTE TO THE LATE PRESIDENT WILSON.

Mr. HARRIS. Mr. President, I ask unanimous consent to have printed in the RECORD a short article which appeared in the Laurens (S. C.) Advertiser of a recent date.

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

[From The Advertiser, Laurens, S. C., February 6, 1924.]

IN THE LINE OF DUTY.

With his characteristic moderation, Senator N. B. DIAL thus refers to the event which has caused to flow the tears of a Nation's grief:

"In the death of Woodrow Wilson the country has lost one of the greatest men, if not the greatest, of modern times. He was a martyr to duty. If his policies had been carried out, recurrence of war would be unlikely and stability would prevail everywhere; the people of all nations would now be following their usual avocations and peace and prosperity would reign. His passing will be mourned by all law-abiding and peace-loving people throughout the world."

He was the friend of the friendless, the champion of the weak, the deliverer of the downtrodden and oppressed.

No soldier at the battle front ever fell more completely or more willingly in the line of duty; and, in his last hours when the shadows lengthened and he knew the end was near, he was absolutely ready.

Other times than these will accord him his rightful place among the world's immortals.

Meanwhile his grateful friends throughout the earth (and the envious enemies in Washington whose loathly hands have struck him down) may well ponder over the following lines which this sad day suggests:

"Speak, History, who are life's victors?
Unroll thy broad annals and say.
Are they those whom the world calls the victors,
Who won the success of a day?
The Persians and Xerxes,
Or the heroes who fell at Thermopylae's tryst?
His judges or Socrates?
Pilate or Christ?"

RECESS.

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 50 minutes p. m.) took a recess until to-morrow, Wednesday, March 5, 1924, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

TUESDAY, *March 4, 1924.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, Thou givest us all good things. We thank Thee for the promise of the days with their glad, cheerful lessons. Graciously awaken in us the joy and the hope of renewal, which oftentimes the unpromising days have caused to die out. May we never allow our labors to become irritating; let cheerfulness abound with industry. Give us the faith that will conquer worry and the steadfast confidence that Thou art not done with the old world yet. O may the soul of the Republic aspire more and more until it shall be said the world over "Blessed is the Nation whose God is the Lord." Amen.

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

ELECTION TO A COMMITTEE.

Mr. GARNER of Texas. Mr. Speaker, I offer the following resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 207.

Resolved, That JAMES O'CONNOR of Louisiana be, and he is hereby, elected a member of the standing Committee of the House on Rivers and Harbors.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

AMENDING THE REVENUE ACT OF 1921.

Mr. GREEN of Iowa. Mr. Speaker, I present a privileged report from the Committee on Ways and Means on the bill H. R. 6901, to amend the revenue act of 1921.

The SPEAKER. The gentleman from Iowa presents a privileged report from the Committee on Ways and Means, which is referred to the Committee of the Whole House on the state of the Union.

MAINE IN THE CONGRESS OF THE UNITED STATES.

Mr. WHITE of Maine. Mr. Speaker, under leave granted to extend remarks, I insert an address of Hon. IRA G. HERSEY before the Maine Society of New York.

The address is as follows:

ADDRESS OF HON. IRA G. HERSEY, MEMBER OF CONGRESS FROM MAINE, BEFORE THE MAINE SOCIETY OF NEW YORK AT THE ANNUAL DINNER OF THE SOCIETY HELD AT THE HOTEL PLAZA THURSDAY EVENING, FEBRUARY 28, 1924.

Mr. President, men and women of the Maine Society of New York, I am greatly pleased and honored to be your guest to-night and to meet and greet those who like myself have been born and reared in the old Pine Tree State of Maine, but who at the present time have a temporary home and "Wayside Inn" in other States, and who all, doubtless, have an ambition when vacation days come to spend a few pleasant weeks each year along the delightful shores of Maine's great Atlantic or on the banks and bosom of her many silver lakes, there to lay our tired heads close up to the breast of Mother Nature and dream the old, sweet dreams again. And then, finally, when life's sunset comes, to make a final visit to the dear old home and find sweet sleep beneath her pines and "sink in the faith of the fathers to rest."

I am to speak to you to-night of Maine in the Congress of the United States, a wonderful part of the history of this Nation. I can not in the brief time allotted me give you the many interesting details of the lives and work of the men from Maine who have made up the State delegations since 1820, when we cut the apron strings that bound us to our kind old mother, Massachusetts.

From 1820 to 1843, a period of 23 years, Maine was represented in both Houses of Congress by average men, who never attained the temple of fame but who did honorable work for the people of their State, such men as Whitman, Shepley, Parris, and others, some of whom were governors of their State before they went to Congress and others left Congress to take a seat upon the supreme bench of Maine.

This period antedated the Civil War, and during that time the debates and work in Congress largely centered around questions of slavery and the general business of the Nation in establishing industries and a system of revenue and finance.

I have only time to call your attention to a few of the great men who served Maine in Congress who made up in a large part the history of their times.

Hannibal Hamlin stands out as the first great statesman from Maine. He had received a fine education, learned the trade of a printer, adopted the profession of law, was in his State legislature three terms, and was speaker of the House of Representatives of Maine. He was at that time a Democrat, as there were only two parties in Maine—Whigs and Democrats—and he remained a Democrat until the formation of the Republican Party in 1860. His was a fine character, a gentleman of the old school, clean in life and thought, a man beloved by all who knew him, a true statesman, and a fearless American.

It is told of him that when engaged in the practice of law a rich neighbor called upon him to draw a deed, which Hamlin did, for which he charged 75 cents. The wealthy client demurred. Finally Hamlin said, "I will call it 25 cents and treat you," which so pleased the neighbor that he paid the 25 cents, and then Hamlin took him over to the corner grocery, which in those old days sold rum, and gave him drinks to the amount of 25 cents, which the client eagerly swallowed, and then, looking up at Hamlin, he said, "Squire, you air the most generiosiest man I ever knew. I am going to give you all my business. I will be damned if I won't."

Hamlin's work in the Congress of the United States was such that when the Republican Party was organized in 1860 he became Vice President with Lincoln, and history shows us that he was a most valuable adviser and assistant to the President during the great Civil War.

He went from the House to the Senate and served in all 14 years in the Congress of the United States. We might spend an interesting evening over the life and work of this great statesman.

He was a great debater. In his fight at home for Congress he was opposed by one Elisha H. Allen, a Whig, and they agreed upon a joint debate over their district. During the close of these series of debates before a great audience Hamlin was to speak first. Allen was a good story teller, which took then with the crowd, and he had many good stories. Hamlin, to the consternation of his opponent, told all of Allen's stories and left him high and dry to follow him in the debate.

Another story is told that Hamlin, when he was Senator at Washington, had a call from a well-to-do business man who wanted some advice and assistance, and when the business had been completed he produced two letters which he had written, and he said to Hamlin, "Write your name upon these letters and they will go under your frank and I won't have to pay any postage." Hamlin fished into his pocket and obtained a couple of stamps and said to him, "Put these on the letters. I can never allow myself to cheat the Government out of even two stamps." This shows the character of the great statesman whose memory we to-day honor.

Israel Washburn, jr., was one of Maine's great men in Congress. He entered the House in 1851 where he remained for 10 years, and in 1861 was chosen Governor of Maine. His work was noted for its practical benefit to the State, his sound defense of the great principles of the Union, and his stern Americanism. He was a splendid speaker and a great orator. He had a brother, Elihu B. Washburn, who went from Maine to Illinois and ably represented that State in Congress during the Civil War. And yet a third brother of this famous family in Maine who rose to honor and distinction, William D. Washburn, served six years in the House and one term in the Senate, coming from the State of Minnesota.

During the period of the Civil War Maine was represented with great ability in Congress by Lot M. Morrill, who was president of the Maine Senate in 1865, governor of Maine in 1857, 1858, and 1859, and was sent to the United States Senate in 1861, serving there until 1876, when he was chosen Secretary of the Treasury.

Another Morrill, Anson P., served in the Maine legislature, was chosen governor of his State and sent to Congress in 1861 serving one term in the House. He was a fine type of statesman and was known in our State and still remembered as the defender of the "Maine law."

During the period of the Civil War our State was powerfully represented in Congress by William Pitt Fessenden, an able lawyer. He also had been a member of the Maine House and Senate. He served one term in Congress in 1841, declined reelection, but came back later in 1853 and served until 1864, when he was appointed by President Lincoln as Secretary of the Treasury, returning to the Senate a second time at the close of Lincoln's term for a period of four years where he served with distinction until his death. He left a great record for fidelity to service and financiering the war. In the most troublesome period of the war he was loyal to the Union, faithful to the flag, strong and mighty in the councils of the Nation, and his work and influence had much to do in making a loyal North supreme in the dark days of the rebellion.

The great test of our Democratic institutions came in the period of 1861 to 1866, and there the sons of Maine in Congress made themselves immortal. I have mentioned Hannibal Hamlin as "The noblest Roman of them all," together with the Fessendens, Washburns, and Morrills. Maine, indeed, in that great struggle to save the Union was mighty in the House and Senate of the United States.

After the Civil War great commercial and industrial questions presented themselves for settlement—how to reconstruct the Nation, how to pay the war debt, redeem the greenbacks, establish the national credit, provide a sound currency, pay reasonable pensions, resurrect destroyed industries, and start the Nation again toward prosperity.

These were, indeed, mighty problems, and in their settlement James G. Blaine, of Maine, was the man of the hour. He was well educated and served a number of terms in the Maine Legislature and was speaker of the Maine House. He served for 20 years in the National House and Senate. He came to the House in 1863 and was chosen its Speaker in 1869; served through three Congresses as Speaker, and was then sent to the Senate, where he remained until 1881, when he resigned to become Secretary of State. In 1884 he was nominated for the Presidency and came within 1,500 votes, in the State of New York, from being elected President. He was again called to the chair of the Secretary of State, and after three years resigned and retired to private life to write his wonderful book, Twenty Years of Congress. His statesmanship was of a high order, and his diplomacy ranks with that of Hay and Root.

Other notable statesmen from our State were prominent factors in the building up of this Nation. I wish to mention William P. Frye. A member of our State legislature, attorney general of his State, he was sent by our people to the House of Representatives, where he served 10 years, and then to the Senate, where his service ended only with his death in 1911. A great service of over 40 years in public life, a record rarely equaled in the annals of public men. He was finely educated in Bowdoin College, a great lawyer, and a presiding officer whose ability kept him for 15 years President pro tempore of the Senate. He had much to do with the shipping interests of the Nation and was always a strong and powerful advocate for all the great industries that have made our Nation famous and prosperous.

Senator Frye came near having presidential greatness thrust upon him not once but twice. In the national convention of 1880 pressure was brought to bear upon him to accept the nomination for Vice President. It was proposed to him before it was to Mr. Arthur. Had he accepted, the tragic death of Garfield would have left him with the highest office in the land upon his shoulders. He refused to allow his name to be used and Mr. Arthur was chosen. Again, in 1900, President McKinley desired him to accept the nomination for Vice President, but Frye refused and said, "Why, what if anything should happen to you?" "Why, then," said McKinley, "you would become President, and no man would be better fitted to fill the place than yourself." Frye said, "I will not take the chance, for I would not be President if it were handed to me on a plate of gold; in fact, I would rather be Senator from Maine than to occupy any other office in the gift of the people." Had Frye accepted, he would have become President in the place of Roosevelt. Maine men and women are always proud of the life and public service of William P. Frye.

In 1881 there came to the House of Representatives from Maine Eugene Hale, a fine lawyer and an able advocate. He served in the Maine House in 1879 during the memorable period of the "count out" in Maine, where the National Greenback Party, so called, formed a fusion with the Democrats to beat the Republicans. After the Maine election of 1879 it was admitted that the Republicans had won the legislature by a large majority, but when the governor and council examined the returns and made their report it was shown that the fusion legislature had won by a large majority. Then came a crisis in the history of Maine.

In the January following the election two legislatures met at the Capitol at Augusta, both claiming to be the real legislature of Maine, one Republican and the other fusion. The Supreme Court of Maine held that the Republican legislature was the legal one. The other disbanded. As soon as the Republican legislature was organized a special committee was appointed by both houses to investigate, examine, and report on the election and the returns made to the governor and council of that legislature. Eugene Hale was made chairman of that committee. His work was wonderful. His cross-examination of witnesses and his investigation of the facts as chairman in these sensational hearings showed him to be a man of no ordinary caliber and placed him at once in the front rank as a great lawyer and a statesman. He exposed the frauds in that election in such a manner as to make him a successful candidate for the National House, to which he was elected in 1881. He served 10 years in the House and then was sent to the Senate, where he served in House and Senate for the period of 30 years. In 1911 ill health prevented further service and he was obliged to retire. His record stands high in the councils of the Nation and the affections of the people of his State as one of the greatest statesmen of his time. He was the leader in the Senate during his last 10 years in that body. No man had a greater control of the Congress of the United States than Eugene Hale, a wonderful leader of men, and a man of few words, but of great political wisdom.

It is told in the cloakrooms of the Capitol that some years ago a new Member from the great West came to Congress with a message from his people to secure a certain piece of legislation valuable to his people. As he did not know the procedure very well, he approached an old Member as to what he should do. He said to him, "Put in your bill, have it referred to the Ways and Means Committee, and be sure to see Nelson Dingley, jr., of Maine, who is chairman of that committee. If he favors your bill, you can get it out of the committee all right, because he has more power and influence than anybody else on that committee. If the bill is reported to the House, then you want to see Speaker Reed, from Maine, who will recognize you to call it up. With these two men for you in the House you will have no trouble in getting your bill through." The new Member then said, "What shall I do when it goes to the Senate?" "Well, you want to see Eugene Hale, of Maine, who is the leader of the Senate. If he favors your bill, it will be favorably reported, and if it is reported you want to see the President of the Senate, William P. Frye, of Maine, so that he will recognize the Senator who calls up your bill. With these two men for your bill in the Senate you will have no trouble in getting the legislation through." The new Member in astonishment said, "It seems to me that Maine is the whole Congress. I do not know why I should be sent here at all." And this was the actual situation for many years. Maine was the great influence that enacted some of our most valuable laws and needed reforms in Congress.

A well-known leader in Congress has recently said that long service in the Congress by Maine men has made the comparatively small State of Maine a power in the national councils.

While Hale and Frye were outstanding figures in the forefront of the Senate of the United States, Thomas B. Reed and Nelson Dingley, jr., were leaders in the House of Representatives.

Thomas B. Reed was a lawyer of Portland. He served in the Maine House and Senate and was Speaker of the Maine House. He

was later attorney general of Maine and was sent to Congress in 1877, serving there, in all, 22 years. He was Speaker of the National House in the fifty-first, fifty-fourth, and fifty-fifth Congresses. He made himself immortal by causing the adoption of what are known as the Reed Rules. He revised the ancient rules of the House that did not meet the times. He presided over the House during the most stormy period of its existence and won out. Many interesting stories are told of him in the House. He was a great debater, of wonderful wit and humor. Before he was Speaker he had made some remarks one day that angered his political opponents, and a new Member on the Democratic side made a speech in which he attempted to ridicule Reed and used personalities of a low and vulgar sort. Reed listened in silence until the fellow exhausted himself and sat down, thinking no doubt that he had annihilated Reed. Reed arose and answered him. Such wit, such humor, such eloquence, the Member abusing Reed seemed to grow smaller and smaller until he was completely obliterated. When Reed had about closed, amid great cheers and applause from both sides of the House, he turned to this Member and, looking him in the eye, said, "And now, Mr. Speaker, having embalmed this fly in the amber of my eloquence, I will proceed to discuss the question before the House."

During the period of the revision of the rules, when the party spirit ran high, a zealous and enthusiastic Member exclaimed, "Mr. Speaker, as for me, I would rather be right than be President." Reed turned to the Member and in his most sarcastic tone said, "Well, the gentleman will never be either."

Reed was the first to count a quorum. It had been a habit of the opposition in the House to sit silent when the roll was called and not answer to their names, thereby believing that they would deprive the House of a quorum and of course deny the House the opportunity to work. Reed added to the roll call the names of those who refused to answer, thereby making a quorum. When an angered Member of the opposition rushed down to the Speaker's desk and said, "I deny your right, Mr. Speaker, to count me present and I desire to read from parliamentary law on that subject." Reed said, "The Chair is making a statement of fact that the gentleman from Kentucky is present. Does he deny it?" And this settled that question.

Reed, after his 22 years of service, feeling that he ought not longer to remain in Congress with his meager salary, but must take care of those dependent upon him, resigned and went to New York, where in a large law firm he made quite a fortune which he left to those dependent upon him. He is remembered by those who knew him in Congress as one of the most able men, and the work of "Reed of Maine" is to-day in Congress recognized as a part of the history of the United States.

Reed was ably seconded and assisted in his great work by Nelson Dingley, jr., a good lawyer, a great editor, trained as speaker of the Maine House of Representatives and as Governor of Maine. He served in the National Congress 18 years. It was said of him by a Member of Congress with whom he served that Dingley knew something of everything, and more of some things than any other person in history.

His mind was filled with accurate and trustworthy information upon all variety of subjects that came up in Congress. He was a walking encyclopedia of industrial, financial, and political facts. He was the author of the Dingley tariff bill and made for himself a great name in the successful enactment of that wonderful piece of legislation, a bill that has been memorable as a model for all subsequent legislation upon the subject.

It was not only in the matter of tariffs that he became immortal but he took part successfully in the able discussions of the merchant marine, the civil service, appropriations, all questions on the currency and national credit, all matters growing out of the public faith, of revenue and protection. He wore himself out in his great work for his State and Nation, and after his model tariff bill had been passed he found himself unable to continue his work in Congress and died on the battle field, as it were. Dingley, the statesman, is written high in the hall of fame in our State and Nation.

With Frye, Blaine, Dingley, and Hale came Charles A. Boutelle, a man who served 14 years in the House of Representatives. He was well educated, the able editor of a daily newspaper which was conducted under his supervision all of the time he was in Congress. In a study of the questions of reconstruction growing out of the war and in combating the spirit of the rebellion that lingered in the South he was a leader and not a follower, a fighter every minute, respected by his friends and feared by his foes. He added much to the glorious history of the State of Maine.

Edwin C. Burleigh was Governor of Maine, 1890–1892, and was elected to Congress in 1897, and served in the House and Senate 18 years. He was a great, big-hearted, friendly man whom everybody loved, who had no enemies in the world, a man who made no speeches, but whose diplomacy was of the highest order. Legislation that he wished enacted was very sure to be successful by his persistency and friendly efforts. In other words, he could get what he wanted for Maine, and he got it. So much did the people of his State love, honor, and respect him that when the senatorial primary law was passed he entered the lists against two of the ablest lawyers in our State, one of them a judge who left the supreme bench and contested with him for the Senate. He won easily over them both and served in the Senate until he died in 1916.

Thomas B. Reed, when Speaker, had as his able assistant and parliamentary clerk Asher C. Hinds, who was sent to Congress in 1911 and who remained there until ill health compelled him to retire in 1915. He left behind him his monumental work, which is the guide to-day of all Members in parliamentary proceedings—the large eight-volume work called "Hinds' Precedents," collected in a masterly order the decisions of all the Speakers down to his time and all the parliamentary rulings and usages, and it is to-day the last word in parliamentary law. It will remain a monument to Congressman Hinds long after other illustrious men have been forgotten.

I have mentioned thus to you some of the great men in Congress from Maine. It is well known that these men I have mentioned were Republicans. We have had a few great Democrats represent us in Congress. In 1911 after the split came in the Republican ranks the Democrats sent from our State Hon. Daniel J. McGillicuddy to the House, an able lawyer who was at once placed in charge of the Underwood tariff bill, so called, in the House, showing that the Democratic Party appreciated the valuable help of a man from Maine.

In the Senate Hon. Charles F. Johnson, Democrat, was sent to represent us, and he was at once placed on important committees by his party and had charge of the Underwood tariff bill when it came to the Senate. He was an able lawyer and soon became a very popular Member of the Senate. I mention these things to show you that Maine has made a place for herself in the Congress of the United States. It is expected that no man from Maine will come to either House or Senate except those well qualified for the duties of the office. It is true that back in 1880 and 1881 we had in Congress two Democrats from Maine, which was in the days of the Greenback Party. They were able to be elected by the combination of the Greenbackers and Democrats, but they were one termers and did not add anything to the history of Maine or the Nation.

I can not speak to you about the men who now represent you in the Congress of the United States. We are living too near to them to give them justice. They are learning the ways that all other men in Congress have to learn before they can make history. There will be Hamlins, and Blaines, and Fryes, and Dingleys, and Reeds from Maine in all future Congresses; but at present the lesson that Maine has learned is this: To keep in the Congress of the United States men that will grow up in the service, for it is only those who remain for 20, 30, and 40 years that make names for themselves in the annals of the country. The first 10 years is learning how to do the work for the people in that great parliament of the world, and you may rest assured that even the present delegation in Congress will bear in mind always those who have gone before, that they will stand loyally by the President of the United States. They will be loyal and true in the settlement of all great questions of the day and the hour, and you may rely that in the future Maine in the Congress of the United States, as in the past, will continue to shine as one of the brightest jewels in the diadem of this Republic.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House of Representatives was requested:

S. 1724. An act to amend section 4414 of the Revised Statutes of the United States, as amended by the act approved July 2, 1918, to abolish the inspection districts of Apalachicola, Fla., and Burlington, Vt., Steamboat Inspection Service;

S. 1972. An act to provide for the erection of a fireproof addition to the courthouse of the District of Columbia in Judiciary Square for the use of the office of recorder of deeds, and for other purposes;

S. 1213. An act for the relief of Harold Kernan;

S. J. Res. 63. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point two Siamese subjects, to be designated hereafter by the Government of Siam;

S. 611. An act for the relief of Paul B. Belding;

S. J. Res. 3. Joint resolution authorizing the Federal Reserve Bank of Kansas City to invest its funds in the construction of a building for its branch office at Denver, Colo.;

S. J. Res. 51. Joint resolution authorizing the Federal Reserve Bank of Kansas City to invest its funds in the construction of a building for its branch office at Omaha, Nebr.;

S. 1614. An act providing for the construction of bridges across the Great Kanawha River below the falls in West Virginia, under certain conditions;

S. 431. An act to extend the time for the construction of a bridge across the Cumberland River, in Montgomery County, Tenn.;

S. 1763. An act to validate certain payments made to George M. Apple and to authorize the General Accounting Office to allow credit to certain disbursing officers for payments of salaries made on properly certified and approved vouchers;

S. 321. An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington;

S. 1021. An act for the relief of the Alaska Commercial Co.;

S. 2209. An act to amend section 5147 of the Revised Statutes; and

S. 1971. An act to authorize the Commissioners of the District of Columbia to accept certain land in the District of Columbia dedicated by Charles C. Glover for park purposes.

SENATE BILLS AND RESOLUTIONS REFERRED.

Under clause 2, Rule XXIV, Senate bills and joint resolutions of the following titles were taken from the Speaker's table and referred to their appropriate committees as indicated below:

S. 1724. An act to amend section 4114 of the Revised Statutes of the United States as amended by the act approved July 2, 1918, to abolish the inspection districts of Apalachicola, Fla., and Burlington, Vt., Steamboat Inspection Service; to the Committee on the Merchant Marine and Fisheries.

S. 611. An act for the relief of Paul B. Belding; to the Committee on Claims.

S. J. Res. 3. Joint resolution authorizing the Federal Reserve Bank of Kansas City to invest its funds in the construction of a building for its branch office at Denver, Colo.; to the Committee on Banking and Currency.

S. J. Res. 51. Joint resolution authorizing the Federal Reserve Bank of Kansas City to invest its funds in the construction of a building for its branch office at Omaha, Nebr.; to the Committee on Banking and Currency.

S. 1614. An act providing for the construction of bridges across the Great Kanawha River below the falls in West Virginia under certain conditions; to the Committee on Interstate and Foreign Commerce.

S. 431. An act to extent the time for the construction of a bridge across the Cumberland River in Montgomery County, Tenn.; to the Committee on Interstate and Foreign Commerce.

S. 1763. An act to validate certain payments made to George M. Apple and to authorize the General Accounting Office to allow credit to certain disbursing officers for payments of salaries made on property certified and approved vouchers; to the Committee on Claims.

S. 321. An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington; to the Committee on Indian Affairs.

S. 1021. An act for the relief of the Alaska Commercial Co.; to the Committee on Claims.

S. 1213. An act for the relief of Harold Kernan; to the Committee on War Claims.

S. 1971. An act to authorize the commissioners of the District of Columbia to accept certain land in the District of Columbia dedicated by Charles C. Glover for park purposes; to the Committee of Public Buildings and Grounds.

S. 1972. An act to provide for the erection of a fireproof addition to the courthouse of the District of Columbia in Judiciary Square for the use of the office of recorder of deeds and for other purposes; to the Committee on Public Buildings and Grounds.

S. 2209. An act to amend section 5147 of the Revised Statutes; to the Committee on Banking and Currency.

INVESTIGATION OF SHIPPING BOARD.

Mr. SNELL. Mr. Speaker, I call up a privileged resolution, House Resolution 186, from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 186.

Resolved, That the Speaker of the House of Representatives be, and he is hereby, directed to appoint from the membership of the House a select committee of seven Members, for the Sixty-eighth Congress, and which said committee is hereby authorized and directed to inquire into the operations, policies, and affairs of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation, or any agency, branch, or subsidiary of either; said inquiry shall include an investigation of contracts, leases, sales, settlements, accounts, expenditures, receipts, assets, liabilities, properties, and any and all transactions, affairs, policies, and plans of the United States Shipping Board and the United States Shipping Board Emergency Fleet Corporation and any other corporations, firms, individuals, or agencies in any way associated with or controlled or regulated by the said Shipping Board or Emergency Fleet Corporation from the date of the passage of the several acts creating the same, together with an inquiry into such other pertinent matters as may aid the committee in determining and recommending future policies with respect to the Shipping Board and Emergency Fleet Corporation and the properties and agencies under their control.

Resolved further, That said committee is also hereby authorized and empowered to appoint such subcommittees as it may deem advisable, and the said committee or any subcommittee thereof is hereby authorized to sit during the sessions of the House or during any recess of the House, and to hold its sessions in such places as the committee may determine; to require by subpœna or otherwise the attendance of witnesses, the production of books, papers, and documents, to administer oaths and affirmations, and to take testimony.

Resolved further, That the Speaker is hereby authorized to issue subpœnas to witnesses upon the request of the committee or any subcommittee thereof at any time, including any recess of the Congress; and the Sergeant at Arms is hereby empowered and directed to serve all subpœnas and other processes put into his hands by said committee or any subcommittee thereof.

Resolved further, That said select committee shall have the right at any time to report to the House in one or more reports the results of its inquiries with such recommendations as it may deem advisable.

Mr. SNELL. Mr. Speaker, I think the resolution fully explains itself. It is a simple resolution of inquiry by a special select committee, to be appointed by the Speaker. As far as I know, there is no opposition to the resolution on the part of the Members of the House or on the part of the Shipping Board. Of course, we all appreciate the fact that the Shipping Board is in a little different position from other important branches of the Government. As I understand it, it is not responsible to any Cabinet officer but is primarily responsible to the President or the Members of Congress, and it is intended and thought that perhaps this investigation may result in some good in the way of decreased expenditures by that board. It is more an investigation of the policies and what they intend to do in the future in the way of spending this vast amount of money that is appropriated for them each year. It is with the hope that this investigation may be of some real benefit to the board and to the people that it is offered at this time. I do not know whether there is anything to be said on the other side or not. Does the gentleman from Tennessee desire any time on the resolution?

Mr. GARRETT of Tennessee. I think not.

Mr. McKEOWN. Mr. Speaker, will the gentleman yield for a question?

Mr. SNELL. Yes.

Mr. McKEOWN. Will this committee have jurisdiction to determine the controversy between the American Bar Association and the Shipping Board?

Mr. SNELL. I can not answer that question; but it will have power to investigate all of the acts of the Shipping Board under this resolution.

I yield now to the gentleman from Wisconsin [Mr. NELSON].

Mr. NELSON of Wisconsin. Mr. Speaker, I do not believe it is necessary to take up the time of the House, and I ask unanimous consent to extend my remarks in the RECORD upon this subject.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Wisconsin. Mr. Speaker, the United States Shipping Board was created on September 7, 1916. The board began to function in January, 1917.

The board has in the seven years of its existence had seven chairmen, or an average of one new chairman a year: William Denman, E. N. Hurley, John Barton Payne, Admiral W. S. Benson, A. D. Lasker, E. P. Farley, and T. V. O'Connor.

In that seven years of checkered existence the Shipping Board has had 24 commissioners to serve on the board, either as recess or confirmed appointees: William Denman, California; Bernard N. Baker, Maryland; John A. Donald, New York; John B. White, Missouri; Theodore Brent, Louisiana; E. N. Hurley, Illinois; Raymond B. Stevens, New Hampshire; Bainbridge Colby, New York; Charles R. Page, California; Henry M. Robinson, California; John Barton Payne, Illinois; T. A. Scott, New York; W. S. Benson, Washington, D. C.; Frederick I. Thompson, Alabama; J. N. Teal, ———; Chester A. Rowell, California; Guy D. Goff, West Virginia; Charles Sutter, ———; A. D. Lasker, Illinois; T. V. O'Connor, New York; George E. Chamberlain, Oregon; E. C. Plummer, Maine; Meyer Lissner, California; Albert Haney, Oregon.

In that seven years the Shipping Board has had five separate and distinct changes in the policy of operating the fleet of ships: Operation by the Emergency Fleet Corporation as a whole; managing and operating contracts Nos. 1, 2, 3, 4; to say nothing of modifications of those operating policies and new proposed changes.

The Emergency Fleet Corporation was the agency through which the Shipping Board requisitioned, built, bought, and operated ships, as well as purchased and sold materials, ships, shipyard plants, and securities involving $3,000,000,000 and an expenditure now amounting to nearly $5,000,000,000.

The changes in that corporation are astounding and dismaying. In the less than seven years of its existence and operation, operating under a board of seven directors or trustees, it has had seven presidents: E. N. Hurley, C. M. Schwab, W. S. Benson, A. D. Lasker, J. W. Powell, J. B. Smull, and Leigh C. Palmer.

This corporation, handling, selling, spending money and property belonging to the people amounting to about $5,000,000,000, has had in that seven years more than 12 vice presidents: J. A. Donald, Charles Piez, Bainbridge Colby, Howard Coonley, J. L. Ackerson, T. V. O'Connor, J. B. Smull, A. J. Frey, W. J. Love, Elmer Schlesinger, H. S. Kimball, E. P. Farley, and others.

This poor, much-shifted corporation in its seven troublesome years has had eight general managers: Charles Piez, Howard Coonley, J. L. Ackerson, R. L. Hague, R. D. Gatewood, J. W. Powell, J. B. Smull, L. C. Palmer.

The procession of assistant general managers has been similar to that of the general managers.

Six or seven treasurers have passed along, each one making different changes in the arrangement of personnel and procedure, as each other official from president down to general managers and assistant general managers have done, so the turnover of personnel has been a procession, with the new ones coming in and the old ones going out, just as the old ones had gotten through making terribly expensive errors and had begun to know their jobs.

But when we come to the board of trustees we are amazed. In its short seven years of existence the corporation has had 33 men to serve on its board of directors: E. N. Hurley, J. A. Donald, Raymond B. Stevens, Bainbridge Colby, Charles E. Page, Charles Piez, Admiral W. L. Capps, E. F. Carry, Charles Day, J. H. Rosseter, Admiral W. S. Benson, John Barton Payne, Martin J. Gillen, Albert D. Lasker, T. V. O'Connor, George E. Chamberlain, Edward C. Plummer, Frederick I. Thompson, Meyer Lissner, J. W. Powell, A. J. Frey, W. J. Love, Elmer Schlesinger, H. S. Kimball, E. P. Farley, Sydney Henry, J. W. McIntosh, Ralph V. Sollitt, W. B. Keene, J. E. Sheedy, J. T. Clear, J. Harry Philbin, Leigh C. Palmer.

Along with the five or more changes of operating policy involving changes in Europe and the United States, to say nothing of South and Central Americas, the Orient, of thousands of officials and employees, this poor Fleet Corporation has had 13 operating directors: P. A. S. Franklin, H. H. Raymond, Sir Connop Guthrie, E. F. Carry, J. H. Rosseter, J. T. Cushing, Capt. Paul Foley, W. J. Love, J. B. Smull, A. J. Frey, W. B. Keene, L. C. Palmer.

Boards settling claims have had a procession of members comparable to the unending line of corporation trustees. Literally dozens of men as members of the board, to say nothing of a veritable army of changing attorneys, clerks, examiners, and statisticians have for short periods wrestled with the claims aggregating hundreds of millions—a couple of billions, in fact—and have passed on. But the claimants and their attorneys stayed on the job, thus having all the advantage of the Government in knowing what went on before—and many of the attorneys were formerly with the board and went over to the contractors to pile up claims against the Government.

While all this was going on chief counsels were scarcely getting their desks open and their chairs warm before they passed on. It is safe to say that not a member of the Shipping Board could offhand name all the chief counselors who have for a brief moment held sway in the Shipping Board and the Emergency Fleet Corporation and then passed on after undoing most of the work of their predecessors, and, in turn, having their work undone.

Six comptrollers have graced the organization in seven years, and when the general personnel is considered thousands would be required to express the numbers which have come and gone.

Hundreds of millions of dollars worth of supplies and materials have been sold under various supply and sales directors who have succeeded one another in a manner similar to the other officials.

And yet to-day the Shipping Board has no policy. It has no settled operating program. It has no settled personnel. It has no object in the future except the one solitary purpose which has always actuated the officials of the Shipping Board and the Emergency Fleet Corporation—to get the ships into the hands of privateers as cheaply and as quickly as possible, to get as much money for the private interests as possible, to make Government ownership and operation as unprofitable and as much of a failure as possible, and to allow the private shipping interests to make as much at the expense of the Government as possible.

What business—steel, coal, railroad, any private business—could exist under such misrule, such a changing of policies, directors, officers, and personnel? None but the Government's business, where the taxpayers can be called upon to dig deep and provide the golden flood poured by the Shipping Board and the Fleet Corporation into the insatiable maw of waste, graft, and profiteering of private interests.

And all this while the ships, tied up, are rusting and falling to the bottom of the oceans at their anchorages.

Still in a stage of experimenting, still calling upon Congress for appropriations mounting to millions annually, still concealing from Congress and the country every detail of this wasteful business and disgraceful fiasco which grows greater year by year, the Shipping Board and the Fleet Corporation have no more idea to-day what policy they will finally determine upon or what will be done to give this country a merchant marine than the first Shipping Board had—hardly as much, in fact, for conditions are worse now than then, the ships are more nearly gone—and in a few more years naught will remain of the proud fleet but rusting hulks; naught will remain of the mountain of materials; naught will remain of the funds; and if another war should come another colossal, disgraceful, dishonest, plundering program of shipbuilding will have to be undertaken, to be run in the same way by the same men as the last one was, "because they have had experience."

From the ruinous mistakes of the first board to the present day we have heard the same cry as board succeeded board, official succeeded official, as policy succeeded policy, and that cry was, "Now give us a chance to show what we can do." And we did give them the chance, and they showed us all right. And to-day we will hear that same cry: "Give the new board and the new head of the Fleet Corporation a chance to show what they can do." Congress must not investigate. Oh, no! Congress must just appropriate the people's millions and ask no questions and give each succeeding set of officials a chance to show what they can do; and God knows so far each set has done worse than its predecessors. What can we expect of the present set?

Waste? Certainly there has been waste; far more than enough to have paid the soldier boys an adjusted compensation comparable to the wages paid in the shipyards and cantonments during the palmiest days of the cost-plus contractor while war waged.

Graft? Yes; there has been enough money grafted to make a tax reduction of ample proportions easy if we but had it back this year.

How could the Shipping Board and the Fleet Corporation escape waste and graft; how could any business escape waste and graft with such an ever-changing, never-determined purpose, shifting policies, and procession of directors, officials, executives, and personnel?

Graft and waste are inevitable under such conditions. They have been, they will be, and this Congress can make up its mind to continue to pour millions into this sink of waste and graft, of mistake and mismanagement, unless it has the courage to face the issue, investigate, determine a merchant-marine policy, declare a purpose, and then require the Shipping Board and the Fleet Corporation to follow that policy, or else wipe them both out.

The officials and executives have been drawn by the board from where? From the private shipping concerns who did not want to see Government operation succeed and who wanted to ruin the effort of the Government to get anything out of its ships.

Where did those officials go after they strutted their brief hour on the quarterdeck of the American merchant marine and did the bidding of their masters? Why, where but back to the private shipping interests?

Who determined the operating policies?

Who but the private steamship operators' associations?

And for whose profit would those associations and private operators lay down policies to be followed by the Shipping Board? Who, indeed, but for the profit of themselves?

Can you imagine the independent oil companies turning their business over to the officials of the Oil Trust to run for them? Can you imagine the independent oil companies asking their rivals, the Oil Trust, to lay down the policy of operation?

What business could succeed under such absurd and criminal conditions? Yet, that is what the Shipping Board has done—the while telling Congress that it must not know what is going on because it might embarrass some of the operators.

It is high time we investigated this whole situation, else we will later rue it.

And all this time we have not been within gunshot of a merchant marine. These billions have not gotten us more than one-sixth of a merchant marine—a fleet of ships—and that fleet is being squandered, given away, or is rusting and sinking, flake by flake, to the oceans' bottoms, tied up at the docks.

What is a merchant marine? Is it a fleet of ships only? Why a fleet of ships is to a merchant marine just what a string of boxcars is to a railroad; no more.

Then, what does constitute a merchant marine?

1. Something to haul.
2. Some place to haul it to.
3. Something to haul it in. (Ships.)
4. Somebody to buy it.
5. Some way for the buyer to pay for it.
6. Something to bring back.

When we haul something somewhere to sell it to somebody the buyer has to pay not only for the actual cost of production and the producer's profit, the haul from farm or factory to railroad, the rail cost of transportation, the water-transportation cost, the labor of handling, the depreciation in transit, but the speculative profits loaded on by the gamblers in between the point of production and the point of consumption.

So that brings in a question of production costs, elimination of speculative profits, proper rail rates, proper handling charges, proper care of products in transit, and a market which can absorb the shipments.

The buyer must be able to pay for the goods or we can not have a merchant marine, because we can not afford to haul goods for nothing and then give them away.

And you can not operate a merchant marine or a fleet of ships full one way and empty the other. The Shipping Boards for seven years have tried to do that, and apparently they have not found out yet that it can not be profitably done.

So we must figure on something to bring back.

The ability of the buyer to pay brings us up to the whole situation of the rest of the world—rehabilitation of foreign credits, stabilization of foreign currency, prosperity of foreign countries, and all that.

The question of return cargo involves the entire tariff question.

Yet unless you have all six of these elements—the goods, the market, the ships to haul the goods, the ability of purchasers to pay, and return cargoes—you have not a merchant marine.

And we have squandered nearly five billions on a fleet of ships, paid out millions in $35,000-a-year salaries fooling with a fleet of ships and calling it a merchant marine, a group of foolish men playing with a string of box cars standing on a siding, pushing them to and fro, and believing they had a railroad!

What are the values and purposes of a merchant marine—if we ever get one or are ever to have one?

1. Peace-time value—hauling of products to foreign markets, coastwise transportation and so on.

2. War-time value—a convertible fleet for transport service, for serving naval bases, for an armed merchant service, etc.

Does any Member of this House suppose the Shipping Board knows anything about any of these questions? Does it know the peace-time value or the war-time value of the merchant marine in dollars and cents?

Does any Member of this House believe the Shipping Board can give us constructive information and advice on the question of production cost, rail cost, speculative profits, labor costs, foreign credits, the tariff—all these things which are intimately related to a merchant marine—questions which must be solved before we have even begun to achieve a chance to have a merchant marine?

We should investigate. Put a stop to this child's play, to the waste, the grafting, the preying upon the Treasury by the private interests. Determine the actual worth, peace-time and war-time, of a merchant marine. Determine the cost of having one. Figure out how much the people must pay to have a merchant marine—then let the people who have to foot the bill know. Determine a policy—and make the Shipping Board follow it long enough to know whether it will be successful.

Put a stop to this farce of spending millions and hundreds of millions on one-sixth of a merchant marine and calling it the whole marine.

Mr. BLANTON. Mr. Speaker, will the gentleman yield me five minutes on this resolution?

Mr. SNELL. I yield five minutes to the gentleman from Texas.

Mr. BLANTON. Mr. Speaker, this could be a very expensive resolution. If the committee is going into an exhaustive, earnest, and sincere investigation of this Shipping Board, the money spent will be worth while, but if it is not to be an effective, earnest effort upon the part of the committee to get the facts and clean up the Shipping Board where it needs cleaning, it is going to be money wasted.

I am not in favor of as broad authority to spend money in any resolution as this gives this committee. Under this language the committee could sit anywhere it desires, all over the United States, and force our contingent fund to pay all of its expenses.

Under the language of the resolution this committee if it saw fit could divide itself up into subdivisions and they could not only sit anywhere in the United States that they saw fit, but they could sit anywhere in the world, with no limitation whatever on expenses. They could sit in every foreign country in existence and force our contingent fund to pay the expenses. They could sit anywhere, even after we adjourn Congress, if they so desired. It permits unrestricted junketing trips all over the world. Personally, I am not in favor of any such resolution. With the purpose of the resolution I am in sympathy, for this Shipping Board should be exhaustively investigated, but there ought to be some kind of limitation in the resolution to protect the Treasury.

Of course this is going to pass. I am just wasting the time of the House in making this feeble protest, but I can not sit here and merely vote against a resolution or permit it to pass without raising some kind of a protest. I am against this broad provision. I am against this unlimited authority to spend public money. I am against this unrestricted right of the committee to sit anywhere and at any time at the expense of the people of the United States. And I shall vote against the resolution unless the committee now having it in charge amends it with proper limitations. The chairman has the power to keep any member from offering an amendment.

Mr. SNELL. Mr. Speaker, I yield two minutes to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. Mr. Speaker, in view of the remarks of the gentleman from Texas, I think this should be said. This resolution follows substantially the form of resolutions that have been passed in regard to various investigations heretofore. Broad powers were given the committee because it is essential that broad powers be given in order to attain the end that must be attained if the investigation is to be of service. It is quite true that the committee has authority to sit at other places than the city of Washington. That is frequently given committees. Personally, I have never known it to be abused in any way. As a matter of fact it very frequently happens where there are a large number of witnesses to be examined as, for instance, in the city of New York, as may happen in this case, or at any other seaport towns or cities, it is real economy for the committee to go there rather than to summon a large number of witnesses here. It saves money.

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

Mr. GARRETT of Tennessee. Yes.

Mr. BLANTON. I just want to remind the minority leader of what occurred when the Walsh subcommittee of the Graham committee went in a special train to the Pacific coast and lived up and down that Pacific coast for about two months. Whatever, if any, good came out of that investigation and of the $700,000 of the people's money that was spent?

Mr. GARRETT of Tennessee. I think the gentleman states a larger amount than was really expended.

Mr. BLANTON. It was between six and seven hundred thousand dollars.

Mr. GARRETT of Tennessee. I think good did come out of that investigation and I think good will come out of this investigation.

Mr. DYER. Will the gentleman yield for a question?

Mr. SNELL. I will yield to the gentleman.

Mr. DYER. Would the gentleman have any objection to stating upon whose initiative this proposed action is taken?

Mr. SNELL. The original motion was introduced by the gentleman from Tennessee [Mr. DAVIS]. I simply want to say, Mr. Speaker, in addition to what the gentleman from Tennessee [Mr. GARRETT] said, that if we have no limitation upon this investigation it could not be said that the investigation was in any wise to be hampered and it could not be said that we did not want a full and free investigation. We followed the usual language used in giving power to such a committee. Mr. Speaker, I move the previous question upon the resolution.

The previous question was ordered.

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

MUSCLE SHOALS.

Mr. BURTON. Mr. Speaker, I desire to present a privileged resolution.

The SPEAKER. The gentleman from Ohio presents a privileged resolution, which the Clerk will report

The Clerk read as follows:

House Resolution 169.

Resolved, That 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 H. R. 518. That after general debate, which shall be confined to the bill and shall continue not to exceed 10 hours, to be equally divided and controlled by the acting chairman and some member of the Military Affairs Committee opposed to this bill, the bill shall be read for amendment under the five-minute rule. At the conclusion of the reading of the bill for amendment the committee shall arise and report the bill to the House, with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. BURTON. Mr. Speaker, this resolution has the unanimous support of the Committee on Rules. Speaking for myself, I frankly say that I am opposed to the bill; opposed to it because it involves a very radical departure from the established policy of the United States relating to water power, particularly as embodied in the water power act of 1920. Again, I regard the offer which it is proposed to accept as grossly, I may say ridicuously, inadequate. The committee, however, thought that this proposition, which has been pending before the Congress for some years, should be taken up and disposed of, and hence we reported it.

Mr. Speaker, I reserve the remainder of my time.

Mr. WARD of North Carolina. Mr. Speaker, while the gentleman is on his feet, could he briefly outline what he means by the policy of the Government in respect to water power merely in a word?

Mr. BURTON. Retaining control, providing for the utilization of water power for the general welfare, for the general interest, limiting the franchises to 50 years, and there are a number of other provisions which I will set forth more fully in the course of the discussion.

I understand the gentleman from Alabama [Mr. BANKHEAD] desires recognition, and I reserve the remainder of my time.

Mr. BANKHEAD. Mr. Speaker, I ask permission to revise and extend my remarks.

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

Mr. BANKHEAD. Mr. Speaker and gentlemen of the House, I congratulate the House of Representatives, and I feel I am also justified in congratulating the country that after practically two years of delay for an opportunity for the consideration of this very important matter we have at last arrived at a time when the House of Representatives will be given an opportunity to pass judgment upon it. I am glad to know that, according to the statement of the distinguished Representative from Ohio [Mr. BURTON], that there is probably no opposition to the adoption of this rule—the motion to report—which I had the pleasure of making in the Committee on Rules, and therefore I shall not discuss that phase of the situation.

I want to say in the beginning, gentlemen, that I am heartily and unreservedly in favor of the unconditional acceptance of the offer made to the Government by Henry Ford. I have taken that position from the beginning and will maintain it until we win this fight. Within the limited time that I have for opening this discussion it will not be possible for me to attempt to go into a discussion of the details of that offer. That will be very elaborately discussed in the debates that are to follow by those who are in favor and those who are opposed to the proposition. There is, however, one phase of this whole problem to which I desire to call the earnest attention of the Members of the House, and I particularly desire, if I am so fortunate as to receive it, the attention of those Representatives who do not reside in and who do not represent southern constituencies, because there has somehow or other crept into the general atmosphere of the consideration of this vital problem a feeling in some quarters that this is a sectional proposition. Gentlemen, there is involved in the ultimate consideration of this question and in the proper solution of the problem involved the greatest and most vital economic matter that to-day confronts the representatives of the American people, and that problem is the reclamation of the fertility of the soil of the United States of America. That phase of the matter I desire to discuss.

Where is the public man who at some time in his career has not described in glowing terms the marvelous agricultural resources of these United States? How often have we pointed with pride to the undeniable fact that America leads the world in the amount and in the value of the agricultural products which she produces annually. To predict a food shortage in a country that produces 3,000,000,000 bushels of corn and 700,000,000 bushels of wheat every year would sound ridiculous to the average man, but, gentlemen, there was a time when such a prediction would have appeared equally ridiculous in India or in China. To-day the world knows all too well that millions of people in these countries need but one crop failure to bring them face to face with actual starvation.

I am not an alarmist; I do not believe that the American people are in any immediate danger of starvation, but I want to say to this House that agriculture in the United States for the past 300 years has been following the identical road which has brought the great countries beyond the seas to their present precarious situation. True, we have produced and still produce enormous crops, but we have produced them and still produce them at the price of our soil fertility. Theodore Roosevelt, the great conservationist, called attention to this situation, and said:

I have always been deeply impressed with Liebig's statement that it was the decrease of soil fertility, and not either peace or war, which was fundamental in bringing about the decadence of nations. While unquestionably nations have been destroyed by other causes, I have become convinced that it was the destruction of the soil itself which was, perhaps, the most fatal of all causes.

The population of the United States increases at an average rate of about one and one-half million people annually—this means a population of 140,000,000 in 1940—but the number of acres of land which can be placed in cultivation in the United States is definitely limited. In the past we have met the needs of our increasing population by increasing the acreage in cultivation, but recent studies clearly show that we have nearly reached the limit of increase in lands cultivated, and that in the future we must depend upon a larger yield per acre from lands already in cultivation.

There are two ways in which a given amount of land can be made to produce more crops. One way is by more intensive cultivation, which means putting more people to work on the farm. The tendency in the United States, however, is exactly the opposite of this, for instead of having more labor on our farms we find that every year more and more people desert the farms for the cities. High costs of production on the farm has made it necessary for the farmer to get high prices for his products in order to break even, and it is well known the farmer has not been able to get these high prices, and as a result last year no less than 2,000,000 people gave up their effort of trying to get a living out of the soil, and moved to town. There were also some 900,000 who left the town for the country, leaving a net loss of 1,120,000, or nearly 4 per cent of the entire farm population. The largest decrease was in the South Atlantic States, from Maryland to Florida, where 324,000 people, or more than 5 per cent of the farm population, gave up and quit.

The other method of increased production is through greater yields per acre with the same labor, and this can be accomplished only by good farming methods combined with a liberal supply of fertilizers.

Fertilizer is the farmer's labor-saving device. Results at experiment stations show that with corn and oats the use of fertilizer enables two men to do the work of three men without it.

With wheat the effect of using fertilizer properly is to give one man the food-producing power of two men. With cotton the efforts of one man aided by fertilizer will produce food and clothing equal to that of three men without the fertilizer.

Now that the best of our lands are already in cultivation and no more virgin soil awaits the settler, we will do well to encourage a type of agriculture that will maintain the producing capacity of our cultivated lands. That this has not been done up to the present time is evidenced by the fact that in the East and the North and the South there are large acreages where farming has been abandoned because under present methods it is no longer profitable, for the soil has been so nearly exhausted that it no longer repays its cultivation.

To those who still incline to the belief that the question of maintaining soil fertility is of special interest only to the South, the results disclosed by the last census and by a number of State surveys will be illuminating.

In the New England States, together with New York, New Jersey, and Pennsylvania, census statistics show that during the 40 years between 1880 and 1920 the population has some-

what more than doubled, but the lands in cultivation have decreased by nearly 14,000,000 acres, or about 30 per cent of the whole. This means, Mr. Chairman, that every year for the past 40 years an average of 340,000 acres has been abandoned in those nine States alone.

It was the farming population from these New England States which settled the fertile plains of the Middle West, and year after year they are repeating there the same process of draining the fertility from the soil and returning little or none of the millions of tons of plant foods that are shipped away in every crop. Improved means for plowing, harrowing, sowing, cultivating, and harvesting in such a plan of operations merely hasten the time when these soils also will become so exhausted that they too can not produce a crop without the aid of fertilizer.

This yield per acre is not only falling off in the East and Middle West. Consider for a moment what has happened in the beet-sugar industry in the far Western States of Colorado, Utah, Wyoming, Idaho, and California. The census returns for 1909–1919 show that there has been a decrease in yield per acre from 12 per cent in Colorado to practically 40 per cent in Idaho. What is the cause of this? Let us quote from the Department of Agriculture's bulletin on the production of sugar beets. The department says:

> If the soil is lacking in fertility, the roots may be too small to produce sufficient tonnage to make the crop profitable to the grower. * * * In those sugar-beet sections where this crop has been grown for a number of years without proper attention to the maintenance of soil fertility and an adequate supply of humus this yield of sugar beets has been reduced. There are few sugar-beet areas in which the soil fertility has been maintained or improved to the limit of possibilities. It is apparent, therefore, that by proper attention to soil conditions from the standpoint of fertility the average yield of beets per acre may be greatly increased. (Bull. 721, U. S. Department of Agriculture.)

Here is an industry in which labor constitutes from 69 to 75 per cent of all costs, exclusive of land rent, and since it costs as much to plant and cultivate a small crop as it does a large one, the economic advantage of a large yield per acre is immediately evident. All of these advantages depend upon a low price for the fertilizer, and cheap fertilizer, whether nitrogen or phosphoric acid, calls for cheap electric power. If, therefore, we turn this power over to the exploitation of private power companies to be loaded up with securities on which a good return is expected, companies which are in the market to make all they can out of the business and who propose to charge for the power the highest rates which the public-service commissions will permit, we may expect to find the farmer deprived of his cheap fertilizer by the prohibitive costs of the power. In contrast with this we have the offer of Henry Ford providing for production to the full capacity of nitrate plant No. 2 under the most improved methods and with but a single profit, and that limited to 8 per cent on the fair actual annual cost of production.

Of all the sections of the country, these western sugar-beet areas should not suffer for lack of modern high-grade fertilizer. No section of the country is so abundantly provided with water power for taking nitrogen from the air. In these Western States are to be found phosphate deposits that are the largest in the world, awaiting only cheap power applied in the electric furnace to concentrate them and make them available for economical use.

There in the West are the potash lakes, this country's only source of the third element of plant food, which is so necessary to sugar beets. Whatever cheap combination of these fertilizers is worked out at Muscle Shoals by Henry Ford can be made available to these sugar-beet farmers from the raw fertilizer materials of the far West, and the increased production which is so necessary to success in sugar-beet raising can be brought about by the liberal application of these high-grade fertilizers at low cost.

Instances are on record—

Says the Department of Agriculture—

> where the yield of sugar beets has been raised from 9 or 10 tons per acre up to 16 or 18 tons per acre, apparently entirely through the application of manure. (Bull. 726, U. S. Department of Agriculture.)

The value to the sugar-beet industry of the development of cheap and efficient chemical manures is beyond question, and I say without hesitation that the working out of this problem at Muscle Shoals under the Ford offer will mean more to the prosperity of the sugar-beet districts of the Middle and far West than any other improvement in their industry.

To the west of the central plains of the Mississippi Valley there are large tracts of waste lands, some of which can be made to yield bountiful crops when supplied with sufficient water. In the South and Southeast there are thousands of acres of swamp lands which require drainage and clearing to make them available to the crops, while in the mountain sections and in our fast-disappearing regions of heavy timber there are large acreages of cut-over lands which could be made available by clearing and grubbing.

There are, then, in general four ways in which we can increase our acreage of producing farm lands in this country. First, by supplying water to arid soil; second, by draining the limited areas of swamp lands along the coast and in the river bottoms; third, by clearing and grubbing the cut-over lands of the forested regions; and fourth, by providing fertilizers at low cost to reclaim an ever-increasing acreage of well-located farm lands by making their cultivation once more profitable.

While this Government has never recognized a national policy of soil maintenance, our farmers have been forced to recognize it, and in 1920 the fertilizer bill of this country was $326,400,000. This is no mere sectional problem, for Michigan farmers spend more for fertilizers than Mississippi. Missouri, not generally regarded as a fertilizer-using State, spends more for fertilizers than Louisiana with its heavily fertilized fields of sugar cane. Pennsylvania, whose Representatives have seemed to feel that this subject had no especial interest for them, is a State which spends many millions more for fertilizer than does Alabama with all her cotton fields. New York Members have also opposed every proposition that has heretofore been offered for the operation of a great fertilizer industry at Muscle Shoals, and yet in 1919 the farmers of New York State paid a million dollars more for fertilizer than the farmers of Alabama did, for the New York farmers' bill amounted to some $15,000,000. New Jersey is not a large State, but her farmers spent more for fertilizer than all the fruit growers and winter truck and vegetable raisers of the State of Florida. There are counties in Texas larger than the whole State of Connecticut, but Connecticut farmers spent nearly three times as much for fertilizer as all the farmers combined in the great Lone Star State. There have been gentlemen from Ohio who have not taken kindly to the establishment of a fertilizer industry at Muscle Shoals, and yet Ohio farmers spent more for fertilizer than all the farmers of Kentucky, Tennessee, Mississippi, and Texas combined.

The most rapid increase in the use of fertilizers, Mr. Chairman, is not in the South nor in the East, but in the Middle West, particularly in the so-called nonfertilizer-using States west of the Mississippi River. Oklahoma leads all the States with an increase between 1909 and 1919 of 1,455 per cent in the expenditures of her farmers for fertilizer. Kansas is not far behind with 1,193 per cent increase. Her farmers in 1909 spent practically nothing for fertilizers, but 10 years later their combined expenditures amounted to nearly $1,000,000 for this single item.

The increase in North Dakota was over 1,000 per cent and was almost equaled by the increase in Montana. Oregon, Arizona, Wisconsin, and Washington were all above 500 per cent increase, and then we come to Missouri; her farmers increased their purchases from $671,000 to nearly $4,000,000 per annum. Minnesota, with 479 per cent increase, can no longer say that her farmers are not concerned with the subject of fertilizers, and the gentleman from Iowa, who is opposing all plans so far proposed for establishing a great fertilizer industry at Muscle Shoals, comes from a State whose farmers paid $600,000 in 1919 for fertilizers while they paid only $100,000 in 1909, and their increase was 444 per cent.

I wonder if this House really appreciates what 444 per cent increase means! Suppose that our friend from Iowa was in the habit of paying $100 for clothing and suddenly was notified that hereafter he would have to pay an increase of 444 per cent. That would mean, gentleman, that his expense for this item would be increased by $444 and his tailor's bill, instead of being $100, would be $544!

Is it surprising then that the farmers throughout the country have insisted that their rights shall be protected in the disposition of the Muscle Shoals project? Remember that it was the farmers who first advocated the establishment of the nitrogen industry at Muscle Shoals and that it was to serve agriculture in time of peace that the Muscle Shoals project was undertaken. Shall we now leave their interests in the hands of the power companies and trust these power companies to work out the farmers' fertilizer problem, when the aim and end of these power monopolists is to sell all the power they can in the public utility market at the highest price they can get?

I could carry these comparisons much further, but I think I have said enough to leave no doubt in your minds that the question of the preservation of soil fertility and the reclamation of our abandoned farm lands is not a sectional question but

a national one that we can not afford to ignore. If it is a sound national policy to invest $141,000,000 to reclaim a million acres of arid lands in the far West by utilizing the flow of our streams to make these arid lands productive, then, gentlemen, I maintain that it is a sound national policy to reclaim and return to cultivation the 14,000,000 acres of abandoned farm lands in the North Atlantic States and many more millions of acres in the South Atlantic and Gulf States by utilizing the waters of our navigable streams like the Tennessee River to "fix" the nitrogen of the air cheaply and conveniently so that the cultivation of these lands can once more become profitable.

If it were necessary to make the investment for this purpose without the return of any interest at all, we would be amply justified in doing so by what we have already done in our reclamation work, for there is no pretense of returning any rate of interest whatever from our irrigation projects, but here comes an industrial genius offering us 4 per cent on the money required to complete a dam which we were about to abandon and further offering to take over a great nitrate plant which we were about to scrap, and to operate it in the manufacture of fertilizers for 100 years, seeking out and employing the most advanced and economical processes for the purpose.

Our national system of land reclamation, like our national superpower program, should begin in our navigable streams, with the development of hydroelectric power at a low rate of interest under a definite agreement whereby the power will be used in a large way for the production of cheaper and higher grade fertilizers, not only at Muscle Shoals but in many other places throughout the country. Such a national policy should be followed on the St. Lawrence for the benefit of the farmers of New England instead of turning over this great power to the General Electric Co., the Aluminum Co. of America, and the Du Pont Co. Such a policy should be followed at the proposed Boulder Dam on the Colorado River for the benefit of western farmers and at many other great power sites.

I do not maintain that all the great powers of the country should be used exclusively for producing fertilizers any more than I maintain that the Muscle Shoals power should be used exclusively for this purpose; we need other things besides fertilizer. The opportunity is here, however, to start a great nitrogen industry in this country which is certain to become the backbone of modern fertilizer production conducted on a scientific basis and using modern methods, not for the benefit of stockholders, but for the benefit of agriculture. If such a domestic nitrogen industry does no more than to eliminate the Chilean export duty, it will save our nitrate consumers no less than $550,000,000 in the next 50 years.

The passage of the McKenzie bill is the first step in such a national program of soil reclamation and preservation with a guaranteed output of nitrogen sufficient for 2,000,000 tons of 2-8-2 commercial fertilizer supplied in a mixture with other plant foods, according to demand.

The fundamental question with nations, as with individuals, is the question of daily bread. We may aspire to be great scientists, great merchants, or great manufacturers, but first of all we must have something to eat. America's supremacy has been founded from the beginning on her agricultural wealth, but our agriculture is already on the decline, and although we are the youngest of the great nations we already import large quantities of food supplies.

Gentlemen of the House, as long as the costs of production on the farms are so high that the price which the farmer receives will not yield him a fair return for his time and his investment, we may expect to see our agriculture continue to decline, and let no man delude himself with the mistaken notion that under such conditions our cities can continue to thrive and prosper.

We must continue the work of our reclamation service undismayed by the disappointments which are only to be expected in the early years of a great enterprise involving such a large agricultural risk. But we should bear in mind that the service to the farmer which will grow out of the development of a great domestic nitrogen industry, begun under the Ford offer at Muscle Shoals, will be a reclamation service that will apply to the 500,000,000 acres which constitute our cultivated area, and admittedly it will result in a saving to our farmers exceeding $150,000,000 every year, and will make our farmers forever independent of combinations of greedy foreign interests, in obtaining their supplies of the plant foods that are so necessary to the permanence of American agriculture.

I want to say a word now particularly to my friends from New England. I have here a statement issued a few days ago by the mayor of one of your great cotton-spinning centers. Fall River, Mass.

It reads:

SOUTHERN CAPITAL CAUSES EAST'S BIG MILLS TO CLOSE.—NEW ENGLAND'S GREAT INDUSTRY CRIPPLED WHEN TWELVE PLANTS QUIT.—FALL RIVER IS CENTER OF INDUSTRIAL DESPAIR.—GOVERNMENT BESEECHED WITH PLEAS FOR INVESTIGATION OF CONDITIONS.

FALL RIVER, MASS., February 26.—Over half a million New Englanders directly dependent upon the cotton mills affected by the drastic shutdowns await with keen interest the answer of Washington to Mayor Talbot's indignant demand for a Federal investigation.

The Fall River mayor, who has made his appeal to President Coolidge and the Federal Trade Commission, declares that this city is in dire distress from the general "plan" of curtailment in operation.

Twelve local mills have discharged their help, closed the gates and gone out of business, all because, Mayor Talbot declares, "Southern capital and competition amid New England's greatest industry" has put them out of business.

Operatives, living a hand-to-mouth existence in many cases; merchants, dependent upon the "help" for their own success, and landlords looking to both workers and merchants for their share, are beginning to despair, Fall River being a "one industry" city.

The situation is said to be the result of conditions in two markets. The price of raw cotton is unusually high and the manufacturers are holding off. On the other hand, jobbers and retailers will not buy the finished product at prices which allow the mills a profit at the existing cost of the raw material.

SOUTH MAKES GAINS.

They have turned to the southern markets, purchasing the finished product at prices less than the cost of manufacturing in the local mills.

In this situation the big mills appear to have adopted a course almost as old as their industry, that which is called "curtailment." As their critics phrase it, they "pass the buck" to thousands of operatives, who are already about the poorest paid people in any of the world's great industries.

Now that local trade begins to feel the pinch and bankers have taken note of it, members of the local governments in a dozen New England cities are to follow the example of Mayor Talbot.

"Something has got to be done and, without delay," declared Mayor Talbot in his Washington communication. "The residents of this city are without food or money, in some cases without proper shelter. It is only right that a sweeping investigation of the textile situation in this country be made.

"We have long felt the sting of southern competition here, but the situation is now acute. Our people must live, and the continued curtailment of the mills of this city, which is the largest cotton manufacturing city in the world, is causing great hardship and untold suffering to the majority who are mill operatives."

Ten or twelve of the great cotton mills of that city, employing thousands and tens of thousands of laborers, are to-day closed down and their operatives thrown out of employment, and in a few weeks may be thrown on the charity of those communities. And what does the mayor of this New England city give as the reason for the closing down of these cotton mills up in New England? He attributed it, and attributed it properly, to the high cost of cotton. The price of cotton is so high and labor conditions are such that they can not compete successfully with the cotton factories of the South. How is that condition going to be remedied? By cheapening the production of cotton? How can that be done, gentlemen, except by cheapening the cost of commercial fertilizer?

That is the only way. On every country road down in my country to-day and in all that cotton-producing section of the country you meet farmer after farmer going from the town to his farm with a wagon load of fertilizer, on which he is paying exorbitant profit to the Chilean Nitrate Trust and to the Fertilizer Trust here in America.

It does not do the southern farmer or cotton producer any good, as my friends from the South well know, to sell for 35 cents cotton which costs them 40 cents to produce. But that is the situation, and the cost of the commercial fertilizer is the big overhead burden. We will soon see how anxious our New England friends are to help their idle cotton mills when they vote on this bill.

I want to say a word to my friends from the congested centers of population in this country, New York, Boston, Philadelphia, and I know something about those conditions, because I lived in the great city of New York two years in my earlier manhood, in the great district now represented by my friend O'CONNOR, the old Tammany Hall district. I know how crowded they are; I know that to-day, as then, the laborers, clothed in overalls, go out and earn a pittance of a wage, and

most of it goes to the purchase of clothing and food and shelter. Where do they get that food? From the truck producers of the adjacent territory. And what is the big item of cost in the production of truck articles? Commercial fertilizer. The only way to reduce the cost of food to your people is to lower the original cost of production.

Mr. BURTON. Will the gentleman yield for a question?

Mr. BANKHEAD. I will yield for a question.

Mr. BURTON. Or, rather, a suggestion.

Mr. BANKHEAD. Make it a question, because the gentleman will have time in which to make suggestions.

Mr. BURTON. The question is this: Does not the gentleman from Alabama realize that the opponents of this measure are just as anxious to provide fertilizer as the advocates, but they believe that your bill is not fair to the people and not the best way of securing that fertilizer?

Mr. BANKHEAD. I can not agree with the gentleman that he is as anxious to provide fertilizer as we are. If you were you would be supporting this bill this day, because your own minority report, which the distinguished gentleman from Ohio will so vigorously support upon this floor, does not even have the temerity to recommend the adoption of a single one of those other fertilizer propositions. [Applause.] And here is the only chance you have. But you want delay; that is all. That has been the program all the time and you are going to continue it to the last ditch. We are not being deceived by the attitude of certain gentlemen upon the floor of this House for further delay when it has already been delayed two years.

Mr. Ford has made a proposition to Congress and he says, "You can either accept or reject it." And a nonpartisan majority of the great Committee on Military Affairs has earnestly recommended the acceptance of Mr. Ford's offer unconditionally, and you will hear some very able arguments by the acting chairman of that committee, a Republican, and by the gentleman from Illinois [Mr. MADDEN], the chairman of your great Committee on Appropriations. He is a man who is attempting to serve the best interests of this country heartily and with great industry and intelligence. You will hear other arguments made by men on your side of the House as to why this proposition should be accepted.

And the basic principle is that it provides an adequate supply, as far as we can now get it, of cheap commercial fertilizer, and, gentlemen, do not forget this basic proposition:

When the Congress of the United States originally authorized the expenditure of money for the construction of this plant it had in mind only two things, as written in the law authorizing those appropriations. One was the national defense, the manufacture of explosives, and the other, as expressed in that bill, was for the manufacture of cheaper commercial fertilizer for the farmers of America. Nothing was in contemplation at that time, in the will and opinion of Congress, with reference to the utilization of the excess water power at Muscle Shoals. Congress has adopted a separate policy along lines of the development of water power as covered by the water power act, and we now have a great Federal tribunal administering that phase of our economic development.

But here was a proposition conceived originally and dedicated only to the two purposes which I have mentioned, and here is the only opportunity that the farmers of America, wherever they reside and in whatever business activity they may be engaged as far as the quality of their production is concerned—here, I say, is an opportunity, a businesslike opportunity, backed by adequate capital, backed by a man in whom I believe the American people as a whole have confidence—certainly as to his capacity and his willingness to carry out the terms of his contract, to carry out the original intention of Congress.

In conclusion, I do desire to appeal to you, not in any sectional way, because it is not a sectional question, and not in any partisan way, because it can not possibly be distorted into a partisan issue, but upon the fundamental basis of a real and reasonable opportunity to put these plants to work for the benefit of the farmers of America. This proposition, gentlemen, is too big in its fundamental aspects; it covers too wide a field of important possibilities for the future to be considered upon any other basis than a calm and judicial consideration of what is involved in it and the possibilities for American agriculture that lie wrapped up in it; and I say to you that my chief interest in this proposition is based upon giving to the farmers of America, wherever located, in Maine, California, Michigan, or Alabama, a fair and reasonable opportunity to have this absolutely essential element of their production furnished them at a reasonable and fair cost, and not be subjected in all the years to come, as they have in all the years that have passed, to the exorbitant demands and the exorbitant profits of the Chilian nitrate trust of $10 a ton, and also to the price that is fixed by this combination of American fertilizer producers. I say here is an opportunity to emancipate the American farmers from this thraldom they have so long endured, and surely, gentlemen, in view of their condition in the country, in view of your expressed anxiety, and that of your President, to do something to relieve their condition and to make profits possible, so they may continue to occupy the soil. I appeal to you gentlemen to give to this proposition, the only hope they have ever had for an amelioration of these hard conditions, your favorable support and action in the final vote upon this bill. [Applause.]

Mr. BURTON. Mr. Speaker, I yield the balance of my time, reserving two minutes, to the gentleman from Maryland [Mr. HILL].

The SPEAKER. The Chair would like to inquire whether the gentleman from Alabama was speaking in the time of the gentleman from Ohio?

Mr. BANKHEAD. No; in my own time.

The SPEAKER. The gentleman from Ohio then has 55 minutes remaining.

Mr. BANKHEAD. No, Mr. Speaker; the agreement was 30 minutes to the side.

The SPEAKER. No such agreement was made publicly.

Mr. HULL of Iowa. I tried to call the attention of the gentleman from Alabama to that fact.

The SPEAKER. Such an agreement could not be made.

Mr. BANKHEAD. That was the understanding between the gentleman from Ohio [Mr. BURTON] and myself.

Mr. BURTON. Mr. Speaker, I ask unanimous consent, then, that the time be limited to 30 minutes on a side.

The SPEAKER. The gentleman from Ohio asks unanimous consent that debate on this resolution be limited to 30 minutes on the side. Is there objection? [After a pause.] The Chair hears none.

The gentleman from Maryland [Mr. HILL] is recognized for 25 minutes.

Mr. BANKHEAD. Mr. Speaker, how much time have I remaining?

The SPEAKER. Ten minutes.

[By unanimous consent, Mr. HILL of Maryland was given permission to revise and extend his remarks.]

Mr. HILL of Maryland. Mr. Speaker and gentlemen of the House, I agree with almost everything that the gentleman from Alabama [Mr. BANKHEAD] has said except as to the Ford offer itself. This whole question of the disposition of Muscle Shoals is one of vital importance, not merely to the Southern States within a radius of several hundred miles of Muscle Shoals, but it is a question of great importance to the future of this country. It is not a sectional question. It is not a partisan question. It is a very great economic question. It is a very serious problem, and after two years of very earnest consideration of this problem by the Military Affairs Committee of the House and by the Committee on Agriculture of the Senate I personally am very glad to see this matter brought before the House for final disposition.

I wish to speak to the House from no sectional standpoint and from no partisan standpoint.

There are two propositions involved, as I see it, before this House, both propositions claiming to arrive at the same ultimate goal; two propositions aimed at a goal which no one in this House can fail to entirely agree with. The great Government project at Muscle Shoals was started on two great principles which are of vital importance to the whole Nation. Muscle Shoals, the Wilson Dam, the nitrate plants No. 1 and No. 2, all of that great project, should be regarded from the point of view of fertilizer in time of peace and nitrates in time of war. It is a dual proposition, and for that reason the House Military Affairs Committee was assigned the duty of holding the hearings and making the reports, and the Committee on Agriculture of the Senate had the same function.

Personally, when the Military Affairs Committee began its study of this project, I regarded it—and I say this to the House to show the point of view of a Member of the House without any particular original information on the subject—when we first began the study of this project I was entirely in favor of the Ford proposal. I felt that Muscle Shoals was one more of the Great War projects temporarily brought into existence for war purposes, and I felt that it should be disposed of at the best possible cash advantage. At that time there was no other offer. At that time no other proposition had been

elicited from any interest in this country, and I personally felt that the Ford offer should be promptly accepted.

Coming as I do from a city district, I was not then awake to the very serious problems underlying the production of nitrates for fertilizer, and I again say that I agree with everything on that subject of fertilizer which has been so well and clearly brought out by the gentleman from Alabama [Mr. BANKHEAD]. The Military Affairs Committee of the House and the Committee on Agriculture of the Senate made an inspection tour of Muscle Shoals, and I had not been there more than about three hours when I realized that the Muscle Shoals project was a national proposition and not one confined to a small portion of one of our States.

I desire in the time that I have merely to present certain general considerations. You gentlemen of the House have before you two propositions. One is embodied in the McKenzie bill and the other is embodied in the Hull bill. One, the McKenzie bill, is a proposition made by Mr. Ford; the other is a proposition made by a number of power companies who have agreed to form one $15,000,000 nitrate fertilizer and power company.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. BYRNS of Tennessee. Is the proposition in the Hull bill, made by the power companies, recommended by any members of your committee?

Mr. HILL of Maryland. Yes; I recommend it.

Mr. BYRNS of Tennessee. Does not the gentleman say that while he admits it is a better proposition than the Ford proposition, he does not specifically recommend its adoption?

Mr. HILL of Maryland. I signed the minority report of the Military Affairs Committee with a number of others agreeing with everything they said in the report, and I am also in favor of the passage of the Hull bill with certain amendments which is substantially the combined proposition of the southern power companies for one corporation which shall be a nitrate plant and also power company.

Mr. BYRNS of Tennessee. It is unfortunate that the gentleman, in submitting the report to Congress, did not say so. As I read the report it is not contained in it.

Mr. HILL of Maryland. The gentleman realizes that when a number of members of a committee sign a report it represents the consensus of opinion of those signing it and is not necessarily the fullest proposition of all individual views.

Mr. BLANTON. Will the gentleman yield?

Mr. HILL of Maryland. I can not at this moment. I decline to yield for a few minutes because I want to get this matter more or less succinctly before the House.

There are these two propositions before the House, the Ford proposition as contained in the McKenzie bill and the Power & Nitrate Co.'s proposition contained in the Hull bill.

Mr. TREADWAY. Will the gentleman answer one question?

Mr. HILL of Maryland. No; I can not yield at this moment. I personally favor the passage of the Hull bill, and I think the reasons in favor of the Hull bill are clearly set forth in the report of the minority. There has been very great interest in this question throughout the whole of the United States. There has rarely been any subject before this House in which there have been stronger views taken for or against a proposition. I admit, and as an American I am glad to admit, the ability and business sagacity and success of Mr. Henry Ford, but I do not think this proposition should be considered on any other basis than the basis of the actual facts.

Henry Ford is 61 years old. Under his proposition the Ford offer does not and can not become completely operative for six years, and under this proposition Henry Ford's personal responsibility ceases when the Government has turned over the Government's interests to the corporation to be formed. There is in the McKenzie bill no guaranty on behalf of Mr. Ford or anybody else individually for the functioning of the corporation that is to be created. The only guaranty on the part of Ford is that the $10,000,000 corporation shall be created.

As our colleague from Alabama, Mr. BANKHEAD, said, it is quite impossible in a brief time to go over all the details of this proposition. They will be taken up by those who favor the Hull bill in detail by subsequent speakers. I desire especially to call the attention of the House to a matter that was new to me until within the last two or three days, and that is the very great change in the Muscle Shoals situation within the last two years. There are two nitrate plants at Muscle Shoals. There is No. 1 nitrate plant and No. 2 nitrate plant. When we visited these plants two years ago we were told that the No. 1 nitrate plant, which was the German Haber process plant, had never produced one ounce of nitrate; that we had not during the war period been able successfully to apply in the Muscle Shoals plant the Haber process. We were told that the plant could only be scrapped, and we then went through the acre after acre of the nitrate plant No. 2.

Gentlemen of the House, this is a fabulously large project, upon which the Government has spent enormous sums of money. We were told two years ago that No. 1 plant was not a plant that could be used. For a long time the general theory has been that the No. 1 nitrate plant would be abandoned. I desire to call your attention to page 213 of the hearings on the first deficiency appropriation bill, to the testimony of Doctor Cottrell, the chief of the research laboratory, in which he says—and this is so important that I will take a moment to read it in full—he says:

Doctor COTTRELL. The whole point of our work, of course, is aimed at cheapening the production of the nitrogen portion of the fertilizer that the farmer uses.

The CHAIRMAN. That is the first understandable statement we have had. Now state the next phase of it.

Doctor COTTRELL. As to how we get at it?

The CHAIRMAN. You say your object is to make it cheaper. How do you make it cheaper?

Doctor COTTRELL. At the close of the war period the plants at Muscle Shoals were shut down. There were two plants, plant No. 1 and plant No. 2, plant No. 2 being the cyanamid plant and plant No. 1 being the so-called modified Haber process plant, or, more generally, the direct synthetic ammonia process. It was recognized from the beginning, or from the time those plants were put up, that there was no question but what we could make plant No. 2 operate and make cyanamid. That technique was pretty well known in this country, but it was also recognized that it was to be an obsolescent method as far as fertilizer was concerned.

Plant No. 2 did make cyanamid during the war, but plant No. 1 has never developed anything. Again I call attention to the fact that two years ago when your committee began these investigations the No. 1 plant process at Muscle Shoals was not successful. I continue from the testimony:

The CHAIRMAN. It was too expensive?

Doctor COTTRELL. Yes, sir; it had served its purpose in the development of the art. The Haber plant, or plant No. 1, was the one that we were taking the greatest gamble on being able to work, but the one that would go furthest toward the cutting of the costs if successful.

Here is the potent portion of this testimony, and this, I again remind you, was not before the Military Affairs Committee, but in the last few days before the Subcommittee on Appropriations in the hearings on the deficiency appropriation bill.

The CHAIRMAN. Neither of these processes is economical, is it?

Doctor COTTRELL. Yes, sir. At present we believe that we have the No. 1 process in such shape that it is economical.

The CHAIRMAN. That is the Haber process.

Doctor COTTRELL. Yes, sir; it appears to be economical. That process is the one that was employed on a large scale in Germany during the war, and it is the one by which Germany is now making a large supply of fertilizer, and by which she is cutting her costs down.

There is one more reason for realizing the enormous importance of the work of Muscle Shoals. We need it for the Haber process. I invite the attention of the membership of the House, especially to the first four pages of the minority report in reference to Muscle Shoals. There is in these four pages a comparative statement of what the minority members think will be accomplished under the Hull bill in comparison with what would be accomplished under the McKenzie bill. I hope the Members will carefully read the pages. They are as follows:

The Government has constructed works of tremendous value and importance at Muscle Shoals. They represent an investment of more than $135,000,000. This is the actual cost to the taxpayers of the United States.

Dam No. 2 and hydroelectric installation of 18 units will, when completed, be the largest dam in the world and represent an investment of more than $51,000,000.

Nitrate plant No. 1 represents an investment of more than $12,000,000. It includes 1,900 acres of land. In addition to nitrate plant No. 1 there are large permanent, substantial buildings for various smaller manufacturing purposes. Located on this tract are 125 permanent residences with all modern improvements; also 9 miles of macadam roads; also 8 miles of sewerage; also 4 miles of standard-gauge railroads, with necessary locomotives, cars, repair shops, etc. There are paved streets and water works.

Nitrate plant No. 2, including the Waco quarry, represents an investment of more than $67,000,000. It includes 2,300 acres of land.

On this tract are 186 permanent residences, many of them with two bathrooms, including expensive electric-lighting fixtures, water supply, sewers, etc. These great nitrate works include the largest buildings of their kind in the world. There are also a number of permanent buildings for various small manufacturing purposes, such as sawmills, blacksmith shops, etc.

On this tract comprising nitrate plant No. 2 there is a hotel which is completely furnished and equipped, containing more than 100 rooms. On this tract there are 24 miles of improved roads and cemented sidewalks and streets; there are on this tract about 40 miles of standard-gauge railroad tracks; there are 20 miles of sewers; there is also on this tract a complete waterworks and sewerage system; and there is attached to this nitrate plant No. 2 a steam plant for the generation of electricity, known as the Sheffield steam plant, which alone cost more than $12,000,000. This plant is in high-class running order to-day and is being used. There should be included in this picture the fact that there is $500,000 worth of platinum in storage at the United States subtreasury in New York belonging to the nitrate plants for use in a catalyst for extracting nitrogen from the air. There is also cash in the United States Treasury amounting to $3,472,487.25, recently received by the Government for the sale of the Gorgas steam plant, which it is proposed under the committee bill with the Madden amendment to immediately spend in behalf of Mr. Ford's offer for the construction of an auxiliary steam plant for his benefit.

In return for all the above, including the platinum valued at $500,000 and the $3,472,487.25 cash now in the United States Treasury, Mr. Ford proposes to pay to the United States Government $5,000,000, and that only in several annual installments.

In other words, Mr. Ford proposes to pay $5,000,000 for the following property:

Nitrate plant No. 2, costing	$66, 252, 392. 21
Nitrate plant No. 1, costing	12, 887, 941. 31
Waco quarry, costing	1, 302, 962. 88
Cash from sale of Gorgas plant	3, 472, 487. 25
Total	83, 915, 783. 65

The Government, if it wants to part with the steam plant for the generation of electricity attached to nitrate plant No. 2, known as the Sheffield steam plant, is now offered by one of the bidders appearing before Congress in this matter the sum of $4,500,000 spot cash for this one unit alone.

Such are Mr. Ford's demands.

A group of power companies in the South has made to the War Department another offer. The contrast between Mr. Ford's offer and their offer is set forth in the following comparative statement:

COMPARISON OF PENDING BILLS.

HULL BILL (H. R. 6781), BASED ON NITRATE POWER COMPANIES' OFFER.	M'KENZIE BILL (H. R. 518), BASED ON FORD OFFER.
1. (a) $15,000,000 of capital one company). Owned by Americans.	1. (b) $10,000,000 of capital (one company); personal liability of Ford limited to formation of corporation with above capital. Owned by Americans.
2. (a) United States deeds to company: Nothing.	2. (b) United States deeds to company property costing: Nitrate plant No. 1 $12, 888, 000; Nitrate plant No. 2, including 90,000 horsepower steam plant 66, 252, 000; Waco quarry 1, 303, 000; New 40,000 horsepower steam plant and transmission line to be erected by Government 3, 472, 000; Total 83, 915, 000
3. (a) United States leases for 50 years nitrate plant No. 1 and power plants under Federal water power act.	3. (b) In addition to deeding above properties, United States also leases for 100 years the water-power plants, disregarding Federal water power act.
4. (a) Agrees to make 50,000 tons annually of fixed nitrogen. To furnish 100,000 horsepower for fertilizer at cost and 40,000 additional as required. To maintain nitrate plant No. 2 at present nitrogen capacity of 40,000 tons. In case of war 90,000 tons of nitrogen available.	4. (b) Agrees to make 40,000 tons annually of fixed nitrogen. No promise as to amount or cost of power. To maintain nitrate plant No. 2 or its equivalent (estimated by Ordnance Department to cost not over $100,000 per annum, or $10,000,000 in 100 years). In case of war, 40,000 tons of nitrogen available.
5 (a) Forfeiture of lease on nitrate plant and water power plants if agreement violated. Government may take over in case of war; does not require Government to protect company against losses.	5. (b) No forfeiture of nitrate plants, steam plants, or quarry for violation of agreement; forfeiture under certain conditions of water-power lease. Government loses control and ownership of both nitrate plants, steam plants, and quarry, except may take over plant No. 2 in case of war on "protecting company from losses occasioned by such use, and shall return the said property in as good condition as when received and reasonably compensate company for the use thereof."
6. (a) Government has right to recapture all property leased at end of 50 years.	6. (b) No right of recapture as to nitrate plants, steam plants, and quarry. Ford has preferred right to renew water-power leases at end of 100 years.
7. (a) Federal water power act provides that no value shall be allowed for power leases in cases of recapture.	7. (b) In absence of express stipulation, courts would be required to value power leases in proceedings to take over power plants by Government if that should ever be desirable.
8. (a) Regulation by public authority as to rates, service, and security issues. Profits limited by public authority.	8. (b) No regulation of rates, service, or security issues. Profits not regulated, except as to fertilizer.
9. (a) Power in excess of that used in fertilizer available throughout Southeastern States.	9. (b) Power available only to Ford plants at Muscle Shoals.
10. (a) Offers cash payment of $4,500,000 for 90,000-horsepower steam plant at Muscle Shoals if Government desires to sell. Government retains title to balance of properties. Devotes at least $1,000,000 for research work.	10. (b) Offers $1,527,512.75 for both nitrate plants, steam plants, and quarry, costing Government over $80,000,000, and divests Government of title to same. No sum for research work.
11. (a) Agrees to pay toward headwater improvements as required by Federal water power act.	11. (b) Pays nothing for headwater improvements.
12. (a) Rental Dams Nos. 2 and 3 for 50 years, $138,084,400; total for 100 years, $295,624,400. Savings to Government for 50 years, $34,218,000. Savings to Government for 100 years, $75,660,000.	12. (b) Rental Dams Nos. 2 and 3 for 50 years, $103,866,654; total for 100 years, $219,964,954.

Some of our colleagues have favored acceptance of the Ford offer because they regarded this as the only feasible means for securing the development and utilization of Muscle Shoals. It will be remembered that a sharp controversy arose in the House of Representatives several years ago as to whether further money should be appropriated for the completion of the Wilson Dam. Upon this question the House sharply divided, and in the closing hours of the Sixty-sixth Congress an appropriation for that purpose was defeated by a vote in the House. To many persons the meaning of the vote seemed to be that the Government itself would go no further in making the development, and this was the situation when the Ford offer first appeared. It was apparently the only way to insure the completion of the dam and utilization of the works for the purpose for which they were originally intended. It seemed for the time being even that the great nitrate works at Muscle Shoals might otherwise be practically abandoned.

Support of the Ford offer under these circumstances bears no resemblance to the present problem before the House. Since that time Congress has voted many millions of dollars for the completion of the Wilson Dam and clearly indicated its purpose to complete the entire development there and retain the nitrate works and the vast power plants in such a manner as to be always available for national defense. It is now clear that to secure these great advantages and to carry out this enlightened policy no such sacrifice as would be involved in the acceptance of the Ford offer is necessary.

There are, therefore, before you for consideration two projects for the furtherance of an object with which you will all agree. One is the Ford offer as contained in the McKenzie bill, and the other is the united power and nitrate companies' offer as contained in the Hull bill.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield at this point?

Mr. HILL of Maryland. Yes.

Mr. BANKHEAD. The gentleman does not contend that that is going to be the legislative situation?

Mr. HILL of Maryland. In my opinion, that is the legislative situation.

Mr. BANKHEAD. Does not the gentleman think it rather significant that the minority of the committee did not even recommend the adoption of any of the substitutes proposed?

Mr. HILL of Maryland. I think that the gentleman will find that in their remarks on this subject every member who signed the minority report will and does advocate the passage of the Hull bill.

Mr. BANKHEAD. But the minority report specifically says that the minority does not make any recommendation of the acceptance of any proposal.

Mr. HILL of Maryland. I do not so understand the position of those making the minority report.

Mr. BANKHEAD. Let me read from the minority report itself:

> We do not recommend the acceptance of any of the proposals referred to.

Mr. HILL of Maryland. I have already explained my position upon that to the gentleman, and the minority report speaks for itself.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. TREADWAY. Is there a specific offer before Congress or the departments as covered by the Hull bill?

Mr. HILL of Maryland. There is.

Mr. TREADWAY. The gentleman goes into long details in opposition to the Ford offer and specifically speaks in reference to the Ford offer, but I find nothing in the report showing that there is a specific and definite offer such as is covered by the Hull bill.

Mr. HILL of Maryland. There is a specific and definite offer.

Mr. TREADWAY. And they are responsible parties?

Mr. HILL of Maryland. They are responsible parties, and that will be shown fully when Mr. HULL, the author of the bill, explains his bill.

Mr. BANKHEAD. What is the offer?

Mr. HILL of Maryland. It is covered by the Hull bill and that phase of the matter will be taken care of by Mr. HULL.

Mr. BANKHEAD. Does the gentleman hesitate to inform the House?

Mr. HILL of Maryland. Oh, no; the gentleman does not hesitate to inform the House and the gentleman from Alabama knows that he does not.

Mr. BANKHEAD. Then let us have it.

Mr. HILL of Maryland. I have not remaining time enough to explain the Hull bill, and under the order of discussion which we have arranged Mr. HULL himself will explain his bill. I have said to the gentlemen that I favor the Hull bill and I have said that there is a definite proposition which is to be ratified by the Hull bill if the House so desires.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. McSWAIN. Will the gentleman tell us whether or not either one of the offers of these allied power companies from the Southeast, either of January 15, 1924, or January 24, 1924, contemplate the formation of one single corporation such as is mentioned in section 2 of the Hull bill?

Mr. HILL of Maryland. I would say to the gentleman that it does absolutely, and if I can get additional time I shall be very glad to show that.

Mr. McSWAIN. I suggest to my friend before he answers that question in that way that he should read those offers.

Mr. HILL of Maryland. And I say I happen to have been present when the testimony was taken and I have read the offers. I invite the attention of my colleagues on the committee and other gentlemen who are interested in this question to page 127 of the hearings in the testimony of Mr. Yates. Mr. Yates appeared for the united power and nitrate companies. At that time he said:

> Mr. YATES. The power company that makes the proposal on Muscle Shoals is a combined power company, owned by the power companies of the Southeast. That company will form a fertilizer company and will guarantee the carrying out of the contract.
>
> NOTE: Since my first statement to the committee I have discussed the matter with others interested and am authorized to say that at the option of the Government we would be willing to form one corporation with a capital of $15,000,000 in cash to take the lease of nitrate plant No. 1 and of the water-power projects under the terms of our proposals, to be owned and controlled by Americans.

Mr. GARRETT of Texas. Mr. Speaker, will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. GARRETT of Texas. And as a matter of fact the Alabama Power Co.'s offer, while he stated that in the last hearing, really was that they would organize one company for $10,000,000 to operate the power under that, and that they would organize a $5,000,000 corporation to operate the fertilizer and the nitrate plant, and they proposed to guarantee the faithful performance of the $5,000,000 corporation.

Mr. HILL of Maryland. I say to my colleague that his interpretation is not mine.

I would like now to yield to the gentleman from Texas [Mr. BLANTON] if he is in the room, to whom I could not yield a few moments ago.

Mr. BLANTON. If I understand the gentleman's position, he is against the Henry Ford proposition.

Mr. HILL of Maryland. I am.

Mr. BLANTON. That is the Muscle Shoals water-power proposition; the gentleman is against water projects?

Mr. HILL of Maryland. I am against the Ford offer—I do not know that I understand the gentleman's question.

Mr. BLANTON. The gentleman is against water.

Mr. HILL of Maryland. Not for certain purposes. I am willing to let the gentleman from Texas have all he wants to. [Laughter.]

Mr. WAINWRIGHT. Will the gentleman yield for a brief question?

Mr. HILL of Maryland. I will.

Mr. WAINWRIGHT. Will not the gentleman state to the House there was at least one member of the committee who was not in favor of the acceptance of any of these offers?

Mr. HILL of Maryland. I will say to the House that the gentleman from New York [Mr. WAINWRIGHT] was not in favor of any of the offers, but desired the Government to continue the operation of Muscle Shoals.

Now, gentlemen, there are certain general observations I would like to make before closing in reference to this matter.

Mr. GARRETT of Texas. Before the gentleman leaves that——

Mr. HILL of Maryland. I have only a few minutes.

Mr. GARRETT of Texas. I understand the gentleman is to place in his speech the comparisons referred to——

Mr. HILL of Maryland. I have already done that.

Mr. GARRETT of Texas. That is a comparison of the Alabama Power Co.

Mr. HILL of Maryland. I originally made that comparison myself.

Mr. HILL of Alabama. Is not the comparison made by the gentleman identical with the comparison submitted to the Committee on Military Affairs by Mr. Yates, of the Alabama Power Co.?

Mr. HILL of Maryland. Not entirely. I suggested a comparison to the power company and I later amplified it for the minority report.

Mr. HILL of Alabama. Are they different figures?

Mr. HILL of Maryland. The one suggested I drafted in pencil, and the final one is more full and complete.

Mr. HILL of Alabama. I understand the gentleman suggested the comparison to the Alabama Power Co., and the power company had Mr. Yates——

Mr. HILL of Maryland. I drafted it myself in pencil and gave it to the power company.

Mr. HILL of Alabama. And submitted it to the power company; is that it?

Mr. HILL of Maryland. Yes; I submitted it to the power company for verification.

Mr. HILL of Alabama. And Mr. Yates, representative of the power company, submitted this comparison to the Committee on Military Affairs.

Mr. HILL of Maryland. He submitted the original. The comparison in the minority report is an amplification of the one I submitted for verification to the power company. I am in favor of the power companies' offer as authorized by the Hull bill, and I therefore made a comparison of the Ford offer and the power companies' offer. I was more familiar with the Ford offer than with the power companies' offer and therefore asked the latter to check my comparison and put it in the hearings.

I was against the Ford offer in the last Congress, even before the power companies came forward with a complete and workable offer for nitrates and fertilizer.

The Ford offer requires the Government to deed to Mr. Ford its nitrate plants and other properties, which cost the Government over $80,000,000, and to lease to Mr. Ford water-power plants having 850,000 horsepower. The water-power plants are to be constructed entirely at the expense of the

Government and will cost in excess of $80,000,000 when completed, making the total value of Government property to be deeded or leased for 100 years to Mr. Ford over $160,000,000.

Aside from all else, the principal reason given for violating the existing water power act and other national policies, the proponents of this offer seem to favor it because of its so-called guaranty to manufacture fertilizer over a period of 100 years. There is no such guaranty. None was intended by Mr. Ford and there is none in the McKenzie bill. Even if there were a guaranty, there is no adequate means of enforcing a violation of the contract should it be made with Mr. Ford under the terms of the present offer.

Members of the Military Affairs Committee will, of course, recall certain hearings in 1922 in executive session. In the course of the hearings the only representative of Mr. Ford who ever appeared expressed his view as to just what was intended.

Section 14 of the McKenzie bill states that one of the principal considerations of the Ford offer is the manufacture, sale, and distribution of commercial fertilizers, and the Ford corporation "agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself, or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2 or its equivalent, or at such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available."

This language was drafted by Mr. Ford's attorneys and was not the language desired by the Military Affairs Committee. But when it was presented to the committee as Mr. Ford's last word, Mr. Ford's representative took the position that the words, "according to demand," which appeared in this section for the first time in the history of the proposal, relieved Mr. Ford of any obligation to manufacture fertilizer unless a demand existed and that involves a demand at the cost of manufacture plus 8 per cent. Aside from many other expressions, the following is sufficient; it comes from the committee hearings on questions from Representative, now Senator, GREENE:

Mr. GREENE. This is all I suggest, with a due appreciation of your intention, whether that phrase, "according to market demands" does not have a dual interpretation?

Mr. MAYO. It may have, or it may not.

Mr. GREENE. It has that peculiar significance. It may mean "according to market demand" as to quantity irrespective of kind, or it may mean as to kind, irrespective of quantity. They are two irreconcilable things.

Mr. MAYO. I think it means both. (Page 94.)

Furthermore, the hearings show that the Ford Corporation need not make fertilizer if the board provided by the McKenzie bill decides that there is not sufficient demand for the fertilizer. Note the following answers of Mr. Mayo, Mr. Ford's representative:

Mr. HULL. I do not know that I have the correct idea of the change, but it seems to me as the committee had it there was no provision for ceasing the manufacture of the fertilizer provided the market was overstocked. As you have it, that is provided for by the use of the expression "market demand." Is that correct?

Mr. MAYO. Yes, sir.

Mr. HULL. That is really the big change you have made. We intended, as I understood it, that you should have a right, as Mr. QUIN has said, to change the position of the fertilizers. I do not know whether we had it there correctly, but we intended to give that right.

Mr. MAYO. We did not think you did. It tied us up.

Mr. HULL. You fixed it in your language so that you would surely have it?

Mr. MAYO. Yes, sir.

Mr. HULL. There was not any provision, as I understand, as we had it, for the cessation of the manufacture if the market would not absorb it. I am not in opposition to the proposition, but I want to get it fixed in my mind. It seems to me that is the real big change.

Mr. MAYO. We had always thought that nobody would expect us to make it and pile it up if there was no demand for it.

Mr. PARKER. What is that?

Mr. MAYO. Nobody could expect us to make fertilizer if there was no demand for it. We can not see that any such occasion should arise.

Mr. MILLER. I invite your attention to the phraseology on page 14 and ask you if that phraseology carries out your contention? This is the way it reads: "Operate nitrate plant No. 2 in the production of nitrogen and other commercial fertilizers, mixed or unmixed, according to market demands." That means market demands for mixed or unmixed fertilizer, not as to the quantity, does it not?

Mr. HULL. I am just trying to get Mr. Mayo's idea about this proposition.

Mr. MILLER. I am asking whether the aforesaid language does it.

Mr. MAYO. I think it would refer to both, would it not?

* * * * * * *

Mr. HULL. Is it your understanding that this board decides, or would have the right to decide, as to when the market demanded the manufacture of this fertilizer?

Mr. MAYO. I would think so.

Mr. HULL. That is your understanding?

Mr. MAYO. That is, if we could not dispose of the fertilizer and commenced to pile it up, I think the board would be our first relief. We have never thought that it was necessary to say so.

Mr. HULL. You would not expect the Government to depend upon your company to decide upon the market?

Mr. MAYO. No; that is why the board is provided for.

Mr. HULL. There should be some one who is going to decide that from a neutral standpoint.

Mr. MAYO. Exactly; that is why the board is there.

The committee also examined the Ford representative, because he had changed the words in the clause relating to release of the Ford corporation from manufacture from causes beyond its control (p. 102); the language suggested by the committee simply relieving from acts of Providence members of the committee at that time brought out that "it gives him [Ford] exemption if the market fails"—meaning exemption from the obligation to further manufacture fertilizer.

The following statements are worth serious consideration:

Mr. PARKER. I want to ask one question: You have changed the language "acts of Providence" to "causes beyond its control."

Mr. MAYO. Yes, sir.

Mr. PARKER. The language "acts of Providence" would not cover "causes beyond its control." Would not the language "causes beyond its control" cover inability to sell the product?

Mr. MAYO. No, sir; I do not think so.

Mr. PARKER. You do not think it would cover it?

Mr. MAYO. I do not think so.

Mr. PARKER. Then, why not stick to the language "acts of Providence," because that is perfectly plain?

Mr. MAYO. I think the language "causes beyond its control" is a better way around it.

Mr. PARKER. The trouble is that it is so broad that it covers a great many things. In my judgment, it would cover falling prices or a situation where you would not have a profitable market.

Therefore, there is no excuse for Congress to practically give away public properties—and that, too, for private use. The record of the hearings throughout contains statements apparently authorized by Mr. Ford that the entire power project would be used in his private business, except that which might be used in manufacturing fertilizer. He has always avoided any suggestion of placing the power under public control or regulation. According to the Government reports, there are in excess of 4,000,000 horsepower in the Southern States surrounding Muscle Shoals, of which 1,500,000 horsepower are developed, leaving 2,500,000 undeveloped, including the Muscle Shoals plants. To give Mr. Ford 850,000 horsepower, leaving a balance of 1,700,000 for all future time to serve the needs of that great section, in addition to giving Mr. Ford nitrate properties which cost the people over $80,000,000, will result in a greater national scandal than the Teapot Dome.

Even the deed which the Government is required to make conveying its properties must warrant the title. There is an outstanding contract with a concern known as the American Cyanamid Co., made in 1918, by which that company has a prior right to purchase the plant. The Attorney General held that the company's option was invalid, but notice was served on the committee that the company would contend for its rights. Mr. Ford's representative stated, however, that he was unwilling to accept the property and bear the burden of the lawsuit. (Hearings, p. 9.) Therefore, in addition to merely paying the Government a nominal amount of $1,500,000 for its nitrate plants, the Government must in addition litigate its right to convey the property with the Cyanamid Co. and pay whatever damages are awarded in addition.

Note the following extracts from the hearings in executive session on page 9:

The CHAIRMAN. The Air Nitrates Corporation also claim some rights in nitrate plant No. 2. Do you make any proposition respecting them?

Mr. MAYO. No, sir.

Mr. PARKER. You do not assume litigation there?

Mr. MAYO. No, sir.

Mr. PARKER. Nor in connection with plant No. 1, either?

Mr. MAYO. No, sir; we concluded that there will be none.

Mr. PARKER. Do I understand you correctly, gentlemen, that you say that Mr. Ford's company will not assume the liabilities of the United States on the contracts for plants Nos. 1 and 2 for the ex-

penses and litigation thereunder, or guarantee the United States from loss by reason thereof?

Mr. MAYO. No, sir.

The Ford offer contains no right whatever in the Government to recover the nitrate properties in case there should be a violation of the contract by the Ford company. There is no adequate provision for recovering the water-power properties, and there is no liability whatever on Mr. Ford individually, and none beyond the $10,000,000 to be given the company when it is organized.

If anybody but Mr. Ford made this offer he would be jeered out of committee. I agree that Mr. Ford is an extraordinary man, but it is a Ford corporation and not Mr. Ford personally who will take over this great project if you pass the McKenzie bill.

Mr. Ford is 61 years old. He does not personally guarantee the performance of the proposed company, although many people think he does.

All Mr. Ford does is to get the company started. Here is the section of the McKenzie bill which covers that matter:

SEC. 23. All of the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States, and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successors and assigns.

I am looking to the Ford company 25 or 50 years hence, when Mr. Ford is gone. I can not agree to the Ford scheme.

Our recent colleague in this House, Senator GREENE, well summed up the truth as to the Ford offer in the hearings, as follows:

Mr. GREENE. Put it this way: You want us to capitalize Mr. Ford's good intentions and call that a Government asset in lieu of money?

Mr. MAYO. Yes, sir; you will have to do that to some extent.

Mr. GREENE. Do you believe that we were sent here and put under oath to do that sort of thing by citizens?

Mr. MAYO. I think you were sent here to do what, in your judgment, is best for the Government of the United States.

Mr. GREENE. But where would we end if we began capitalizing the good intentions of citizens and placing good property at their disposal, turning over to the Treasury account their good intentions as so much cash?

Mr. MAYO. If you put it on a strictly dollars and cents basis, you might scrap the whole thing for $7,000,000 or $8,000,000.

Mr. GREENE. We are confronted with similar propositions from time to time, and the theory and principle would remain the same if we once invoked such a principle. Some time ago we very carefully and deliberately eliminated from our official agencies and interests all that were sustained by private capital, as, for instance, the Rockefeller Foundation, because the Government could not afford as a matter of principle to be in partnership with private interests. If we once began, even with the most salutary proposition and with the utmost good intentions, the Lord only knows where cheap politics might sometimes land us.

Mr. MAYO. That is very true. All that I can say is that Mr. Ford has made the best bid that he can afford to make. That is all we have to offer, and that is where we stand.

As Mr. Mayo says, Mr. Ford "has made the best bid that he can afford to make." In my opinion he has not made an offer that we as agents and trustees for the American people can afford to accept.

I am against the Ford offer as set forth in the McKenzie bill, whether you accept the Hull bill substitute or not. If Mr. Ford will come up to the terms of the Hull bill, I should be glad to vote that he get Muscle Shoals on those terms, but I can not vote for the plan of absolute deed of certain Government property, leasing for 100 years of other property yet to be financed, and the other terms of the Ford offer. [Applause.]

Mr. BANKHEAD. I yield five minutes to the gentleman from Alabama [Mr. ALMON]. [Applause.]

Mr. ALMON. Mr. Speaker and gentlemen, while Muscle Shoals is located in north Alabama on the Tennessee River, in the district which I have the honor to represent, it is at the same time a great national development, and if Congress disposes of Muscle Shoals in the manner provided for in the McKenzie bill Muscle Shoals development will inure to the benefit of every class of people in every section of this country.

The passage of this bill providing for the acceptance of the offer of Henry Ford for Muscle Shoals carries out the provisions of Congress in authorizing the development at Muscle Shoals by the Government. That is, it provides that the nitrate plant be preserved in an up-to-date running condition, available to the Government for war purposes in the event of a military emergency, and for continuous operation of the plant in peace times for the manufacture of fertilizer at its maximum capacity. The passage of this bill also carries out to the letter the recommendations of President Coolidge on this subject in his recent message to the Congress when he said:

While the price for which it is sold is an important element, still there is another consideration even more compelling; that is, a cheaper and better fertilizer for the farmers, and if this object is accomplished the amount of money received for the property is not a primary or major consideration.

Much is being said these days about doing something for the farmers. You have an opportunity now to do something worth while for them. The farmers of the entire country, as shown by their indorsements through their organizations, are in favor of the Ford offer for Muscle Shoals. They are intelligent and know what it means. They know they have been paying two prices for a very inferior grade of fertilizer. Their representatives have gone to Muscle Shoals and made careful and thorough investigations and studies of this question, ascertained first-hand information what it would mean to agriculture, and have without a dissenting voice recommended and are now urging the acceptance of the Ford offer.

Much misinformation has been broadcasted about the obligation of Mr. Ford to make fertilizer. I call your attention to the offer as set out in this bill. In section 14 the Ford Co. will be required to manufacture nitrogen and other commercial fertilizers mixed or unmixed and with or without filler, according to demand, the annual production of which shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of plant No. 2. This would be sufficient to furnish nitrogen for 2,000,000 tons of 2-8-2 commercial fertilizer annually, and is equivalent to 250,000 tons of Chilean nitrate. The Ford Co. will be bound to manufacture this much fertilizer whether it is profitable or unprofitable, and it can not be sold at a price greater than 8 per cent on the actual cost of production. A board of representatives of the farm organizations, approved by the President and confirmed by the Senate, will have access to the books of the Ford Co. with power to regulate the price and see that not more than 8 per cent on the actual cost of production is charged, and also to provide for an equitable distribution of the fertilizer in the various parts of the country.

The most important question is, Will the farmer get his fertilizer cheaper if this bill passes? Both those favoring and opposing the Ford offer agree that Mr. Ford can make fertilizer at Muscle Shoals at about one-half the present price. If this be true the passage of this bill means a saving of $175,000,000 annually to the farmers of this country, as they ordinarily spend $350,000,000 annually for fertilizer. With cheap water power at Muscle Shoals, taking the nitrogen from the atmosphere instead of Chilean mines, with phosphate rock and all other raw materials in close proximity and in inexhaustible quantities, it is not difficult to understand how Mr. Ford can succeed in making fertilizer at one-half the present price.

But some may say that it can not be done. So did some claim that he could not operate a railroad any more successfully than the ordinary railroad companies. However, to show how this great Detroit manufacturer turns failure into success, here is what took place with that supposed to be old, worn-out railroad he took over a few years ago; preliminary statistics made public indicate that the Detroit, Toledo, & Ironton Railroad had a net operating income for 1923 of $1,786,924, compared with a deficit of $2,121,524, justifying the prediction made by Henry Ford when he bought the road July 10, 1920, that though previously operated with a deficit, it could be made a net earner in 1923. The gross income increased from $4,481,036 in 1920 to $10,417,412 in 1923, which was $1,412,938 greater than in 1922. Operating cost was reduced $737,170 over the previous year and the cost of maintenance of equipment dropped $691,243 and at the same time he reduced the rates and increased the wages of the railroad employees. The railroad, which Mr. Ford purchased for about $5,000,000 has about 400 miles of main line and 166 miles of yards and sidings with trackage rights over an additional 50 miles.

In the face of all of Ford's achievements you will occasionally hear some one who has not made a howling success of anything proclaiming from the housetop that Mr. Ford can not do at Muscle Shoals what he obligates himself to do. Let us give him a chance; that is the only way to find out. The Government has a great big white elephant on its hands. It has been standing there for five years since the war ended, costing millions of dollars maintenance charges, and at the same time rusting out and deteriorating in value. No one after all these years of waiting has made an offer to compare with that of Henry Ford. No one else with the cash to take Muscle Shoals

and develop it has offered to take it and do in a way and manner fair to the Government and taxpayers what Ford has, and to utilize it for national-defense purposes and agriculture, as Congress intended when the development was authorized.

Henry Ford is one rich man who made his fortune by selling the products of his factories cheaper than any other manufacturer and at the same time paying his labor more wages than anyone else. Instead of putting his surplus millions of cash in tax-exempt securities, he asks Congress to give him an opportunity to invest in the production of the necessities of life for the American people at a fair price and give employment to a million people at good wages. [Applause.]

If this bill becomes a law, he will not only reduce the price of the farmer's fertilizer one-half but says he will be able to sell to the farmer a truck, a tractor, and an automobile all for $1,000 or less. [Applause.]

He is now selling the fertilizer which he produces as a by-product of his coke ovens at $19 per ton less than the market price.

I appeal to my colleagues from every section of our country to protect the South from the water-power monopoly. The Water Power Trust owns and controls practically all of the water-power sites in the South and the Southeastern States except Muscle Shoals, and they are here, and have been for a long time, with their paid lobby trying to get their greedy and monopolistic clutches on Muscle Shoals. [Applause.]

I appeal to you to keep this great nitrogen plant, a most important part of our national defense, in the hands of and under the control of Americans and American capital, as is expressly provided in this bill, and not allow it to get into the hands of nor under the control of the Alabama Power Co., whose securities to the extent of at least 35 to 45 per cent are owned and controlled by foreigners, and was so admitted by its president before the Military Committee of the House at the last session of Congress. Henry Ford is an American and the money which he proposes to use and spend in the development and operation at Muscle Shoals is also American. The terms of this bill forbid this development from ever getting into the possession or under the control of foreigners or foreign capital. [Applause.]

Mr. BURTON. Mr. Speaker, will the gentleman yield?

Mr. ALMON. Yes.

Mr. BURTON. Does not the gentleman recognize that only a comparatively trivial part of the power developed there, 800,000 or 900,000 horsepower, is to be devoted to the manufacture of fertilizer, and that the balance, 790,000 horsepower, can be used by Mr. Ford for any other purpose besides the manufacture of fertilizer?

Mr. Speaker, has the gentleman from Alabama [Mr. BANKHEAD] used all his time?

Mr. BANKHEAD. How much time have I, Mr. Speaker?

The SPEAKER. The gentleman has five minutes.

Mr. BANKHEAD. Then I yield five minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. When these two dams are built 121,000 primary horsepower will be developed; that is, power for 12 months continuously. The Government has one steam plant at Muscle Shoals of 80,000 horsepower. This bill provides for another steam plant on the Warrior River of 40,000 horsepower to take the place of the Goras plant, which was included in the Ford offer and was afterwards sold to the Alabama Power Co., making a total of 241,000 horsepower, and this is all of the primary water power and steam power Ford gets when his offer is accepted, and all he will have until he builds storage dams at his own expense on the upper Tennessee and its tributaries. It will require 100,000 primary horsepower to make the 40,000 tons of fixed nitrogen with the process now in use at plant No. 2, and it requires 160,000 horsepower to produce the amount of phosphoric acid that would be required to make a complete fertilizer containing 40,000 tons of fixed nitrogen, the amount Mr. Ford is required to produce annually; so Mr. Ford will have to use 240,000 horsepower to make fertilizer according to his obligation, and that consumes all of the primary power that he will get from the Government, both water and steam power.

Mr. BURTON. Mr. Speaker, will the gentleman yield?

Mr. ALMON. Yes.

Mr. BURTON. Is the gentleman willing that an amendment shall be placed in this bill to the effect that all the power that is developed there shall be used for the manufacture of fertilizer?

Mr. ALMON. No, sir; I am not, and I wish I had time now to give my reasons why it should not be done. When I have the opportunity I will try to convince this House that an amendment of that kind ought not to be made, and I think when the House understands it it is not going to make it. [Applause.]

CHILEAN NITRATE AND FERTILIZER TRUSTS AND OTHER SELFISH INTERESTS OPPOSE THE FORD OFFER.

We now depend upon Chilean nitrate for nitrogen for fertilizer purposes. We have paid for Chilean nitrate since 1867 the enormous sum of $651,552,049 for 16,902,532 long tons of Chilean nitrate at the Chilean port, not including freight, commissions, or duty, upon which we have paid the Chilean Government $12.53 per long ton as an export duty, amounting to $209,107,989. This export tax or duty amounted to $10,809,337 in the year 1923.

Why should the farmers of the United States continue to pay tribute to a foreign country to secure nitrogen for fertilizer purposes when, by the acceptance of the Ford offer for Muscle Shoals, it can be purchased by them at one-half the price heretofore paid? Germany, by the construction and operation of air nitrogen plants, has freed herself from her dependency upon Chile for nitrates. We should cease to boast so much of our country and its greatness if we do not do the same. The acceptance of the Ford offer will not only make us independent of Chilean nitrate but will break the fertilizer combination and reduce the price one-half. This accounts for the opposition of the National Fertilizer Association, which has at times flooded the offices of the Members of Congress with literature in opposition to the Ford offer. The Chilean producers are reported to have made the claim that if compelled to do so by Muscle Shoals competition they will reduce their prices to one-half or even one-third of their present levels. If the establishment of the nitrogen industry at Muscle Shoals, under the Ford offer, merely results in eliminating the export duty collected by Chile for the privilege of purchasing nitrates in that country, it would have paid a dividend to American farmers and consumers of more than 5½ per cent on a valuation of $2,000,000,000.

INDORSEMENTS OF THE FORD OFFER.

The offer of Henry Ford is indorsed by the American Farm Bureau Federation, with 2,000,000 members; the National Grange; the Farmers' Educational and Cooperative Union of America, commonly called the Farmers' Union; the American Federation of Labor; the Mississippi Valley Association, an organization of business men with a membership covering 27 States; the American Legion; and many States and counties, not only in the South but in the North and the West.

ONE-HUNDRED-YEAR LEASE PERIOD.

The only argument for a 50-year lease period is that at the end of that time the United States might secure more rental for this water-power right than is now possible. There is nothing in the history of electric-power business to indicate that water-power rights will be more valuable 50 years hence than they are to-day. On the contrary, the proposed superpower plans, the recent improvements in steam power, and the wide field of improvement suggested by substituting other vapors than steam for power purposes, as seen in the new mercury boilers, all indicate that in the future, as always in the past, the tendency will be toward cheaper power, which means less and not greater value for undeveloped power rights. This being true, the longer the lease period of a contract as advantageous to the Government and to the consumer as the Ford offer, the better the public interest is served. It has been shown that by far the greatest item entering into the cost of hydrolectric power under present methods of financing is the interest on the investment. This can be greatly reduced through the operation of a long-time sinking fund to retire the capital invested. Such a retirement fund can be set up over a 100-year period for about one-seventh of the annuity required for a 50-year period.

The water-power development at Muscle Shoals is in a class by itself. It was authorized by section 124 of the national defense act for two fundamental purposes, national defense and agriculture, and was commenced February 25, 1918, by direction of the President of the United States. The Federal power act was passed June 10, 1920, more than two years afterwards. This act was drawn to cover water-power developments made to provide power for ordinary manufacturing and public-utility purposes. Such plants carry no obligation for the manufacture of nitrogen or fertilizer, or for the maintenance of Government war plants. So Muscle Shoals is in an entirely different class.

It can not be claimed that Mr. Ford is not regulated. The first regulation is that his principle and chief product is fertilizer, upon which the price is regulated at not more than

8 per cent of the actual annual cost of production. Second, he is regulated in his obligation to maintain the plant suited to make war material in an up-to-date condition. No one can estimate what that will cost, and it must be a very large amount; it will necessarily be a very great amount. Besides, the price of whatever power he sells to the public will be fixed and regulated by the Public Utilities Commission.

Even if the power act were free from objectionable features, such as severance damages, it would not be fair to Mr. Ford to require him to assume these obligations for national defense and fertilizer purposes and meet the limitation of ordinary water-power projects at the same time. General Beach, Chief of Engineers, War Department, testified before the committee reporting this bill that 100 years in this case was proper and reasonable. He testified that it required 20 years' time to secure a market for the 750,000 horsepower developed at Niagara Falls, with Buffalo, Rochester, and the cities along the Great Lakes, and that it would require a longer time at Muscle Shoals for it is not a thickly settled country and not yet given over to manufactures. At Niagara Falls there is only 20 per cent variation in the flow of the water, and that is caused by the wind on the lakes; while at Muscle Shoals there is such a very large amount of secondary power that it will necessarily require more time to provide a market for the power than at a place like Niagara.

There is no limit on the permit of the water-power company at Keokuk, Iowa. The permit of the Alabama Power Co. at Lock No. 12 on the Coosa River in Alabama is indefinite. On the Little Tennessee River the American Aluminum Co. has developed 7,500 horsepower and has a perpetual right. The same water runs into the Tennessee River, and at Hales Bar on this river, 27 miles below Chattanooga, it becomes 99-year water, and when it gets 100 miles farther down to Muscle Shoals it is suggested by those opposing the Ford offer that it is a 50-year water. If there was any water power farther down toward the Ohio River I suppose it would go to the vanishing point. [Applause.] Muscle Shoals has been developed primarily for two purposes, viz, national defense and agriculture; and the Congress of the United States should keep its hands on it, as is provided in this bill, and not allow it to get into the hands of or under the control of the Federal Power Commission or in any other bureau or department of the Government. It has no place with the Federal Power Commission. [Applause.]

NATIONAL DEFENSE.

We all now believe in preparedness. We have not forgotten our recent experience. No nation of any standing will ever again depend upon a foreign market for a supply of nitrogen for munition purposes. Without her nitrogen plants Germany could not have prosecuted the war after importations from Chile were stopped. If our importation of Chilean nitrates had been cut off by the Germans during the war, as was seriously threatened at one time, and the war had continued, we would have been helpless if it had not been for the Muscle Shoals plant, which was finished just as the war ended.

The fixation of atmospheric nitrogen is a comparatively new art and will be improved on from time to time, and if that plant is allowed to remain in a stand-by condition it will not only cost millions of dollars but will rust out and become obsolete and of no value in the event of a military emergency. The only way to preserve it for national-defense purposes is to operate it in the manufacture of fertilizer in peace times and keep it up to date and in running order, as will be done if Ford's offer is accepted.

FINANCIAL OBLIGATION OF MR. FORD.

In order for Mr. Ford to put the plant in operation will require an expenditure on his part of at least $59,000,000, as shown in the hearings before the committee. Now, let us see what additional financial obligation Mr. Ford assumes. He agrees to pay 4 per cent on the entire cost of water-power development, including flowage damage and installation of electric-power equipment and locks and canal for navigation purposes, except about $16,000,000, which was spent by the Government on Dam No. 2 during and just after the war and before Mr. Ford made his offer. It is claimed by some that he should pay interest on this amount. He is not willing to do it and should not be expected to do so. This work was done under war conditions and cost double what it would in normal times. As an evidence of this, it was estimated that nitrate plant No. 2, when it was commenced, would be built for $30,000,000, and it cost $67,000,000. The plans for the construction of nitrate plant No. 1 was estimated at a cost of $3,000,000 and cost $13,000,000. This was due to war conditions and the prices paid both for labor and materials. So it is reasonable to assume that $8,000,000 would be a fair value for the work done on the Wilson Dam before Mr. Ford made his offer. General Beach, Chief of Engineers, testified before the committee that $8,575,000 of the cost of construction of Dams Nos. 2 and 3 should be charged to navigation. So Mr. Ford is undertaking to pay full 4 per cent on the entire cost of the construction of the dams, less what should properly be charged to navigation. Mr. Ford and his company agree to provide for an amortization sinking fund, which, if invested at 4 per cent, will return to the Government $49,071,935 at the end of the lease period. This is about the cost of the water-power development. If invested at 4½ per cent, it will return to the Government $70,100,000. So the Ford company not only pays 4 per cent interest on the cost of the water-power development but liquidates the cost itself. He is to pay $5,000,000 for the nitrate plants and rock quarry. This is more by far than has been realized on any other war plant.

In the sale of other war plants the Government made outright sales. In this case the Government reserves very valuable interest for national defense purposes. Mr. Ford is also required to furnish free of cost power to operate the locks and is to pay $55,000 annually in installments, quarterly in advance, for repairs, maintenance, and operation of Dams Nos. 2 and 3, and their gates and locks, and also maintain at his own expense in efficient operating condition the powerhouses and all appurtenances.

THE AMOUNT AND USE OF THE MUSCLE SHOALS POWER.

Dams No. 2 and 3 at Muscle Shoals only develop 121,000 primary horsepower, the steam plant at No. 2 with 80,000 horsepower, and the steam plant to be built at Gorgas with 40,000 horsepower, making a total primary power of 241,000 horsepower.

One hundred thousand horsepower will be required to operate plant No. 2 with the present process to make 40,000 tons of fixed nitrogen, and 160,000 horsepower will be required to produce the amount of phosphoric acid as would be required in making a complete fertilizer containing the 40,000 tons of fixed nitrogen.

Whatever additional primary power developed by storage dams on the upper Tennessee River and its tributaries will be paid for by Mr. Ford.

It is claimed by some that Mr. Ford should have incorporated in his offer an agreement to sell and distribute to the public the surplus power. When Mr. Ford assumes obligations calling for many millions of dollars in connection with this development, including the building of storage dams at his own expense, it should be left to him to determine the disposition of the surplus power, and in doing so he would of course be controlled by the public service commission.

Mr. Ford said in a carefully prepared statement on October 11, 1923, that if he got Muscle Shoals he would distribute power 200 miles in every direction. With this understanding the people in the territory affected and all their Representatives in Congress are enthusiastically supporting the Ford offer as made and set out in this bill. Mr. Ford's statement that he would sell and distribute the surplus power constitutes a moral obligation that he and his company could not ignore without very serious injury to the standing and business interest of the Ford company which would operate Muscle Shoals, as well as the Ford Motor Co., of Detroit. [Applause.]

OTHER OFFERS.

No other offer made for Muscle Shoals in any way compares with the Ford offer in advantages to the Government and the people. The Ford offer has been reported by the Military Committee of the House both at this and the last session of Congress, and at the same time that committee failed and refused to recommend any other offer. The members who filed a minority report criticize the Ford offer, but do not favor any other offer. I have not the time nor do I deem it necessary to discuss the other offers, for they are not before the House, but will if necessary when this bill is being considered under the five-minute rule.

REPORT OF COMMITTEE SHOULD CARRY WEIGHT WITH THE HOUSE.

The Military Committee has been conducting hearings and has had various offers for Muscle Shoals under consideration for more than two years. They have been earnest and faithful in the discharge of this important duty. Hence the report and recommendations should have great weight with the House.

BILL SHOULD NOT BE AMENDED.

The ordinary practice of amending bills does not apply to this measure. This bill sets out an offer made by Henry Ford for Muscle Shoals and should be voted up or down. It will be taken for granted that all who favor the Ford offer will support the bill as reported by the committee. It is but natural that those who oppose it would like to see such material amendments made as would destroy it. So I appeal to all of

you who want to do something worth while at this time to help the farmers, and in doing this help all the people to carry out the wishes of the great majority of the American people, to vote for the Ford offer. [Applause.]

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

Mr. BURTON. Mr. Speaker, I yield one minute to my colleague from Ohio [Mr. KEARNS].

The SPEAKER. The gentleman from Ohio is recognized for one minute.

Mr. KEARNS. Mr. Speaker and gentlemen of the House, if the record in this case would bear out the statements of the gentleman from Alabama [Mr. ALMON], I would be for the Ford offer. But there is not one syllable of testimony in the record that substantiates one claim that the gentleman from Alabama has made.

Mr. WARD of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. KEARNS. No; I regret I can not yield. He says that if Mr. Ford gets Muscle Shoals it is going to benefit in the way of power and light every section in the United States. Mr. Ford says if you give him Muscle Shoals he is going to use a part of the energy in making fertilizer and the rest of it he is going to use in a manufacturing plant for himself, to make, he says, automobiles and parts of automobiles and, he says, anything else that will bring him in a greater revenue. That is the case, and the gentleman from Alabama knows it.

Mr. BURTON. Mr. Speaker, I yield one minute to the gentleman from Minnesota [Mr. SCHALL], reserving time to move the previous question.

The SPEAKER. The gentleman from Minnesota is recognized for one minute.

Mr. SCHALL. Mr. Speaker, I want to state that I am for this resolution and for the Ford bill. [Applause.]

The power companies' proposition, supported by the minority report, is unreal, intangible, and has been thrown together only as a subterfuge with which to attempt the destruction of the Ford plan. After the majority report of the commitee on this bill had been submitted it comes in at the last minute through a resolution of a Member of Congress and offers to organize a corporation of $15,000,000 to do the work which Ford has for the last three years been offering to do. The corporation is not yet an identity; it is simply a myth around which the opponents of the Ford offer hope to gather in an attempt to relay enough votes to defeat an honest-to-God proposal.

The allied water power companies of the country are the proponents of this measure, and are united in their fight against Ford in his attempt to produce a cheap commercial fertilizer. They realize that once this great water power comes into his hand under the bill provided here their control of the nitrate market is gone glimmering.

The power company pretends to do that which Ford has been offering to do, but the distinct difference between their offer and the Ford offer is that there is nothing but wind back of this proposition which is to create a corporation of $15,000,000, the $15,000,000 to be gathered from stockholders not herein named, which means, in its last analysis, only a something on which to hold until the real danger to them is destroyed; that is, only to delay and keep from maturing the Ford plan until the complexion of Congress is so changed that there will no longer be danger of its passage.

Had not this Ford plan been before Congress for the last three years, this plant would have been sold as other war plants have been sold, for a twentieth of their cost, aye, and for less; as our ships that averaged us $800,000 apiece are today being sold for $5,000. Estimates of its actual value have run from five to nine million dollars. Ford offers $5,000,000 in spot cash and a semiannual payment of enough money so that in 100 years amortization at 4 per cent interest, it will give back to the Government every cent invested, which is approximately $80,000,000. This, together with the maintenance of the plant and the dams and locks and a guaranty to produce fertilizer at not to exceed 8 per cent above actual cost, which will cut the fertilizer bill to the farmers in this country right in two.

The power plan, so called, is only a straw bill, and it should affect the vitality of the Ford proposition no more than a leaden bullet would affect the vitality of a ghost. [Applause.]

While Ford's corporation is going to take this over at not less than $10,000,000, he will immediately furnish the money, and it is something real with which we are dealing. The locks and the whole plant will be under the supervision of the Chief of Engineers of the United States Army.

It is very fitting that Ford should be the man through whose offer we should again revitalize the fast depleting soil of this country, since it was through his great business ability that there came about the universal use of gasoline power in field, on road, and in the city. To-day from one end of the country to the other scarcely a horse, a mule, or an ox can be seen, while a few years ago the roads and lanes were swarming and the fields and pastures were full of them. To-day the automobile, the truck, the tractor have taken their place and they are extinct. Not only no longer can the farmer rely upon the fertilizer returned through this power but, on the other hand, a great demand has ceased for the produce of the farm which went to feed them.

We have but to go back through the annals of history to find upon what rests the stability of the country. India, China, Persia, Italy, and Spain were once prosperous. To-day, because of the depletion of the soil, they exist in frugal parsimony.

Washington was anxious about the exhaustion of our soil, and Lincoln, even in the days when the virgin prairies teemed with fertility, looking ahead with concerned vision, emphasized the importance of renewing soil fertility.

Look at the vast number of abandoned New England farms, the ever-increasing acreage of abandoned farms all over the country, abandoned for lack of nothing but fertilizer. All they want is cheap fertilizer. We can not go very far in soil rehabilitation with 1,000 per cent profit on it as we have it under the Fertilizer Trust.

In many communities, up in the country, in my congressional district, I know where they are using good hay for fertilizer, hay that would bring money in the market. In California, I understand, in the Imperial Valley, they are using alfalfa that could be sold for $25 a ton for fertilizing their fruit trees. This sort of fertilizer is inferior to nitrate.

At Muscle Shoals is the inexhaustible power and the sulphurous rocks from which can be taken the necessary ingredients with which to make cheap fertilizer.

In time of war provision is made in the bill that it must immediately be turned over to the United States with such man power as we desire. It is of first importance for our national defense that we be self-sustaining in supply of nitrates for explosives.

The bill provides that no one can own any stock in this corporation except an American citizen.

The great problem that is staring us in the face to-day is legislation looking to the preservation of the farmer and the lightening of his crushing burden. Even before the war the average farm return on investment was not to exceed 3 per cent. To-day in my State, the most fertile land in the world, there is a constant stream cityward from the discouraged, disheartened, and bankrupt farmer. Profits of years of arduous toil wiped out, nothing facing them but deficits and mortgages, they give up the bootless struggle. It is to Congress that those sturdy farmers remaining are looking for a sign of some legislation that will tend to equalize and protect them, as are the other industries of the country under our laws.

The farmers of the country want this bill. They want it because they need cheap fertilizer. I am for the Ford proposition.

Upon the fertilization of the soil rests the profit of the farm; upon the condition of the farm rests the prosperity and well-being of the farmer; and upon the prosperity of the farm rests the safety, the stability, and prosperity of the Nation.

You can burn down your cities and your manufactories, destroy your banks and industries, but if the farms are fertile, if the farms are left intact, the cities will spring up again like magic, while if you destroy the fertility of the farm your cities will rot and grass grow in their street. [Applause.]

The SPEAKER. The gentleman from Minnesota asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. BURTON. Mr. Speaker, I move the previous question. Before that question is presented I presume the gentleman from the Committee on Military Affairs will wish to make some disposition of the time or some selection as to those who shall apportion the time.

The SPEAKER. That will come when the House goes into Committee of the Whole.

The gentleman from Ohio move the previous question on the rule.

The previous question was ordered.

The SPEAKER. The question is now on agreeing to the resolution.

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

Mr. McKENZIE. 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 the bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corportaion to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes.

The SPEAKER. The gentleman from Illinois moves that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 518.

Mr. LONGWORTH. Pending that motion, will the gentleman from Illinois yield to me?

Mr. McKENZIE. Yes.

Mr. LONGWORTH. To suggest that to-morrow is Calendar Wednesday, and I am informed by the chairman of the committee which has the call that he has some important bills to bring up. I want to ask the gentleman whether he thinks it is quite essential that the debate on this bill should proceed and continue until the bill is disposed of or whether it could be passed over until Thursday?

Mr. McKENZIE. In reply to the gentleman from Ohio, I simply wish to say that I think we all consider this one of the most important propositions that will be before Congress at this session. The debate will be a debate which the Members of the House ought to listen to continuously in order that they may be able to make up their minds from the facts submitted; and that being true—while I have no desire to interfere with Calendar Wednesday—I feel that in justice to the committee and the country on this proposition it would be a wise thing to continue the consideration of this bill until it is completed and then take the next day for Calendar Wednesday business. [Applause.]

Mr. LONGWORTH. Let me ask the gentleman whether he thinks he would be safe in saying that this bill will be completed by Thursday evening?

Mr. McKENZIE. Mr. Speaker, I see no reason why it should take longer than Thursday evening to complete the consideration of this bill, in view of the fact that this is a proposal for a contract, and being such it ought not to be amended. There will be some discussion, of course, under the five-minute rule, but it is a proposition that should not be amended. Therefore, I can not see how we could use up very much time under the five-minute rule.

Mr. LONGWORTH. Let me make this suggestion by way of unanimous consent and subject to the consent of the gentleman from Massachusetts [Mr. WINSLOW]. I ask unanimous consent that business in order on Wednesday be made in order on Friday next, provided the Muscle Shoals bill shall have been finished by that time, otherwise that it shall be in order on Saturday.

The SPEAKER. The gentleman from Ohio asks unanimous consent that the business in order on Wednesday shall be in order on Friday next, provided the Muscle Shoals bill is completed by that time, and if not it shall be in order on Saturday.

Mr. WINSLOW. Mr. Speaker, I would like to ask the gentleman from Ohio whether he would be willing to change his suggestion so as to make the business of the committee now having the right to Calendar Wednesday in order on the first day following the conclusion of this bill, no matter what day it is.

Mr. LONGWORTH. Yes; I would be perfectly willing to do that.

Mr. WINSLOW. In that case, I think we would be disposed to yield, although I do not think the committees ought to be staved off indefinitely for their own sake and for the sake of the business of the country.

The SPEAKER. The gentleman from Ohio asks unanimous consent that the business in order on Calendar Wednesday be postponed until the day after the completion of the Muscle Shoals bill. Is there objection?

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I feel that the interruption of Calendar Wednesday has an injurious effect on the transaction of business, and there is very much business accumulating from committees on the calendar, so that we ought not to be selecting certain bills and giving them right of way over this rule of the House, and I must enter my objection to dispensing with Calendar Wednesday.

The SPEAKER. The gentleman from Pennsylvania objects. The question is on the motion of the gentleman from Illinois [Mr. McKENZIE] that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 518.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. MAPES in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the consideration of H. R. 518, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in House Document 1262, Sixty-fourth Congress, first session), including power stations when constructed as provided herein, and for other purposes.

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Illinois [Mr. McKENZIE] asks unanimous consent that the first reading of the bill be dispensed with. Is there objection? [After a pause.] The Chair hears none.

Mr. McKENZIE. Mr. Chairman, I want to have it distinctly understood about the time. One-half of the time in favor of the bill will be under my control and one-half of that time under the control of the gentleman from Mississippi [Mr. QUIN], and the control of one-half of the time of those opposed to the bill, of course, will be in charge of the gentleman from Pennsylvania [Mr. MORIN].

Mr. BLANTON. Mr. Chairman, that can not be made in committee. That is an agreement that can be made only in the House. I make the point of order. That can be arranged, however.

The CHAIRMAN. The rule provides that one half of the time shall be controlled by the gentleman from Illinois [Mr. McKENZIE] and the other half by some member of the Committee on Military Affairs opposed to the bill.

Mr. HULL of Iowa. Mr. MORIN.

The CHAIRMAN. The committee, I think, would have the right to designate the member of the Military Affairs Committee opposed to the bill who should control the time in opposition.

Mr. HULL of Iowa. The gentleman from Pennsylvania [Mr. MORIN] will control the time of those in opposition.

The CHAIRMAN. Is that satisfactory to the other members of the Committee on Military Affairs? If there is no objection, the gentleman from Pennsylvania [Mr. MORIN] will control the five hours in opposition to the bill.

There was no objection.

The CHAIRMAN. The gentleman from Illinois [Mr. McKENZIE] is recognized.

[By unanimous consent, Mr. McKENZIE was given leave to revise and extend his remarks in the RECORD.]

Mr. McKENZIE. Mr. Chairman and gentlemen of the House. I am sure that I express the feelings of all the members of the Committee on Military Affairs when I state that we regret very much that we can not have with us in the active consideration of this important matter the distinguished chairman of the committee, Hon. JULIUS KAHN, whose absence is due to ill health.

Mr. Chairman and colleagues, in undertaking to present this very important subject to the House I realize my limitations, and since I appreciate that every Member is interested, I am convinced that it will be much better for me to make a connected explanation of this subject without interruption. Therefore I respectfully request my colleagues not to interrupt with questions until I have concluded my general statement, after which I will be glad to answer any question so far as I am able.

Inasmuch as there are many Members present who were not in the Sixty-seventh Congress, and perhaps many of whom have not had an opportunity to study this particular subject in all of its bearings, I am going to take a chance on being tedious to some of my older colleagues by reviewing briefly the history of the Federal Government's activities in connection with Muscle Shoals and the Tennessee River.

THE TENNESSEE RIVER.

Picture, if you please, the Tennessee River, formed by confluence of the French Broad River, which has its source in western North Carolina, and the Holston River, which has its source in Virginia. These two streams unite just above the city of Knoxville in east Tennessee, and from that point, following southwesterly along the valleys of the Southern Appalachian

Mountains, the Tennessee crosses the State of that name, then turning westerly it crosses northern Alabama, touching for a few miles the northeastern corner of Mississippi, and turning abruptly northward it recrosses Tennessee and traverses Kentucky to the Ohio, into which it flows at Paducah. The distance from the head of the river just above Knoxville to Paducah is 652 miles.

Through central Tennessee there is a limestone plateau which extends for a short distance into Alabama, and then suddenly terminates and the long flat area of the Gulf coastal plain begins. The edge of this central plateau can be traced from the city of Washington on down through Virginia and the Carolinas, around through the northern part of Georgia into Alabama, and where the streams cross the edge of this plateau and drop to the coastal plain is the well known "fall line" on which the chief water powers of the southern Appalachian territory are located.

THE MUSCLE SHOALS.

Where the Tennessee River crosses this prominent geological formation is a shallow stretch 37 miles long which has been known for more than 100 years as the Muscle Shoals. These rapids have been the greatest barrier to continuous navigation of this great inland stream, and their improvement has been the object of State and Federal effort for a century. On the 7th of next December it will be just 100 years since President James Monroe, in his annual message to Congress, presented the annual report of Secretary of War John C. Calhoun, who named the Muscle Shoals improvement as one of the three projects which were of greatest national importance at that time and recommended that an engineering study be made.

As a result of these recommendations a preliminary examination was ordered on March 12, 1827, and in the report, dated May 14, 1828 (H. Doc. No. 284, 20th Cong., 1st sess.), a canal having 16 locks was recommended.

The canal, however, was insufficient, and in 1838, after $644,000 had been expended, boats still had to wait for a rise in order to get through. Recommendations were therefore made in 1838 for $750,000 more to extend the canal (H. Doc. No. 985, 25th Cong., 2d sess., June 27, 1838), but Congress declined to make the appropriation, not even providing for the maintenance of the inadequate locks, and the canal fell into ruin. Like many another inland waterway, it was never useful because it was never finished. For 38 years the Federal Government took little or no notice of this and many other inland waterway projects, but there came a revival of interest in this subject in the early seventies and in 1872 the United States engineers submitted a plan (H. Doc. No. 360, 62d Cong., 2d sess., p. 15) for the enlargement and repair of the old canal, at a cost of something over $4,000,000. The plan was modified in 1877, and the work was completed in 1890, at a total cost of $3,191,726. There are two sections, one with 9 locks along the north bank of the river around what is known as the Big Muscle Shoals. The other, a short distance farther upstream, has 2 locks and is located along the south bank of the river around the Elk River Shoals. Between these two portions of the canal, however, is what is known as Nances Reef, where the minimum depth is less than 2 feet, and which has never been provided for at all.

In 1891 a board of engineers submitted a project (Annual Report Chief of Engineers, 1891, p. 2314) for completing this work in an adequate way at an estimated cost of about $3,000,000. This project was never acted upon favorably by Congress. (H. Doc. 360, 62d Cong., 2d sess., p. 16.) Therefore, gentlemen, those who have abused and ridiculed the merits of the Muscle Shoals navigation project as an aid to transportation should remember this: There has never been built around Muscle Shoals a canal which could be considered complete according to standards proposed in 1838.

WATER POWER CONSIDERED.

By 1907 interest in water-power development had increased and in that year Congress ordered a survey of the Muscle Shoals section for the combined purposes of navigation and water-power development. Two years later, in 1909, Congress ordered the entire Tennessee River surveyed with a view to deciding upon a definite policy for permanent navigation development. This survey was completed in 1910. In 1911 Congress directed a special survey of the Muscle Shoals section for both navigation and power.

In 1913 the Alabama Power Co., through its subsidiary, the Muscle Shoals Hydroelectric Power Co., having made careful engineering studies of its own, offered to develop the Muscle Shoals section for water-power purposes, in cooperation with the Government. In 1914 the Army engineers completed their survey of the Muscle Shoals for navigation and water-power purposes, as ordered by Congress in 1911, and also considered the offer of the Muscle Shoals Hydroelectric Power Co., upon which they made a favorable report. Action on this was held up, however, pending further surveys and engineering investigations, borings, etc., which were made by the Government and required $150,000 and a year's time. These studies were completed in 1916, and again the Army engineers approved the offer of the Muscle Shoals Hydroelectric Power Co. in March, 1916.

NITRATES DISCUSSED.

At that time the House Committee on Military Affairs had under consideration the bill afterwards known as the national defense act. During the hearings Mr. Frank S. Washburn, who at that time had just resigned as president of the Alabama Power Co., appeared before the committee and eloquently demonstrated the necessity for a domestic supply of fixed nitrogen in this country as an essential part of any plan for adequate national defense. He argued that our supply of Chilean nitrates was being transported by water for 4,000 miles, that it could be cut off by a hostile fleet, and since nitrates are necessary in the production of all forms of explosives, in such an event we would be helpless unless we could produce our own nitrates independently of any outside country.

Mr. Washburn gave us a very graphic description of the growing depletion of our soils and made clear the imperative necessity for higher grade fertilizers at a lower price. He made the point that since fixed nitrogen is one of the essential elements in mixed fertilizer it was fortunately true that the great nitrogen industry which should be established in the interests of national defense in time of war would be a great economic blessing to our farmers in times of peace. Mr. Washburn described Muscle Shoals as an ideal locality for such an enterprise, surrounded as it is with abundant supplies of high-grade limestone and coking coal suitable for the cyanamid process of nitrogen fixation, while within a short distance are the great phosphate fields of Tennessee providing economically the second element of plant food, phosphoric acid. While he argued that the proper way to develop this industry was to build two large dams in the Tennessee River which would have the combined effect of permanently improving the navigation by wiping out the shoals and at the same time developing a large amount of hydroelectric power, he contended that the establishment of this industry by private capital was too great for any private individual or corporation to undertake if they were obligated to build the dams at their own expense.

HALF-PRICE FERTILIZER PREDICTED IN 1916.

Mr. Washburn suggested, therefore, that the Government should construct the dams and lease the power to some private company, charging as a rental 3 per cent of the cost of the dam and hydroelectric plant. Mr. Washburn was the first one to testify with some definiteness as to the economic benefits to the farmer that might be reasonably expected to result from the establishment of a great fertilizer industry at Muscle Shoals. His statement to the committee on February 11, 1916, was:

> My expectation is that the development of the nitrogen industry in this country would cut the farmers' fertilizer bill in half. (House hearings before Military Committee on national defense act, February 11, 1916, p. 23.)

The significance of this statement was emphasized by Mr. Washburn in a paper on the nitrogen problem which he prepared for the Secretary of Agriculture that same year, in which he reviewed the statistics of fertilizer consumption for the year 1914, and found that there was expended for commercial fertilizers in the United States in that year not less than $177,000,000, of which $134,000,000 was for nitrogen and phosphoric acid, so that his statement of a saving of one-half meant a saving of $67,000,000. From that day to this experts have persistently declared that this can be done. A committee of scientific specialists, known as the nitrogen products committee of the British Empire, in May, 1919, after an exhaustive study of the subject reported:

> Combined nitrogen, as cyanamid or ammonium sulphate, can be obtained by synthetic processes at a cost at the factory which is less than one-half the market price of combined nitrogen from other sources, prewar conditions being taken as a basis in each case. (Report of Nitrogen Products Committee of British Empire, May, 1919, p. 33.)

Even the opponents of air-fixed nitrogen admit that plants of this sort can cut the price of fertilizer in half, for the Koppers Co., of Pittsburgh, the leading concern in this country which produces nitrogen in the form of by-product ammonia resulting from the coking of coal, states in March, 1922:

> The cost of operating these (air-nitrogen fixation) plants is relatively low, so that even to-day sulphate of ammonia is being sold in Germany at half the price in the United States, based on the present rate of exchange. (Koppers Co. booklet, March, 1922, p. 8.)

Then, coming right down to the past few weeks, Dr. R. F. Bacon, formerly a director of the Mellon Institute of Industrial Research, testifying on behalf of the offer of the associated power companies for Muscle Shoals, said, regarding the production of fertilizer by improved methods at Muscle Shoals:

We can deliver it to him (the farmer) on the farm for half or less than half of what he is paying now for mixed (fertilizer). (House Hearings, 1924, p. 133.)

Mr. E. M. Allen, president of the National Alkali Works, of Niagara Falls, Saltville, Va., and New York, who also testified on behalf of the power companies' offer, said, regarding the production of fertilizer at Muscle Shoals:

I feel positive that with the fertilizer that can be manufactured through this and combined processes starting from this ammonia that you virtually cut the cost to the farmer for fertilizer about in half. There is no doubt about it. (House Hearings, 1924, p. 126.)

So it seems well established that half-price fertilizer is being produced by these modern processes in Germany and that it is entirely possible to accomplish this same result at Muscle Shoals.

SECTION 124 BECOMES A LAW.

Returning now to our hasty account of the events leading up to the present situation, we find that as a result of the testimony offered at the hearings in 1916 by Mr. Washburn and others there was incorporated into the national defense act section 124, on nitrate supply, which reads as follows:

An act for making further and more effectual provision for the national defense, and for other purposes.

SEC. 124. Nitrate supply: The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites, upon any navigable or nonnavigable river or rivers or upon the public lands, as in his opinion will be necessary for carrying out the purpose of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary, or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

* * * * * * *

The sum of $20,000,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available until expended, to enable the President of the United States to carry out the purposes herein provided for.

This law undertakes to provide for the national defense by having the facilities at hand with which to produce nitrates in time of war for use in the manufacture of explosives and to furnish aid to the farmers in peace times by utilizing the plant so established for the production of fertilizer.

Mr. LONGWORTH. Will the gentleman yield for just a question at that point? Out of what fund did the money come to build the plant?

Mr. McKENZIE. Out of the appropriations made to the Ordnance Department.

Mr. LONGWORTH. Yes; I wanted the distinction to be made that that was not a part of the amount carried in the $20,000,000 appropriation.

Mr. McKENZIE. It came out of the appropriations made for ordnance.

ALABAMA POWER CO. OFFER HELD UP.

In June, 1916, the Board of Engineers for Rivers and Harbors reported that since the national defense act providing for the establishment of a Government nitrate plant had become a law they therefore recommended that action on the proposed contract with the Muscle Shoals Hydro-Electric Co. be suspended till it could be determined whether this site would be chosen for the nitrate plant.

My colleagues, it must be clear to you that the water power developed for such a specific purpose can not be regarded as an ordinary water-power development, and to say that the proper way to solve the Muscle Shoals problem is to maintain the nitrate plant in idle stand-by condition and to distribute the power as an ordinary public utility for the operation of street cars, or electric lights, or what not, is clearly and undeniably contrary to the purpose which Congress had in mind when this great enterprise was authorized.

There are a few in this House who favor the Government ownership and operation of private industry. Let those who favor this course mark well the record of what followed the passage of the national defense act. It was well known that there was but one commercially successful method for the fixation of nitrogen in 1916, and that that method was the cyanamid process; but although we were on the very verge of entering the great World War and notwithstanding the fact that the Chief of Ordnance had warned us of the folly of depending upon Chile for our nitrates, no one would have surmised that such a necessity existed to judge by the Government's leisurely course following the passage of this act.

PRICELESS MONTHS LOST.

In the spring of 1916 President Wilson appointed a committee of chemical experts, including officers of the Army and Navy and civilians, known as the nitric acid committee, with instruction to report on the best method of manufacturing nitrates. This committee reported on January 27, 1917, recommending the immediate development of water power for the manufacture of nitrates. Nothing was done to carry out the committee's recommendations.

On March 16, 1917, hearings were begun before an interdepartmental board, composed of the Secretaries of War, Agriculture, and Interior, to determine the location of the Government nitrate plants. On April 6, 1917, the United States declared war, and on May 11 a second committee, known as the President's nitrate supply committee, reported in favor of using the Haber process for making nitrates, and recommended that the plants be located in southwestern Virginia and that $3,000,000 be spent in an experimental program.

NITRATE PLANTS FINALLY STARTED.

On September 24, 1917, President Wilson, upon the request of farm organizations, eliminated Pulaski, Va., where a site had been recommended by the nitrate supply committee, and located nitrate plant No. 1 at Muscle Shoals.

Meanwhile, the situation that had been predicted by the advocates of the air-fixation nitrate plant at Muscle Shoals had arisen. The need for high-explosive ammonium nitrate was urgent but no adequate supply of the necessary fixed nitrogen existed or could be created in a domestic industry except by the cyanamid process. These facts were well known when the national defense act was passed June 3, 1916, but it was December 4, 1917, before the contract was signed for the construction of a nitrate plant using the only known available process, and in order that the plant might be useful in time of peace it was located at Muscle Shoals

NEED FOR GORGAS PLANT.

There are a number of sound business and engineering reasons why a steam power plant is necessary in connection with the hydroelectric plant at Muscle Shoals. Such a plant is necessary to supplement the hydroelectric power in seasons of low water for the economical operation of the enterprise. It was necessary to have a source of power for construction purposes and from this angle it was imperative that the power should be had promptly. From the standpoint of both time and economy the best arrangement appeared to be the installation of a 40,000-horsepower plant to be located at the power house of the Alabama Power Co., which was then constructing a 27,000-horsepower generating plant of its own 88 miles from Muscle Shoals, in the heart of the Alabama coal fields, on the Warrior River, where both coal and water for steam purposes were economically available. Accordingly arrangements were made for the installation and the work was completed early in October, 1918, at a cost of $4,979,782.

It was brought out in the hearings, however, that there were certain peculiar features about this arrangement. The Government's property was located on the lands of the Alabama Power Co., and the committee determined to investigate the situation on the ground. Following the trip to Alabama members reported that it was beyond question that the Alabama Power Co. had lost no opportunity of combining the Government's property with their own in such an intimate way as to make a separation impracticable if not impossible. So that while in the contract it was recognized and provided that the entire amount of power from the Government's Gorgas unit should be made available to whoever might purchase either of the nitrate plants from the Government, the contract was so drawn that the power company would have the sole right to purchase the Government's property at Gorgas, and anyone who might purchase the nitrate plants might lose all of his rights to receive electric power merely by a delay of 45 days in the payment of any monthly bill for electric power. He was also obliged to guarantee a minimum

monthly payment to the Alabama Power Co. of $30,000 whether he took any power or not, and other severe terms were imposed. (House Hearings, 1922, pp. 160–162.) It was evident, therefore, that while the power company realized and admitted the necessity of the Gorgas plant as a source of power for the nitrate plants, even at some future time when hydroelectric power from the dams might be available, nevertheless the company sought to impose extremely severe terms upon anyone who might have the courage to try to operate the nitrate plants.

CONTRACT WITH ALABAMA POWER CO. CRITICIZED.

Members of the committee were justly indignant, my colleagues, when they realized the meaning of the cleverly-worded terms of one of the most intricate contracts that it has ever been my fortune to read. The power company undertook to compel the Government to sell its property to them as the sole purchaser on demand, while they, on their part, assumed no obligation to buy. In his opinion of May 23, 1922, the Attorney General declared:

No one can carefully analyze the long and rather complex contract made with this company without being impressed with the harsh and even drastic provisions which it imposes on the Government. When its intricate provisions are closely scrutinized and their full significance realized, it becomes at once apparent that the company lost no opportunity of turning to its own advantage every possible change of circumstances. (H. Rept. No. 1084, 67th Cong., 2d sess., p. 29.)

He goes on to say that the option of the Alabama Power Co. to purchase the Government's property at Gorgas was an effort to force the Government to sell without compelling the Alabama Power Co. to buy, and "in my opinion is invalid."

The Acting Judge Advocate General is quoted in the opinion that—

the Secretary of War or contract officer representing the United States was without authority to enter into a contract for the sale of said property or for granting an option for the purchase.

And that therefore—

this provision is nugatory and void and is not binding upon the United States. (House hearings, 1922, p. 24.)

In an opinion rendered August 4, 1923, in response to a request of the Secretary of War as to whether it was the duty of the United States to remove its property from the lands of the Alabama Power Co. if it should not determine to sell to them, the Acting Attorney General, Mr. A. T. Seymour, replied that—

The United States has the power to condemn for public purposes the lands of the company, including those upon which the Government structures have been placed. This is a sovereign attribute which no officer of the Government can waive or impair by contract or otherwise. * * * A finding by you that the acquisition of such lands is necessary in order to protect the Government's interests is all that is needed to the maintenance of a condemnation suit.

The Acting Attorney General, therefore, concluded that the Secretary of War was "free to initiate proceedings notwithstanding the contract."

It can not, therefore, be contended by the Secretary of War that he was under any legal obligation to sell the Gorgas plant to the Alabama Power Co. As for moral obligation, the Acting Attorney General, Mr. Seymour, stated that while—

The options to buy at cost or at an arbitrated value may have been among the considerations moving the company to enter into the contract, but when the time came it refrained from any attempt to proceed thereunder, and these options in fact have been eliminated by the omission of the parties to act under them, as well as by the fact that they have been found invalid.

THE PRICE OF OUR DELAY.

Returning again to the situation at Muscle Shoals we find that after the loss of a year and a half with the country engaged in war we were finally building a plant in desperate haste to produce the necessary nitrates so that this country could make its own explosives. The predictions of the advocates of the development of Muscle Shoals for the production of nitrogen for war purposes had again been strongly fulfilled. Just when it seemed that the outcome of the war was chiefly dependent upon our ability to secure sufficient ships to transport our Army, at a time when by taking over Dutch steamers and chartering Scandinavian and Japanese tonnage we had built up a transport fleet of 616 ships comprising some 3,562,000 tons (report of Chief of Transportation Service, War Dept. Ann. Rept., 1919, vol. 1, pt. 4, p. 4872), we were compelled to divert 128 of these vessels aggregating 700,000 tons, or 20 per cent of our entire transporting capacity, for the purpose of creating a nitrate fleet to bring this one essential material over the 4,000-mile route from Chile. (Report of Fixation and Utilization of Nitrogen, Nitrate Div., Ord. Office, War Dept., 1922, p. 23.) Ignoring all thought of the economic advantage of an adequate modern domestic nitrogen industry, suppose that we had had such an industry available during the war and those 128 vessels could have been used in the transportation of troops and supplies, who will deny the advantage from a military standpoint that would have been ours? We have had our lesson. What it has cost us no one knows, but to ignore it in our future plans would be inexcusable folly.

Although we were at war, the peace-time value of the nitrate plant was not lost sight of, and, realizing that nitrate for fertilizer purposes could not be economically produced by means of steam power, the President on February 25, 1918, authorized the construction of Dam No. 2, setting aside for this purpose some $12,000,000 of the $20,000,000 appropriated by section 124 of the national defense act. During 1918 nitrate plant No. 2 was completed and in November, 1918, came the armistice.

In January, 1919, Dr. A. G. Glasgow was appointed Nitrate Director by the President and directed to arrange for the operation of the Muscle Shoals nitrate plant for the manufacture of fertilizers.

PRIVATE CAPITAL DECLINES TO ASSIST AT MUSCLE SHOALS.

My colleagues, as we shall see, there was a significant and striking resemblance between the attitude of the power companies when asked to bid on the power at Muscle Shoals and that of the fertilizer companies when asked to make a proposal for the operation of the nitrate plant in the manufacture of fertilizer. With one accord the fertilizer companies declined to assist the Government in any way in working out the problems of fertilizer manufacture at Muscle Shoals. Even the American Cyanamid Co., whose president, Mr. Washburn, had so eloquently presented the possibilities of fertilizer at half price through the operation of this plant, stated that they were not interested.

Gentlemen of the House, particularly those who may entertain the view that the acceptance of Henry Ford's offer for Muscle Shoals is unfair to those engaged in the fertilizer business, listen to this account of the efforts of this Government to interest private capital in this enterprise in 1919: Testifying before our committee on April 19, 1920, Mr. George J. Roberts, assistant to Doctor Glasgow, made the following statement:

FRUITLESS EFFORTS TO INTEREST CAPITAL.

The question naturally arises, Why does not private industry undertake the operation of these plants? I shall not attempt to give what is in the minds of those who are most interested in the production of nitrates in this country. All I can state is that months of time were expended trying to get the fertilizer industry interested in taking over and operating the Government plants. The presidents of all the large fertilizer companies in the United States were seen and the matter fully discussed with them, and they were asked if they would undertake the operation of these plants if they were to pay no rental to the Government until they had received 9 per cent on their working capital and after that the profit should be divided between them and the Government. A part of the agreement was that the United States would complete the plants so as to provide storage and bagging facilities, a sulphate of ammonia plant, and all the work outlined in Mr. Glasgow's letter of October 22. But they could not be brought to the point of making a formal offer. An effort was also made to get certain financiers in New York to undertake to form a company to operate these plants. Scant consideration was given to the scheme and no investigation undertaken. An appeal was likewise made to the coke-oven interest, with the same result. There seems to be a decided antipathy of capital to engage in any partnership arrangement with the Government. (House hearings, 1920, p. 95.)

So, after many months consumed in these unsuccessful efforts to interest private concerns Doctor Glasgow, in October, 1919, submitted a plan for the operation of nitrate plant No. 2 by the Government. This was embodied in what was known as the Wadsworth-Kahn bill which passed the Senate in May, 1920, but was lost when adjournment came without its having been considered by the House.

GENERAL BEACH ASKS FOR BIDS.

In March, 1921, Secretary of War Weeks requested General Beach, Chief of Engineers, to ask for bids on Muscle Shoals, and announced that if he got an offer representing a fair return on the investment necessary to complete the Muscle Shoals project he would send it to Congress. Realizing that private capital was not interested in the nitrate plants, and appreciating the difficulties and dangers of Government operation of the nitrate plants, Congress refused to continue the appropriations for the construction of the dam, and on April 30, 1921, work was stopped for lack of funds.

The Muscle Shoals project appeared to be dead—unsparingly condemned by its enemies and apparently deserted by its friends; the whole project was apparently destined for the scrap pile, and seemed about to meet the fate that had already overtaken many another Government war-time enterprise.

A BOLT FROM THE BLUE.

Then the unexpected happened. The well-laid plans of the power interests who were stalking about on the outskirts waiting for the Muscle Shoals project to die, so that they could come in and strip the bones, suddenly saw the Muscle Shoals enterprise come to life, and discovered that their carefully laid plans were thoroughly upset in a way that, to say the least, was disconcerting. On July 8, 1921, there arrived in Washington the first real proposal for the property. It was sent to the Secretary of War and its terms immediately made public. It was the offer of Henry Ford. Seven months later, on February 1, 1922, Secretary Weeks transmitted the Ford offer to Congress, and on February 10 our committee began hearings on it. Five days later the Alabama Power Co. sent an offer to the Secretary of War, who transmitted it to Congress, and we received it February 21.

GENERAL BEACH'S LETTER.

The circumstances connected with asking for bids and replies which were received were reviewed before our committee by the Chief of Engineers. In order that Members may have the facts—for these facts have a significant bearing on later developments—let us discuss for a moment this testimony of General Beach. Describing the original request for proposals made April 2, 1921, General Beach stated:

In order to bring this matter to the attention of the water-power companies and other parties whom I thought might be interested I sent out the following letter:

"The Secretary of War has directed me to ascertain what arrangements can be made to derive a reasonable return upon the investment if the United States completes the dam and hydraulic power plant at Muscle Shoals, Tennessee River.

"If you are interested, I would be pleased to discuss the matter with you at this office at the earliest date that may be mutually determined.

"It is desired to develop the matter and come to a conclusion at as early a date as possible." (House hearings, 1922, p. 99.)

General Beach further stated in his testimony before the Committee on Military Affairs, as follows:

I gave as wide publicity to that letter as was possible. A good many papers printed it. I furnished it to the press.

Mr. Ford's proposition was the only one which was received up to the time it was presented, and I forwarded it to the Secretary of War as evidence of the fact that the completion of this dam was a practicable undertaking, and he has had charge of the negotiations with regard to Mr. Ford and other parties since that date. (House hearings, 1922, p. 98.)

THE REPLIES OF THE POWER COMPANIES.

General Beach further testified that among those to whom he sent his request for bids were the power companies of the Southeastern States. The results were interesting. The officers of the Alabama Power Co. replied, according to General Beach, that—

They did not see their way clear to make a proposition because I was not in a position to state when the power would be available and the terms on which they could obtain it. I requested them, as I did all others with whom I had conferences, to make their own proposition, * * * but Mr. Ford was the only one that came in with a definite response.

This is the same Alabama Power Co. mentioned above as trying to secure control in 1913.

Mr. James B. Duke, president of the Southern Power Co., who was another one to whom the letter was addressed, stated, among other things, in response:

The market for power from the Muscle Shoals Dam has, in my opinion, been overestimated. The demand for power in this district during the war has materially decreased. * * * The estimates of the price at which power can be sold from the Wilson Dam will prove disappointing.

With every desire to assist the Government in the solution of its problem at Muscle Shoals, I am forced by the facts to the conclusion that the Government should leave the permanent work as it is and salvage the construction plant. The Government should then wait until labor and materials render possible the completion of the project at reasonable cost and until there has developed some near-by use for power at the Wilson Dam at an 80 or 90 per cent load factor.

The loss of discontinuing and deferring the work will be small compared to the loss which will inevitably be sustained if the work is completed at this time. Meanwhile, the Government should maintain the nitrate plants and their steam-power station in stand-by condition ready for war.

In my opinion, the United States Government can not at the present time complete the Wilson Dam and hydroelectric plant and obtain a reasonable return on its investment. (Signed: J. B. Duke.) (House hearings, p. 117.)

Four other large southern power companies, the same interests which have since come forward with proposals or suggestions for proposals, signed a joint letter to General Beach, which he placed in the record. Their conclusions may be summed up in one of their statements which they made in that letter, as follows:

Under prevailing conditions and rates for which power is sold under regulation in the southeastern territory the usable primary continuous available power output of the "dam and hydraulic power plant at Muscle Shoals, Tennessee River," can not be sold, delivered to the public-service market at an average price that will pay operating expenses, taxes, reserve for renewals, and replacements and a fair rate of interest on the estimated cost of the proposed plant, as planned, and upon the necessary transmission system to reach the distant and only market. (House hearings, 1922, p. 120.)

Mr GRAHAM of Illinois. Will the gentleman yield for a question?

Mr. McKENZIE. If it is a very brief one.

Mr. GRAHAM of Illinois. Are you going into the question of how much it can be sold for?

Mr. McKENZIE. No; I am not.

Mr. GRAHAM of Illinois. Do you know how much the primary horsepower can be sold for?

Mr. McKENZIE. I have not that in my statement, but we will furnish that information to the House.

POWER COMPANIES AVOIDED FERTILIZER OBLIGATIONS AS LONG AS THEY COULD.

It is apparent from the replies received from these leading power companies of the South that they did not desire to submit an offer for Muscle Shoals which involved the essential elements of carrying out section 124 of the national defense act. It is clearly evident from their replies that at best they had in mind the construction of the dam for power purposes only, unlike Mr. Ford, who in evident good faith is attempting to comply with the policy established by law at Muscle Shoals. It is such a proposal, submitted in answer to General Beach's request, which is before the House for consideration.

THE SITUATION AT MUSCLE SHOALS WHEN FORD OFFER WAS MADE.

Before proceeding in the discussion of the merits of these proposals let us see if we can get a bird's-eye view of the situation at Muscle Shoals as it existed at that time in relation to the expenditures made by the Government.

First, there had been expended on the Tennessee River at this point $3,191,726 for building an inadequate canal and $1,730,716 for its maintenance, a total of about $5,000,000, in an effort to encourage navigation, which, according to the testimony of witnesses familiar with the situation, was money absolutely wasted.

We had a great dam partially built, the uncompleted work representing an investment of about $17,000,000. We had, and still have, situated there nitrate plant No. 1, with all the necessary equipment, structures, and facilities, on which there had been expended $12,887,000 and an additional $800,000 in an unsuccessful effort to make it work, all on account of the recommendation of the nitrate-supply committee, especially resulting from the studies of Dr. Charles L. Parsons, and who, by the way, appeared before our committee and opposed the acceptance of the Ford offer. Then, as now, we had the great nitrate plant No. 2, with all its facilities and structures, paved streets, sidewalks, etc., constructed by the Air Nitrates Corporation, a subsidiary of the American Cyanamid Co., of which Mr. Frank S. Washburn was then president and who recommended the construction and who had only a few months before resigned as president of the Alabama Power Co. This great nitrate plant, using the well-known and much-condemned cyanamid process, together with Waco Quarry, from which limestone is obtained for use in taking nitrogen from the air, had cost us in all $67,555,355.

It is not unfair to say that all of this construction work was performed under what is known as the cost-plus system of contracting, and the fee paid to the contractor was over $1,000,000.

Also let us keep in mind the Government's interest in the Gorgas power station, located on the Warrior River, on which, with its transmission line to Muscle Shoals, there had been expended by the Government $4,979,782. Let me remind the House that there on the Warrior River in the heart of the coal

fields the Alabama Power Co. had constructed a steam-power station of their own, and during the war, as I have stated, they more than doubled this plant at Government expense. Bear in mind that the Alabama Power Co. did this work on a cost-plus basis for the Government and constructed the Government's interest in this plant in such way that it was practically impossible to sever the Government's interest for the purpose of sale to any other purchaser than their own company. So they very wisely provided in their contract that they should have the exclusive right to purchase the Government's interest.

THE NEED FOR THE GORGAS PLANT.

I hope that this statement will clearly set forth to the Members of this House the interest of the Government involved in this proposition. I trust also that the Members of the House will get a clear conception of the far-seeing business judgment of the gentlemen who had this great work in charge. They knew better than anyone else that with the small amount of primary power at Muscle Shoals that it would be necessary and imperative to have an auxiliary steam-power plant with which to augment the continuous hydroelectric power at Muscle Shoals in order to operate the plant successfully.

As Maj. J. H. Burns, former Chief of the Nitrate Division of the Ordnance Office, testified regarding the reason for establishing the Government's Gorgas plant:

> We not only needed power for operation purposes at nitrate plant No. 2 when it was completed, but we also needed power to assist in the construction of it. (House hearings, 1922, p. 213.)

PECULIAR PATRIOTISM.

It was stated to the committee by the representatives of the Air Nitrates Corporation and the Alabama Power Co. that in their dealings with the Government in bringing about this great expenditure of money these concerns were animated by the loftiest patriotic motives. The fact that their contracts with the Government contained unconscionable provisions so far as the Government's interests were concerned does not necessarily bring into question the motives of the men who drew these contracts. That is a matter which I do not care to discuss, for it is not material to the present consideration of the matter before us.

FORD'S OFFER FIRST—OTHERS RELUCTANTLY FOLLOWED.

After Mr. Ford had submitted his offer and it had been made public a number of other offers were made. The Alabama Power Co. came in with a proposal to complete Dam No. 2 at its own expense and to set aside 100,000 horsepower out of the irregular or secondary power at Muscle Shoals for the manufacture of fertilizers, but they carefully avoided obligating themselves to engage in the fertilizer business.

Another proposal was that of Frederick E. Engstrum, who proposed to complete the dams for the Government on a cost-plus basis and to operate the dams and nitrate plants in the manufacture of fertilizer to the extent permitted by the proceeds from the sale of these fertilizers, together with a small portion of the receipts from the sale of power, the balance of the power receipts to be retained by him for his services.

This was also the offer of Dr. Charles L. Parsons, who had led this country into an expenditure of about $13,000,000 in nitrate plant No. 1, and who proposed to purchase this unsuccessful nitrate plant for the sum of $600,000. As a condition of that purchase he required an option to lease the great part of nitrate plant No. 2 for $50,000 per year and proposed to buy from the Government 100,000 horsepower of secondary power at the modest price of three-quarters of a mill per kilowatt hour.

NO FERTILIZER GUARANTY IN OPPONENTS' OFFER.

None of the offers contained a guaranty to produce any definite amount of fertilizers. With the opening of the new Congress, none of the bidders of two years ago renewed their bids except Mr. Ford, who notified this committee that his offer still stood.

The Alabama Power Co. came in with a new proposal which, although widely heralded in the press as a better offer than Mr. Ford's, turned out to be merely a proposal to utilize this water power for public-utility purposes. It is true that their offer contained a promise to operate a small plant of not less than one-eighth of the capacity of nitrate plant No. 2, but they did not agree to operate even this small plant at its full capacity, and their offer did not require the capital of their proposed company to be paid in in cash, and in general it failed to command the confidence of the committee.

The Union Carbide Co. also made an offer to operate nitrate plant No. 2 for the Government on a cost-plus basis; and an even less satisfactory proposal to the Government, wherein the Government took the risk and the proposers took part of the profits, if any, was that of A. H. Hooker and his associates, W. W. Atterbury and J. G. White.

These last two offers contemplated operation at the expense of the Government, and it is fair to say that there are a few Members of Congress and perhaps some citizens who favor the operation of these plants in the manufacture of fertilizer by the Government. However, it is apparent that but a small minority of the membership of Congress or of the people subscribe to this doctrine of Government ownership and operation of this great undertaking.

WHAT CAN BE DONE?

With the dam rapidly approaching completion and a large Government investment tied up in ineffective and idle nitrate plants necessarily costing the Government many thousands of dollars annually to guard and maintain, with the prospect of an ever-increasing expenditure for the maintenance of these plants, and faced with the undeniable fact that nitrate plant No. 1 was a failure and would require at least $4,000,000 for its reconstruction along successful lines, and further confronted with the fact that the great facilities at nitrate plant No. 2 were already practically obsolete, the question naturally arose in the minds of everyone charged with handling the people's money, What can be done? What solution of this problem can be had that will relieve the Government of this burden and at the same time provide, for national defense, that the great nitrate plant shall be maintained and kept up to date? And there was also to be considered the peace-time provision of our law looking to the manufacture of fertilizer for the benefit of the farmers of the country, and the interest of the Government in making the Tennessee River navigable at this point with the least possible expenditure was also to be kept in mind.

FORD'S THE ONLY SATISFACTORY OFFER.

When all of these things were considered it was the sense of a large majority of the present Committee on Military Affairs that of all the offers submitted the offer of Mr. Ford is the only one which is made in absolute good faith, and conserves not only the interest of the Government but gives great promise of bringing about what the people of this country have long hoped for—a reasonable price for fertilizer necessary on a great portion of the farms of our country. And, feeling as we do about the matter, we earnestly submit this proposal for your consideration.

WHAT MR. FORD AGREES TO DO.

Now let us see what Mr. Ford proposes to do:

First. That he is to form a corporation with capital stock of $10,000,000 or more, of which at least $10,000,000 shall be paid in in cash.

Please take notice of this first provision. It is a proposal to form a corporation, upon the acceptance of the offer, with a capital stock of $10,000,000 or more, of which at least $10,000,000 shall be paid in in cash. This is a straightforward, clean-cut business proposal. There is nothing in that paragraph which reads:

> That when a corporation having adequate powers for the purpose hereafter mentioned shall have been incorporated * * * that the corporation shall have a capital stock of not less than $15,000,000, subscribed by responsible parties.

You will note the difference. I am quoting from the last offer made by the allied power companies, which offer, by the way, was not prepared and introduced into the House until the 8th day of February, 1924, notwithstanding the fact that the gentlemen now submitting this so-called proposal in H. R. 6781 were advised two years ago and more that the Government had this property on its hands and was seeking a solution of this problem.

NOT A STOCK-JOBBING PROPOSAL.

I think all will agree that Henry Ford has sufficient capital to pay in this capital stock in cash, himself, if his proposal is accepted, and the business of making cheaper and better fertilizers for the farmers will not become the subject of a stock-watering and stock-jobbing campaign. Let us not forget that on this point the financing of this enterprise by the sale of $15,000,000 worth of stock for the purposes set forth in the proposal of the Alabama Power Co. and its associates, which I have mentioned, would probably result in the defeat of the whole effort to get rid of this great problem at this time. Of course, it would be a fine thing for the stock and bond salesmen of the country, for there is no obligation requiring that the stock be sold at par, and the opportunity is there to put the demands of a host of stockholders ahead of the interests of the farmers.

COMPLETES DAMS AT COST.

Second. The company shall complete for the United States, subject to the approval of the Chief of Engineers of the United States Army, Dam No. 2, its locks, power house, and all necessary equipment, all in accordance with the plans and specifications prepared or to be prepared or approved by the Chief of Engineers of the United States Army, and progressively install hdyroelectric equipment in said power house adequate for generating approximately 600,000 horsepower, all work aforesaid to be performed as speedily as possible at actual cost, without profit to the company.

He further proposes that as soon as the release of suitable construction equipment and labor forces at Dam No. 2 will permit, or at an earlier date, if desired by the company, the company shall construct and complete, subject to the approval of the Chief of Engineers of the United States Army, for the United States, Dam No. 3, its lock, power house, and all necessary equipment, all in accordance with the plans and specifications prepared and to be prepared by the Chief of Engineers of the United States Army, or by the company, at its option, and approved by the Chief of Engineers of the United States Army, and progressively install the hydroelectric equipment in said power house adequate for generating approximately 250,000 horsepower, all the work aforesaid to be performed as speedily as possible at actual cost and without profit to the company.

You will notice that he is to do this work for the Government without profit to the company. This, of course, runs to the benefit of the purchasers of fertilizers by reducing the overhead cost of the capital invested. It is strange, indeed, that out of all the offers submitted not one of them carried any such provision, until the offer represented in House bill 6781, introduced into Congress on the 8th day of February, 1924, in which they have copied practically the very language of Mr. Ford's offer and have decided to be as generous to the public as Mr. Ford proposed two years ago. In truth, they seem to be trying to get on the band wagon, but the band wagon is crowded.

It is pertinent to state that the same provision in connection with profit to the company applies to the construction of Dam No. 3 that governs Dam No. 2, and it might be well at this point to say, in justice to some inquiries that have been made, why is it necessary to construct Dam No. 3? In the first place, it is necessary to construct Dam No. 3 in order to furnish additional primary or useful power to carry out the real intent and purposes of the Ford proposal in the manufacture of fertilizers. In the second place, the navigation of the Tennessee River must be considered, and it is important to understand that the construction of the locks at Dam No. 2 without the construction of Dam No. 3 would be an idle waste of public money.

LEASES DAMS FOR 100 YEARS.

Third. He further proposes that the company will lease from the United States Dam No. 2, its power house, and all the hydroelectric and operating appurtenances, except the locks, together with all lands and buildings owned or to be acquired by the United States, connected with or adjacent to either end of said dam, for a period of 100 years from the date when structures and equipment of a capacity of 100,000 horsepower are constructed and installed and ready for service, and will pay to the United States as annual rental therefor 4 per cent of the actual cost of acquiring lands and flowage rights and of building the locks, dams, and power-house facilities, payable annually at the end of each lease year, except that during and for the first six years of the lease period the rental shall be in the following amounts and payable at the following times: $200,000 one year from the date when 100,000 horsepower is installed ready for service, and thereafter $200,000 at the end of each year for five years.

Also, the company will lease from the United States Dam No. 3, its power house, and all of the hydroelectric and operating appurtenances, except the lock, together with all lands and buildings owned or to be acquired by the United States, connected with or adjacent to the end of the said dam, for a period equal to the lease term of Dam No. 2 and its hydroelectric power equipment thereat, in order that the said lease terms of the two dams and the hydroelectric equipment thereat shall expire at the same time, the said period to begin at the date when said structures and equipment of a capacity of 80,000 horsepower are constructed and installed and ready for service, and will pay to the United States as annual rental therefor 4 per cent of the actual cost of acquiring the lands and flowage rights and of constructing the lock, dam, and power-house facilities, payable annually at the end of each lease year, except that during and for the first three years of the lease period the rentals shall be for the following amounts and payable at the following times, to wit: $160,000 one year from the date when 80,000 horsepower is installed and ready for service, and thereafter $160,000 annually at the end of each year for two years.

Perhaps one of the strongest drives being made against the Ford offer is on the length of the lease period, and it is passing strange that some of this opposition comes from beneficiaries of 100-year licenses, and in some cases where the license is perpetual. Outstanding among these critics we find Col. Hugh L. Cooper, consulting engineer at a large salary in connection with the construction of Dam No. 2, and who for a time was vice president of the Mississippi River Power Co., which operates the Keokuk dam under a perpetual lease.

Mr. HULL of Iowa. Will the gentleman yield?

Mr. McKENZIE. Just for a brief question.

Mr. HULL of Iowa. The gentleman will admit that all those leases were obtained before the passage of the water-power act; is not that true?

Mr. McKENZIE. Oh, of course.

Mr. ALMON. So was the Wilson Dam ordered to be built two and a half years before the water power act.

Mr. McKENZIE. It is idle to ask a man who has been on the Committee on Military Affairs as I have such a question as that.

When questioned as to why a perpetual lease was necessary at that time he claimed that it was because of the competition that water power had to meet in low-priced coal. In other words, his argument was to the effect that while the Mississippi River Power Co. was entitled to a perpetual lease to reduce the cost of its power to meet competition, it would be unfair to permit Mr. Ford to have a lease limited to 100 years at Muscle Shoals so that the farmers could have the benefit of its advantages in the production of fertilizer. Another critic of the 100-year period proposed by Mr. Ford is Mr. O. C. Merrill, executive secretary of the recently created Federal Power Commission, which commission has charge of licenses over water-power projects.

FALLACIES IN THE 50-YEAR ARGUMENT.

But, my colleagues, there is a widespread misunderstanding about the significance and value of this 50-year lease period. The value of our water powers to the American people depends upon the cost of the power and the rates at which it is sold. The length of the lease of a water power has no more to do with the rates at which that power is sold than the length of the lease of a railroad has to do with the price of a railroad ticket. The absurdity of these arbitrary lease periods was well brought out before our committee by Col. J. W. Worthington, chairman of the executive committee of the Tennessee River Improvement Association, who brought to our attention the fact that on the Little Tennessee River, because of the fact that this branch of the main Tennessee is a so-called "non-navigable" stream, the rights to the use of the water enjoyed by Mr. Mellon's Aluminum Co. of America are perpetual. A few miles farther down the stream the same waters of the Little Tennessee pass through the turbines of the Hales Bar development below Chattanooga, and here the rights to the use of the water is limited by act of Congress to 99 years, and the reason assigned for the distinction is the fact that boats can pass through the locks at the Hales Bar Dam. For this reason the power is limited to 99 years. Passing on farther downstream we come to Muscle Shoals and here, because it is a navigable stream, it is proposed to limit the lease period to 50 years.

Gentlemen, the only argument that can be advanced in favor of a short lease is that it gives the Federal Government an opportunity to step in and demand a greater rental for the water-power rights at the end of the lease period, but that is clearly not in the interest of the consumer, for it is merely an arbitrary charge which unnecessarily increases the cost of the power. It might be claimed that the man with the perpetual lease or a 100-year lease had an unfair advantage over his competitors whose leases are limited to 50 years. If that be true, then the remedy is to tax all such powers and whenever in the wisdom of Congress such a step appears advisable then this body has the power to do it.

While the United States leads the world in the development of water power, only about 16 per cent of our total powers have been developed and 84 per cent of these powers still run to waste. It behooves us then in the interest of the country at large not to obstruct and make difficult and costly the development of these powers but to expedite their early development at the least possible cost.

POWER CONSTANTLY BECOMES CHEAPER.

While I am on this subject of the lease period I would like to state to the House, what I have frequently stated to the committee, that I can find nothing in the history of power development in this country which, in my opinion, warrants the conclusion that the cost of power in the future will be greater than it has been in the past, for the indications all point in the other direction. Electric power generated from coal is one of the very few commodities which is cheaper to-day than it was 20 years ago, and yet experts tell us that in the best of our steam-power plants we still waste more than 80 per cent of the energy contained in the coal, so that there is a vast room for improvement, and yet with all our deficiencies the cost of steam power in a modern plant favorably located is almost as low as the cost of water power in an economical development.

MUSCLE SHOALS NOT AN ORDINARY WATER-POWER PROJECT.

The chief argument against the 100-year lease period is that this Federal Power Commission of ours has been issuing licenses for the construction of power dams all over the country which are limited to 50 years. Let no man confuse the operation of Muscle Shoals under the Ford offer with the ordinary water-power project. The responsibilities of Mr. Ford at Muscle Shoals have nothing in common with the undertakings of a little power company lighting some village or operating a street-car system with power from a hydroelectric dam. Those who complain of Mr. Ford's lack of regulation deliberately close their eyes to the fact that at Muscle Shoals he is required to assume obligations to the public which far outweigh any regulations of the ordinary water-power company operating under the Federal water power act. No man will undertake to dodge behind this lease period for the purpose of defeating this legislation because he believes that the best interest of the people of our country are conserved by defeating the Ford offer simply because it is not limited to 50 years. If he believes that the Ford offer is a good thing for 50 years certainly the same argument would hold good that it would be a good thing for 100 years for the people. The truth is that this drive is not made simply to have this period limited to 50 years, but all these specious arguments are simply brought forward for no other purpose than to defeat the Ford offer, and when it is once defeated then these great power companies that are laying in the offing, viewing this dam with an avaricious eye, will come to the little bureaucratic commission down here on the Avenue and probably get what they want. So, gentlemen, do not deceive yourselves—do not think for a moment that the people will be deceived. [Applause.]

PROVIDES FOR OPERATION AND MAINTENANCE OF LOCKS AND DAMS.

Fourth. He further agrees that the company will pay to the United States during the period of the lease of Dams Nos. 2 and 3, $20,000 annually in installments quarterly in advance for repairs, maintenance, and operation of Dam No. 3, its gates and lock, and $35,000 annually in installments quarterly in advance for repairs, maintenance, and operation of Dam No. 2, its gates and locks, it being understood that all necessary repairs, maintenance, and operation thereof shall be under the direction, care, and responsibility of the United States during the said 100-year lease period. The company, at its own expense, will make all necessary renewals and repairs incident to the efficient maintenance of the power houses, substructures, superstructures, machinery, and appliances appurtenant to said power houses, and will maintain the same in efficient operating condition.

This provision in the Ford offer has been strenuously criticized by the friends of the power companies and others opposed to the Ford offer. On this point I strongly rely on the statement of Major General Beach, Chief of Engineers of the United States Army, under whose supervision this dam was started and who has had wide experience in connection with such matters. He stated in his testimony before the committee "that the amount mentioned—$55,000—would be ample," and, further, in a letter under date of August 15, 1921, to Hon. A. W. Mellon, Secretary of the Treasury, said "the average annual costs of maintenance and repairs for both Dams Nos. 2 and 3 for dams, locks, and gates during the lease period is estimated at $50,000 per annum." But what do the critics of this provision have to say when they read H. R. 6781, the bill which represents the very acme of all the efforts of the power companies to write a proposal equal to or better than Mr. Ford's in connection with the subject of repairs? I would refer you to section 12 and section 17 of their proposal. They say in connection with this matter what they are willing to do, and then at the end of the section they state that "the necessary repairs, maintenance, and operation of Dam No. 3 and the locks shall be under the direction, care, and responsibility of the United States and at its expense during the said 50-year lease period."

FREE POWER TO OPERATE LOCKS.

Fifth. He further proposes that at all times during the period of the lease of Dam No. 2 the company will furnish to the United States free of charge, to be delivered at any point on the lock grounds indicated by the Chief of Engineers of the United States Army, electrical power to the amount necessary for the operation of the locks, but not in excess of 200 horsepower, and shall also furnish power for the same purpose at Dam No. 3, but not in excess of 100 horsepower.

This provision is simply a straightforward business proposition to hold the Government free from any expense in connection with the operation of the gates and locks which will be utilized to the benefit of navigation. It is one of the provisions of this proposal running solely for the benefit of the Government and is of no small consequence.

PROVIDES FOR SINKING FUND TO RETURN GOVERNMENT'S ORIGINAL INVESTMENT.

Sixth. He further proposes to provide a sinking fund covering the lease period, which at the end of the same will amortize to the Government the cost of completing Dam No. 2, the construction of Dam No. 3, and the cost of the flowage rights in connection therewith.

Personally I am not an accountant; I do not know how to calculate such matters, but I am willing to take the word of the Secretary of War, who says that it will do the job and sets up a table which shows that the Ford payments into the amortization fund will create during the lease period, at 4 per cent interest, a fund of $49,071,935; at 4¼ per cent, $58,570,003; at 4½ per cent, $70,100,049; at 5 per cent—which could be secured by investing in Federal farm-loan bonds—$100,869,642; and at 6 per cent, $213,134,690. (House hearings, 1922, p. 7.)

Mr. HULL of Iowa. Will the gentleman yield? How much money does he pay into the sinking fund in the 100 years?

Mr. ALMON. An amount which, if the Government uses it at the rate of 4½ per cent, will amount to $70,000,000.

Mr. HULL of Iowa. I asked the gentleman from Illinois.

Mr. McKENZIE. Do not take up my time in that way. I want to say to the gentleman from Iowa that I am not an accountant. The gentleman is one. I will take the word of the Secretary of War, the Hon. John W. Weeks, who says that this proposition of Mr. Ford's will do the job, and if it does the job and puts the money back into the Treasury of the United States, why quibble about the per cent? [Applause.]

Mr. HULL of Iowa. Will the gentleman yield there?

Mr. McKENZIE. No; I can not yield further. I would be delighted to yield if I could.

Mr. McSWAIN. If the gentleman will permit, I asked that question in the committee, being a new member of the committee, and I submitted it to the Federal Reserve Board's expert and actuary, to the Federal Farm Loan Board's expert and actuary, and to the actuary of the Bureau of Economics of the Department of Agriculture, and I have the calculations of all three of them, and all three agree that it will be more than $49,000,000.

Mr. McKENZIE. Now, Mr. Chairman, if the gentleman will pardon me, I want to go on.

PAYS $5,000,000 CASH FOR NITRATE PLANTS.

Seventh. Mr. Ford further proposes to pay to the Government for the conditional conveyance to him or his company of all the property constituting nitrate plants Nos. 1 and 2, the Waco Quarry, and the Government's rights in the Gorgas steam power plant on the Warrior River, and its transmission lines, the sum of $5,000,000 in five annual installments, providing that the deeds to this property shall refer to or contain the provisions of his offer, and that these deeds shall be so drawn as to make these provisions covenants running with the land.

It is perhaps fair to say that this provision in the Ford proposal has been the occasion of more thoughtless comment than all the other provisions in the proposal. As a bald proposition, thinking only of dollars and cents, it is somewhat startling to say that we will convey to the man or a corporation for $5,000,000 property which has cost the Government nearly $84,000,000, and, unexplained, this would be sufficient to defeat any such proposal without debate. But what are the facts? The Ordnance Department estimates the sale value of this property at $16,272,000, and Gen. C. C. Williams, in commenting on this matter—page 19, House hearings—said the following:

The Ford offer from the standpoint of the Ordnance Department has the very important advantage of materially assisting in the devel-

opment of nitrogen preparedness and has the disadvantages of conflicting with the contractual obligations with the American Cyanamid Co. and the Alabama Power Co., and of making a net return to the Government of less than $5,000,000 for properties which has an estimated salvage value of some $16,000,000.

The difference, $11,000,000, appears, therefore, to be the price which the United States is paying for nitrogen preparedness. If the plant is diverted to any purposes which do not include nitrogen fixation, this asset is lost to the Government.

NATIONAL NITROGEN PREPAREDNESS FOR 100 YEARS FOR $3,000,000.

That is not all, my colleagues, for we must consider that Gen. Lansing H. Beach, the Chief of Engineers of the United States Army, has stated to the committee that to improve navigation alone at Muscle Shoals would cost about $8,000,000. If this amount is deducted from the $11,000,000, it will be seen that we are paying only $3,000,000 for national preparedness. So you see after all we should not be startled by the mere statement of war-time cost expressed in dollars and cents, which no longer is any indication of the actual value of the property. In order that you may not be deceived about this matter, let us see what actually happened in other great governmental enterprises started during the war—sometimes by patriots, sometimes by people perhaps controlled by selfish motives, but in every instance we can find much food for thought.

I wish to call your attention to the testimony of Gen. C. C. Williams, Chief of Ordnance, regarding the sale of the Old Hickory powder plant. Here was a war plant that cost $84,912,000. Some $5,708,000 worth of materials were transferred from the plant before it was sold, so its net cost was $79,204,000. Its salvage value was estimated by the ordnance office at $7,600,000, but when the Government undertook to get cash for it they received $3,505,000, and the plant was scrapped.

At the Nitro (W. Va.) powder plant we fare a little better, receiving, according to General Williams, some $8,551,000 for a plant that had cost us net about $58,000,000.

On the other hand, our wooden ships, which cost us $800,000 apiece, were sold for $5,000 each—a salvage of less than 1 per cent of their cost.

It is evident, my colleagues, that the $5,000,000 cash payment compares favorably with the amounts received for other Government war property, but in this case there are other considerations of such great importance that in comparison this $5,000,000 is a mere cash payment to bind the transaction.

OTHER CONSIDERATIONS BESIDES THE $5,000,000.

What else does he propose to do in addition to paying the $5,000,000?

First, he agrees to maintain nitrate plant No. 2 ready for immediate use by the Government for 100 years, but he does not limit his obligation to the maintenance of this plant in its present state of readiness, for he agrees to research improved processes and to adopt such processes as prove successful. He not only agrees to maintain the nitrate plant, therefore, but he agrees to maintain it in an up-to-date condition, and the offer therefor states that he will maintain nitrate plant No. 2 or its equivalent, which is only another way of saying that either this plant or a better plant of at least equal capacity shall be available for the immediate use of the Government for 100 years. How much will such an obligation cost Mr. Ford no one knows, beyond the undisputable fact that it will be a large sum of money, and it is undeniable that if the Government should undertake to maintain the plants the best we could hope for would be that the plant would be kept in approximately its present state of readiness.

The second thing which he proposes is an agreement to furnish the power and the funds to take care of the locks and dams. When it is realized that the cost of maintaining the navigation improvements at Muscle Shoals has amounted to nearly 50 per cent of their original cost since their completion in 1890, it is evident that this is a provision of constantly increasing value to the Federal Government.

As a third consideration he binds himself for a period of 100 years to manufacture fertilizers, either as unmixed nitrates or as nitrates mixed with the other commercial plant foods—phosphoric acid and potash—according to demand. As to the amount of the fertilizers to be produced, the annual tonnage must be sufficient to contain 40,000 tons of pure nitrogen, which is the present operating capacity of nitrate plant No. 2. This is sufficient nitrogen to make 250,000 tons of Chilean nitrate, or 2,000,000 tons of 2-8-2 mixed fertilizer, and he further agrees to submit his books for the purpose of auditing to a committee selected by the farm organizations of the country, whose duty it is to see to it that his profit in the manufacture and sale of these fertilizers shall not exceed 8 per cent of the fair actual annual cost of production thereof.

As a fourth consideration he agrees to pay 4 per cent on the cost of completing Dam No. 2 and completely building Dam No. 3, including the flowage rights at both dams for the entire lease period, with the exception of the first few years when the nitrate plant is in progress of development and reconstruction.

His fifth consideration is a provision of annual payments for the purpose of setting up a sinking fund, and by the simple expedient of investing these payments in Federal farm-loan bonds they will return to the Government during the lease period the entire cost of both dams with their locks and power houses.

As a sixth consideration he agrees that the dams shall become automatically the property of the Government at the end of his lease. He does not require that the Government shall buy his property, and there are no loopholes whereby "severance damages" or any other kind of damages may be claimed as a condition to the termination of his lease.

Seventh, it is provided that the sale is conditional, for the deeds to be executed and delivered to Mr. Ford are to be so drawn as to make the provisions of this proposal covenants running with the land. Therefore, in addition to the $10,000,000 paid-in capital, and in addition to the Government property which is already at Muscle Shoals, we have as security the large additional investment which Mr. Ford must make in plants to utilize the power, which adds to the security of the Government's interest in the contract.

Finally, in addition to all the usual legal remedies available to the Government for the enforcement of his contract, Mr. Ford removes legal obstacles and makes doubly sure the faithful performance of this contract by a specific agreement that in case of the violation of any of the terms of his proposal the Attorney General of the United States, upon request of the Secretary of War, may institute proceedings in equity for the purpose of canceling leases on both dams or remedying the violation by injunction, mandamus, or other process of law.

FORD OFFER NEVER ESSENTIALLY CHANGED.

In order that the interests of the parties should be preserved, the committee, without objection from Mr. Ford, rewrote much of the offer, but in no place has the committee changed any of the essential provisions of the proposal.

Mr. HULL of Iowa. Will the gentleman yield? I simply want to know if the gentleman contends that Henry Ford is bound by this contract beyond the formation of the company?

Mr. McKENZIE. Absolutely.

Mr. HULL of Iowa. Where?

Mr. McKENZIE. Read the bill. You have got time; sit down there at the desk and read it.

Furthermore, gentlemen, I wish to say that at the time of the preparation of this proposal the Judge Advocate General of the United States Army took part in the preparation of the offer and saw to it that the interests of the Government were safeguarded in all particulars. The very fact that Mr. Ford worked in cooperation with the representatives of the legal arm of the Military Establishment made it evident that he had no intention of taking any undue advantage of the Government in any way.

REASON FOR THE "MADDEN AMENDMENT."

These are the essential provisions of the Ford offer, which has stood for nearly three years as the only proposal for the Muscle Shoals project fully providing for carrying out the policy of the Government as expressed in the national defense act, but there was an obstacle in the way of our acceptance of this offer. Mr. Ford recognized, as did the representatives of the power companies, that it was absolutely essential to the successful operation of the Muscle Shoals plant to have an auxiliary steam-power plant of reasonable size located conveniently, with respect to coal and water, in order to furnish economically the additional electrical power to carry on the operations at Muscle Shoals during periods of low water on the Tennessee River.

Mr. Ford is a business man, as are also the representatives of the Alabama Power Co.; and they all recognize the fact that it would be far cheaper to build the plant in the coal fields and transmit the current over wires rather than to haul the coal by rail from the coal fields to Muscle Shoals, and for that reason he included in his proposal the taking over of the Government's interest in the Alabama Power Co.'s Gorgas steam plant on the Warrior River.

It is also true that there was some question in the minds of some Members of Congress as to whether or not the contract entered into between the Government and the Alabama Power

Co. covering the Government's interest in this particular plant was a legal contract, and in the report of the committee in the last Congress the proposal was reported to the House with that part eliminated with the understanding that it was a matter which we felt should be determined by the whole membership. However, the bill reported in the last Congress was not reached for consideration, and during the recess of Congress the interest of the Government in this plant, located in the coal fields, was sold by the Secretary of War to the Alabama Power Co.

As I have stated, Mr. Ford informed our committee during the present session of Congress that his offer still stood, but his offer included the Government's interest in the Gorgas plant which had been sold, and it was obvious that we were not in position to accept his proposal which he had made for acceptance as a whole and not in part. Finding that he was willing to stand by his offer after an equivalent steam plant equally well located was provided, Mr. MADDEN proposed the so-called Madden amendment to be found in section 19 of the bill which is before us. This provides for the acquiring of a site on the Warrior River in the coal fields, together with a right of way for a transmission line to Muscle Shoals, and applying on the cost of same no more than the amount received from the Alabama Power Co. for the Government's interest in the Gorgas plant which Mr. Ford had included in his original offer.

The committee, seeing the necessity for this auxiliary plant, and having especially in mind the need for such a plant to reduce at least to a reasonable extent the cost of power to be used in the manufacture of fertilizer. feels that this amendment should be agreed to, or otherwise the whole proposal falls.

OTHER AMENDMENTS.

It might be pertinent at this point to say that several other amendments were adopted by the committee, to all of which Mr. Ford has given his approval. Notice especially section 23 of the present bill, which binds Mr. Ford personally, together with his heirs, representatives, and assigns, and also the amendment providing for the payment of interest on all money expended on Dam No. 2 since the date of the presenting of his proposal, April 31, 1922.

FORD OFFER NOT A SUBSIDY.

I wish to call to your attention the oft-repeated charge that this is a proposition to give to Mr. Ford a large subsidy by the way of surplus power as a reward for his producing fertilizer for the farmers. In other words, it has been charged that we are subsidizing Mr. Ford in the interest of the farmers of the country and at the expense of all the rest of the people of the country. I do not wish to take much of your time in discussing a proposition which, to my mind, is perfectly absurd. When I remember that we have expended more than a billion of dollars on the inland waterways of our country, $90,000,000 having been spent on the Ohio River alone and much more ought to be expended if we wish to make it a real navigable stream, all without any return to the Government. In this proposal of Mr. Ford, on the other hand, he assumes all the liabilities and responsibilities that I have mentioned and pays 4 per cent on the cost of the dams which are to produce the power, in addition to providing for the return to the Government of the entire cost of the dams, locks, and power plants. To call such a proposal a subsidy, to my mind, is to ignore its terms and to refuse to see the plain facts in the case. I want to submit, however, the testimony of a few distinguished gentlemen who are now found on the outskirts—standing in the background as snipers, shooting at this proposition the most vicious charges of subsidy or largess—they have used largess in the views of the minority, and I suppose that is a meaner word than subsidy, but I am certain, however, that my friend from Iowa can probably explain just what it means.

Now, let us see what they have to say:

> In our opinion, it amounts to a gift of enormous property and industrial advantage to a private citizen from the resources of the United States. No government, and especially no democracy, can single out for special favor any individual or group of individuals without grave wrong, injustice, and scandal.
>
> We do not think it just or wise or proper for a government to bestow largess upon individuals, no matter how great or good or beneficent or efficient they may be.

MINORITY FURNISHED HOUSE NO COMPARATIVE FINANCIAL STATEMENT.

It is all very well to talk about an enormous gift and special favor and call the acceptance of the Ford offer subsidy or Government largess, but mark well that the minority wisely refrained from including in their report a comparative financial statement showing the returns to the Government under the Ford offer and under the offer of the Alabama Power Co. and its associates, which they state is better than Mr. Ford's.

FORD OFFER RETURNS $535,000 PER ANNUM MORE THAN NEAREST COMPETITOR.

It is not my intention to go into details with regard to Mr. Ford's payments. That will be considered by others who will follow me in this discussion, but I do want to state that on a most conservative basis the comparison given in the majority report no longer represents the situation since the power companies' friends have come forward with their latest bill of February 8, 1924 (H. R. 6781). In the light of this, their most recent effort, it is evident that in 50 years the returns to the Government under the power companies' offer will be about $146,000,000, or an average return per annum of $2,915,000, while under the Ford offer the total returns for 100 years are about $345,000,000, an average of $3,450,000 per year, so that there is an annual financial gain by accepting the Ford offer not of $235,000 per year, as stated in the majority report, but of $535,000 per year. Please notice, my colleagues, that we do not compare the totals in these two offers, but we compare the average annual return under the two offers, which we believe, under the circumstances, is the only fair way of making the comparison. Is it not, then, absurd to cry "subsidy" in accepting an offer which returns half a million dollars per year to the Government over its nearest competitor?

It is perhaps true that the representatives of the great Chilean nitrate trust are somewhat disturbed over this matter and charge "subsidy" and "largess," but, gentlemen, let that be as it may. For one, I feel that in attempting to have this proposal enacted into law we are not handing Mr. Ford a subsidy but we are making it possible for a man with the money and the organization to take hold of this great enterprise and really accomplish something in the interest of the people of our country who are engaged in agriculture. Surely we could not be charged with committing a crime; surely we could not be charged as participating in a scandal if it should develop that Mr. Ford should happen to reduce the price of fertilizer to the farmers of this country 25 to 50 per cent. I always doubted that to some extent, but I have already submitted for your consideration the testimony given before our committee by some of the gentlemen who are now standing in the background shouting "Defeat the Ford offer! It may be a scandal!" and things of that sort.

As we pointed out in the majority report of the committee, even if the acceptance of the Ford offer does not result in a reduction in the price of fertilizer to the farmers of the country by 25 per cent or 50 per cent, but merely has the effect of eliminating the import duty on Chilean nitrate, the saving to American consumers, based on last year's record, would amount to the tidy sum of $1,100,000,000 in 100 years.

SCORES OF LARGE WATER POWERS ON NONNAVIGABLE STREAMS FAR LESS REGULATED.

There are others who charge, perhaps, that this is a scheme to give Mr. Ford an undue advantage in the industrial world by permitting him to use the surplus power not employed in the manufacture of fertilizer to be used in the production of articles which might go into the homes of our country. They say he should be compelled to distribute this power under State regulation, but how many thousands of water-power owners, large and small, are located on our streams who, merely because these streams have been held to be nonnavigable, enjoy their perpetual rights, free from any regulation, and use the power in their own business? Such, for example, are the large developments of the Aluminum Co. of America, at Niagara Falls and on the Little Tennessee River and the Yadkin River in North Carolina.

WHY NOT HAVE CHEAPER ALUMINUM?

It has been said by some that Mr. Ford expects to engage in the manufacture of aluminum. If this should happen, I have no doubt that the Aluminum Trust of this country, which is organized from the ground roots up to the polished dish that goes on your kitchen table for your good wife to use, will say that we are giving Mr. Ford a subsidy, but will the great mass of the people of the country object seriously if Mr. Ford should engage in the production of aluminum and it should turn out that our wives would be enabled to buy an aluminum tea pot for a little less money than we have to pay to-day? God forbid any such thing as that might happen.

Now, what is another charge that is made. It is said, and vociferously reiterated, that Mr. Ford does not expect to manufacture fertilizer unless he can manufacture it at a profit of 8 per cent, and that if he can not manufacture it at a profit of 8 per cent then he will not manufacture it at all.

Mr. MADDEN. Of course, there is not any truth in the statement he does not propose, because he does propose, the manufacture of fertilizer, whether he makes anything or not, and never proposes to charge more than 8 per cent. [Applause.]

Mr. McKENZIE. I am coming to that point.

FORD DOES GUARANTEE TO MAKE FERTILIZER—HIS OFFER NOT CONDITIONAL ON HIS ABILITY TO MAKE 8 PER CENT OR ANY OTHER PER CENT.

Now, my colleagues, I am sure that you do not feel that those of us who have been on the committee listening to all of this discussion claim to be possessed of an unusual amount of human wisdom, but I sincerely trust that you do have some faith in our integrity when it comes to the consideration of a question of such general interest to the people of our country. One of the questions to which was given perhaps the most serious consideration of all the provisions of this proposal was the proposition contained in section 14 of the bill covering the manufacture of fertilizer. I am not a college graduate; perhaps I was unfortunate in not having had such an opportunity, but I do believe that in spite of that deficiency I can read intelligently the English language. I have read section 14 and I am absolutely convinced that there are no words in the English language that could be added which would strengthen this provision.

More than that, I have not relied entirely on my own knowledge in connection with these matters, nor have the other members of the committee. We have the testimony of the Judge Advocate General, Colonel Hull, who said before our committee in discussing Mr. Ford's obligation to make fertilizers under his offer:

He would have to do it unless relieved by Congress or a court of equity.

Mr. PARKER. But it says "other causes beyond his control," and the price of the goods on the market would be beyond his control?

Colonel HULL. As I said, in my judgment, the courts would not hold that price would be "other causes beyond his control."

In addition to that, I want to call another witness, Prof. Thorndike Saville.

Professor Saville, according to his testimony before our committee, is the associate professor of hydraulic and sanitary engineering at the University of North Carolina; he is also hydraulic engineer for the North Carolina Geological and Economic Survey. He was graduated from Harvard University with the degree of bachelor of arts; from Dartmouth College with the degree of civil engineer; from the Massachusetts Institute of Technology with the degree of master of science, and from Harvard University with the degree of master of science. No one can successfully claim that Professor Saville has lacked opportunity for obtaining higher education.

The CHAIRMAN. The gentleman from Illinois has consumed one hour.

Mr. McKENZIE. I will yield myself, Mr. Chairman, 10 minutes additional.

The CHAIRMAN. Without objection, the gentleman's time will be extended 10 minutes.

There was no objection.

Mr. McKENZIE. I asked Professor Saville the following questions:

Do you make it as a positive statement that Henry Ford will not manufacture fertilizer at Muscle Shoals unless he can make 8 per cent?

Mr. SAVILLE. I have that statement from the minority opinion on the testimony before the committee last year, if I remember, by Representative KEARNS.

Mr. McKENZIE. Have you read the bill?

Mr. SAVILLE. Yes, sir; I have read the bill.

Mr. McKENZIE. What do you say about that language in there? You are a graduate from Harvard University, the Institute of Technology, and so on, and what do you say about the language, as to whether he is required to make a profit at all?

Mr. SAVILLE. I say the language is indefinite; he does not commit himself.

Mr. McKENZIE. Please tell us. That is what we want to get at. If that is indefinite, we want to know. Just read section 14, if you please, to the committee and then point out to us, if you can, where that is indefinite.

Mr. BEGG. Will the gentleman yield there for a brief question?

Mr. McKENZIE. If it is a very brief one.

Mr. BEGG. It is. I have just got through reading section 14 and I agree with the gentleman. Suppose he does not do it. Suppose the man falls down because he can not do it at the price, then what does the Government get out of it?

Mr. McKENZIE. He forfeits his lease.

Mr. BEGG. Where is that?

Mr. McKENZIE. Read the section.

Mr. BEGG. I have read it.

Mr. McKENZIE. Do not take my time by telling what you have done; just read it.

Mr. Saville then read section 14.

Mr. McKENZIE. Now, in section 15 is the other provision about the 8 per cent.

Mr. McSWAIN. I think, in fairness, he ought to read that, too.

Mr. SAVILLE. In order that farmers and other users of fertilizers may be supplied with fertilizers at fair prices and without excessive profits, the company agrees that the maximum net profit which it shall make in the manufacture and sale of fertilizer products shall not exceed 8 per cent of the fair actual annual cost of production thereof.

Mr. McKENZIE. I think that is far enough. Now, what is your criticism of that language; wherein is it indefinite?

PROFESSOR SAVILLE BACKS UP.

Mr. SAVILLE. The language recounted in the bill is not indefinite; no, sir.

Mr. McKENZIE. Then why did you make the statement?

Mr. SAVILLE. I will retract the statement that the language is indefinite.

My colleagues, this argument against section 14 is a mere subterfuge. In fact every argument that has been brought forward to throw discredit on the Ford proposal has had behind it but one purpose and that was the purpose of delaying and eventually defeating the proposal of Mr. Ford.

INCONSISTENCY OF OPPONENTS.

Two years ago the Alabama Power Co. did not contend so much against the Ford offer as a whole, but they contended that we had no right to convey to Mr. Ford the Government's interest in the Gorgas Warrior River plant and on that ground they made their fight. How inconsistent the position of many of these parties! Two years ago they contended that Mr. Ford could not perform under his proposed contract—to-day they contend that what they said two years ago was a mistake, that it is possible now for him to make fertilizers and deliver them to the farmer at half or even less than half their present cost. But they argue that even though he agrees to do this it is against the interests of the Government to accept his offer because they say that he will not distribute any of the surplus power but will use it all himself. So they have endeavored to turn the people of the cities and towns of that region against the Ford offer by telling them that if Mr. Ford's proposal is accepted the Muscle Shoals power will not be distributed. Apparently they have forgotten the fact that the only statement that Mr. Ford himself has ever made regarding the distribution of power from Muscle Shoals was sent broadcast throughout the country by the newspapers on October 11, of last year, a statement which contained the following significant announcement:

My offer is still before Congress. I shall not withdraw it * * * but I want to say this: If I get Muscle Shoals, we shall run power lines 200 miles in every direction from Muscle Shoals. We have been working and have learned how to send power long distances without loss by leakage.

FEDERAL POWER COMMISSION'S AGENTS' INTOLERABLE ATTITUDE.

In all these efforts to bring about delay the representatives of the power companies have been assisted and supported by the representatives of the Federal Power Commission, and that opposition is understood on the ground that this little bureau, which is a creature of Congress, desires to have within its power all of the water-power developments of the country. What a strange situation this suggests; that this puny creature, created by Congress, now attempts to say to its creator, "You do not know how to handle this proposition; let us do it; we are bureaucrats; we know how to guard the people's interests, because that is something we are taught when we become bureaucrats."

Gentlemen of the House, has the time come in this great country of ours when the Congress of the United States must surrender its function of deciding great public questions of national policy to a few bureaucrats here in Washington? If we have arrived at that point when the autocratic dictates of bureaucracy are such that Congress can no longer, as the representatives of the people, undertake to legislate in the people's interest, then it is about time to abolish some of these bureaus and to get rid of some of those autocrats.

WHAT MAY BE EXPECTED IF FORD OFFER IS DEFEATED.

What will be the result, my colleagues, if we listen to the song of these gentlemen in the bureau and the more urgent demands of the power companies who have had their eagle eyes upon this particular spot for lo, these many years? I will

tell you what will happen. The great nitrate plant that was erected on the theory that it was to be for the defense of our country in time of war will deteriorate and fall into ruin. The Tennessee River will continue to be a nonnavigable stream. Dam No. 2 will be finally completed; the water will be flowing over the dam. Congress will be appropriating hundreds of thousands of dollars to take care of the project, and again the cry will rise, "What shall we do?" Then I can see in my mind's eye now the representatives of these power companies coming down to this little bureau on the Avenue, taking out a license under the Federal Water Power Commission, and a wire will be brought in and attached and the current will start out from that wire, and the profits will begin to flow into the coffers of the power companies in this country. Then the minority may perhaps be justified in their intimation that some special interests may be favored, and the results may lead to scandal. Gentlemen, scandal can not arise if we act openly here, above board, and let the people know exactly what is being done and for their interest; but if we fail to act and let this thing drift until it falls into the hands of some irresponsible representative of a bureau here, God knows what will happen! Such things as that are what bring about scandal.

A REVIEW OF THE OPPOSING FORCES.

My colleagues, just let us see if we can get a clear picture of the people favoring this proposition and those opposing it.

On the one hand we have the great agricultural and labor interests of the country, the people who toil from morning until night—the toilers of this country—then there is that great class of people who are interested in the development of the inland waterways of our country that are back of this proposition.

Opposed to it are the representatives of the power companies of the South. I am not criticizing them for being opposed to it, for in selling power they make a livelihood and pay dividends to their stockholders, that is their business. If they can defeat the Ford offer and get the power themselves they are not to be criticized, that is their business. Then who else is opposed to it? Why, the electric bonding corporation who handle the stocks and bonds of the power companies of the country, and sell them at a nice fat commission. Then the General Electric Co. is opposed to it. Why? They are interested in selling to all corporations developing water power all the electrical instruments, machinery, and so forth, that they use in their business. Probably they could not do business with Mr. Ford.

Then, the mayor of Mobile seems to be opposed to it. He is opposed to it because he wants the power taken down to Mobile.

Then, there is a gentleman from North Carolina, Mr. W. B. Cole, a very estimable gentleman, who believes this great national stream should be held tightly in the grasp of a few people.

Then, there is our good friend Mr. Frazier, from Selma, Ala., who stated before the committee the reason he was opposed to the Ford offer was because if a man came into Selma with a basket of tomatoes he would flood the market. Mr. Frazier earnestly advocated the transmission of the Muscle Shoals power to Selma so that they could develop a great town there and sell all the tomatoes that this gentleman might have to sell. But I want to say very frankly, and with due regard for the feelings of the gentlemen who live locally in that country, that the people of the United States as a whole are not particularly interested whether tomatoes are sold at Selma or at Muscle Shoals. Furthermore, they are not particularly interested in whether the factory in Birmingham, or in Chicago, or in Boston, or Muscle Shoals is giving employment to the workingmen of this country. What they are interested in is that the men shall have work. More than that they are interested in the success of agriculture; they are willing and anxious that the farmer shall have a fair living profit, and that can be done in many sections by only giving the farmer an opportunity to purchase cheaper fertilizer.

GOVERNMENT OPERATION THE ALTERNATIVE.

Permit me to repeat what I have said on former occasions: Two courses are open—one, Government ownership and operation, which in view of the character of the project would mean in the judgment of the majority of the committee not only the failure from the standpoint of income but disaster to the hopes of the farmers and other users of commercial fertilizer. To have the Government undertake to engage in the manufacture of fertilizer ingredients with political superintendents, foremen, and straw bosses is unthinkable, and to undertake such a scheme would be unspeakable folly.

The alternative course is to sell the tangible property to private individuals or to a corporation on conditions prescribed by Congress, lease the power at a fair rental, and permit individual American initiative and ingenuity to have an opportunity at this place, where a great water power can be developed, requiring the preservation of the element of national defense and at the same time giving an opportunity for relief, if such there can be, to not only the Southland but our entire country in the way of commercial fertilizer at reasonable prices.

ACCEPTANCE OF FORD OFFER RECOMMENDED.

Is this possible? Does the Ford proposal promise such a consummation? We feel that it does, or at least it is the only proposal yet made by anyone that even gives ground for hope. While some may believe that it is not entirely free from objections, his offer is of such great potential possibilities that the committee feels assured that action by Congress will be prompt and a final and satisfactory adjustment of the matter will be reached.

OPPOSITION OFFERS DEFECTIVE.

The question has been asked by many, Why did not the committee give more extended consideration to some of the other offers submitted? To this query I simply wish to say that the committee did give serious consideration to all proposals submitted. However, as I have said, none of the offers included all of the elements which the committee felt were necessary in order to conserve the Government's interest properly.

Even the last word on this matter, represented in H. R. 6781, introduced into the House by the gentleman from Iowa after the filing of the majority report on the Ford proposal, does not provide for the maintenance of nitrate plant No. 2 except at the expense of the Government and, as pointed out heretofore, is objectionable in many particulars. Personally, I have never been impressed with the sincerity of any of these proposals, with the exception of the offer of Mr. Levering, which I am willing to concede is in good faith, and the proposal of the Hooker-Atterbury-White combination, which is a frank admission that the Government should stand all expenditures and the bidders simply share in the profits.

PRESS CARRIED DECEPTIVE STORIES.

It is not strange, my colleagues, that you ask "Why not more consideration for other offers?" in view of the publicity given to the opposition. Studied interviews have been conceived in the minds of the opponents of the Ford offer and have been published under the guise of news, such as the one entitled "New Scandal Feared: Shoals Sale Opposed." In this article the public was informed that a warning to the effect that—

> The leasing or sale of the Government's nitrate and power properties at Muscle Shoals, Ala., to private interests might develop another great national scandal comparable to that of the Fall-Denby oil leases last night caused a decided change in the attitude of Congress toward the disposition of the Muscle Shoals project. (Washington Herald, February 10, 1924.)

Such a falsehood is an insult to every Member of this House, particularly to those who have studied this case and who know and have reported the facts. I repeat what I said before—there can be no scandal if we settle this matter here in the open with every man voting according to his convictions, but if we leave this great national policy to some little autocratic bureau to settle, then we may properly beware of scandal.

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

Mr. McKENZIE. I yield myself five minutes additional.

The CHAIRMAN. Without objection, the gentleman will proceed for five additional minutes.

There was no objection.

Mr. McKENZIE. You also perhaps noticed the headlines put on the interview given out at the time the views of the minority were filed, which interview was given out by the Associated Press, "McKenzie bill makes great gift to Ford," which appeared in the great metropolitan dailies, including the Chicago Tribune.

There was method behind all of this. In particular the interview headed, "Offer $100,000,000 for Muscle Shoals"—New York Times, January 10, 1924—was obviously intended to convey to the minds of the people of this country that Mr. Ford was to get this property for $5,000,000, while these generous and patriotic power companies stood willing and ready to pay $100,000,000 for it.

Such information given to the American people has only one purpose, and that is to deceive them. The purpose of the deception is to start a propaganda having the defeat of the Ford offer in mind, and this is the object which the power companies have been striving for from the beginning.

These latest proposals were not presented until the committee resumed consideration of the Ford offer, from which I assume

that the power companies had concluded that the Ford offer was forever dead, due to the sale of the Gorgas plant. Upon realizing that it was still alive they rushed in with ill-considered and fantastic propositions and proceeded to bolster them up with an evidently willing press, for no other purpose, in my judgment, than to delay and ultimately defeat the Ford offer. Having accomplished this their next move would clearly be to defeat the purposes of Congress in making the development—get their corporation fingers onto the power dam—use the power for their own purposes, thereby ignoring the farmer and his interests, interests which are conserved and provided for under the Ford offer.

Personally, I feel that it is to the credit of the intelligence of the members of the Committee on Military Affairs that they refused to give a willing ear to the representatives of these interests whose purpose is plain to any thinking man.

THE PROOF OF INSINCERITY.

To prove the insincerity of these gentlemen all you need to do is to read the concluding paragraphs in the views of the minority, where they virtually recommended to Congress that their own proposal be turned down.

OUR NATIONAL NECESSITY.

In conclusion, let us stop just for a moment and see if, in our imagination, we can get a clear perspective of the meaning of this whole matter. Muscle Shoals is located on the Tennessee River, one of the great rivers of our country, in the northern part of the State of Alabama. Stretching for hundreds of miles to the south and east, as far as there is land, are the great cotton fields which have clothed America for years, and from long-continued cultivation the soil has become impoverished in fertility. To the north and east for hundreds of miles stretch the lands which have been cultivated for three centuries. Here, too, the soil has become impoverished and abandoned and deserted farms are a familiar sight. Turning to the north and westward are the great fertile plains of Indiana, Illinois, Iowa, Minnesota, Missouri, Kansas, Nebraska, Wisconsin, and the Dakotas, which have not yet been so impoverished. In the cotton fields of the South and in the agricultural districts of the North and Northeast commercial fertilizer is a necessity. Gradually but surely the virgin elements of the fertile plains and prairies of the great West and North are becoming depleted and the soils of these States are now requiring more and more fertilizer as the years go by. [Applause.]

Having this in mind, forgetting that Muscle Shoals is in the South, forgetting all provincial interest, thinking only of our Nation as a great family, having in mind the welfare of all, shall we listen to the selfish interests which are fighting this proposal and reject the only plan which offers permanent and substantial relief to the farmers and dash their well-founded hopes to the ground?

NOT AN ORDINARY BILL.

Finally, my colleagues, this is not an ordinary bill, which can be amended by the House at will. True, we have the power, but you must remember that this is a proposal for a contract unique in its character and made possible only by one occupying the unique position of Mr. Ford.

When he submitted his proposal, which all must concede was made in good faith, he said:

> The above proposals are submitted for acceptance as a whole and not in part.

Now, my colleagues, it is up to you to accept this proposal or reject it as it stands, and an amendment to alter its terms is a motion to reject it as a whole. We are confronted today with one of the greatest problems before our country. Shall we listen to the objections of selfish and interested parties and cast this whole matter into the discard with the foolish thought that by so doing we shall have made an end of the matter? Or shall we, as representatives of the great people, rise to the occasion, give our approval to the proposal, relieve our Government from the ever-continuing and increasing expense in connection with this subject, provide for the national defense, encourage agriculture, and open up this great inland waterway as a highway for the commerce of our country?

CONCLUSION.

It is a serious moment, my colleagues, and in conclusion let me say that having in mind, not our personal welfare, but the welfare of the generations which are to succeed us, may God grant that on this proposition we may be guided by patriotism, wisdom, and prudence. [Prolonged applause.]

Mr. MORIN. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. KEARNS].

Mr. KEARNS. Mr. Chairman and gentlemen of the House, the gentleman from Illinois [Mr. MCKENZIE] who has just taken his seat has vigorously denounced the false propaganda that has been broadcasted throughout the country in regard to the Ford offer for Muscle Shoals. I want to join in this denunciation and call to the attention of the country the malicious falsehoods that have been told here and there and everywhere about this very remarkable proposal that Mr. Ford makes for the Government activities at Muscle Shoals. I want to denounce, too, as being false from beginning to end many of the statements that have been made on the floor of this House by members of this committee relative to what the Ford proposal really is. Even the gentleman who has just taken his seat made the very startling declaration that—

> Mr. Ford, if he gets Muscle Shoals, is going to make fertilizer for the farmers of the United States that will be sold cheaper to them than they have ever bought fertilizer before.

Surely the distinguished gentleman does not get this information from the proposal made by Mr. Ford or the evidence that was taken in these hearings. If there is such information as this anywhere at all, it is most emphatically found outside of the record made in this case, because the proposal does not make any such a recital, nor does the evidence substantiate such a statement.

Let us read the paragraph in the Ford offer that deals with the manufacture of nitrates. This paragraph is taken from the Ford proposal itself and is very illuminating, indeed, upon this subject. It is as follows:

> Since the manufacture, sale, and distribution of commercial fertilizers to farmers and other users thereof constitute one of the principal considerations of this offer, the company expressly agrees that continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself, or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2 or its equivalent, or at such other plant or plants adjacent or near thereto as it may construct, using the most economical source of power available.

The above paragraph is an exact recital of the fertilizer clause found in section 14 of the proposal. This section must be read in connection with section 15, because it is modified by the language employed in this latter section. Listen to the further provision for the manufacture of fertilizer at that plant:

> * * * the company agrees that the maximum net profits which it shall make in the manufacture and sale of fertilizer products shall not exceed 8 per cent of the fair actual annual cost of production thereof.

Suppose that a charge of 8 per cent profit on the investment makes the fertilizer cost the farmers more than the farmers could afford to pay; then in that case there would be no "demand," and therefore there would be no need of making fertilizer. In that event Mr. Ford would not be required to make fertilizer under his contract, because he only agrees to make it at a profit of 8 per cent to himself, "according to demand." If the process of manufacturing fertilizer at Muscle Shoals would prove too expensive, then there would be no demand, and Mr. Ford would be relieved of his contract, because he only agrees to manufacture in such amounts as the demand may require. This clause in the contract leaves a loophole which, it seems to me, the lawyers of this House should be astute enough to detect. If they were drawing this contract for a client in private life, not one of them would allow his client to part with such valuable property under such a loose arrangement as this. I want to tell you that this leaves a hole in the contract through which a blind man could drive a four-horse team and never have a collision. And yet the proponents of this bill proclaim to the country that they are looking after the interests of the farmers. [Applause.] Amend this offer so that fertilizer must be manufactured, or upon a failure to do so the lease of the dams shall be at once canceled and the title to the 4,000 acres of land revert to the United States.

I am not opposed to Mr. Ford getting Muscle Shoals; but when he gets it I want him to get it under a contract that will compel him to do the things that the farmers are being promised, or else, in the event that he fails, the contract shall have in it a recapture clause by which the people can get back this gigantic and valuable property that belongs to them.

Remember this lease of the water power is for 100 years, and Mr. Ford can only live a comparatively short period of that time, and, after he is gone, into what unconscionable hands it may fall I do not know and neither do you. Amend this bill by putting in a clause that will return this property to its

rightful owners, the people of the United States, in case the lessees some day may take advantage of this loophole and refuse to make fertilizer.

I want to tell the proponents of this proposal that if this contract is let to Mr. Ford unamended in any way the Teapot Dome scandal will pale into insignificance in comparison to this theft of Muscle Shoals from the people of the United States. If you will amend this bill so that it will be honest, I would be glad for Mr. Ford to get it and would gladly vote for it, but I am not going to barter away the rights of the people of this country. When it is too late the farmers will waken up to the fact that they have been handed a lemon.

It has been heralded to the country that Mr. Ford beyond the peradventure of a doubt will make cheap fertilizer for the farmer, and besides this he will sell at reasonable price the balance of that power down there to the consuming public, not a word of which is true, and those who send this out to the country must know of its falsity.

Because of this false propaganda sent throughout the United States to deceive the farmer and others interested there ought to be some committee appointed to investigate the source of all this information and to learn why such falsehoods are being broadcasted throughout the United States.

Mr. RANKIN. Will the gentleman yield?

Mr. KEARNS. No; I am sorry, but I can not.

Mr. RANKIN. I want to ask the gentleman a question right on that point.

Mr. KEARNS. I do not care to be discourteous, but I can not yield. Each one of you received on your desk yesterday a letter signed by one of the leading men of the Farm Bureau of this city, and this paragraph is contained in that letter. This letter goes out to the farmers in the United States, purporting to speak the truth, yet it is false in every detail. I do not know who actually wrote this letter, but the author must have known of its falsity. I do not know what compelling influence is actuating the writers throughout the country to spread propaganda of this character. I do know it can not be in the interest of the farmers of this country, because it is false, deceitful, and misleading. The following are parts of two paragraphs to which I refer found in this letter that I have mentioned and are copied therefrom verbatim:

> The annual expenditures of the farmers for fertilizer are $350,000,000.
>
> Opponents and advocates of his proposal both have testified that it will save the farmers at least half of this bill, or $175,000,000 annually.

That statement is not true. The opponents of this bill have never at any time conceded that there would be any savings in the fertilizer bill to the farmers of this country, because Mr. Ford says himself that he will make fertilizer if he can, and if he can not, he will not. So much for that.

I am reading now from the other paragraph in this letter of which I have made mention:

> In addition to this saving in fertilizer, the plan of this proposal offers another great benefit to agriculture in the substitution of electric power for human labor, both in the home and on the farm.

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

Mr. MORIN. I yield the gentleman additional time.

Mr. KEARNS. I do not know where the writer of this letter gets his authority for such a bold statement as this, but I do know he does not get it from either the proposal or the evidence in this case, and that is the only source of information we have.

Now, let me read what Mr. Ford's representative, Mr. Mayo, said on this same subject when he appeared before the Military Affairs Committee of the House when this bill was under consideration. This is what he said Mr. Ford is going to do with electricity, and Mr. Mayo is Mr. Ford's accredited representative. Mr. Ford has never spoken to the committee one way or the other, but sent Mr. Mayo to speak for him. Mr. Mayo speaks as follows, and his testimony will be found on this subject in volume 1 of these hearings, commencing on page 243:

> The CHAIRMAN. He proposes to use all the power himself?
>
> Mr. MAYO. He expects to.

Again, on page 262, Mr. Mayo testified as follows:

> Mr. MAYO. Mr. Ford intends to use that power himself. It is not a question of selling the power.

On page 286 will be found the following testimony:

> Q. Does Mr. Ford put very much stress on this clause relating to after the 100-year period?—A. I think so. He will have built up a plant to consume all the power, and if you took the power away from him the plant would have no value.

Mr. Chairman, the foregoing testimony is only a small part of similar statements that were made by Mr. Ford's representative on the subject of what he intends to do with Muscle Shoals provided this offer is accepted. This testimony is recited for two purposes—first, to disclose that Mr. Ford has no intention of selling power or electricity to any of the farmers or industries of the South.

That he does not intend to sell the farmer electricity to light his house, to grind his feed for his stock, or to run his tractors or to light cities or dwellings or to turn the wheels of the industries of that great section of our country is clearly proven by the evidence. If he gets it, however, the industries of this section of the United States will be idle because of lack of power, as he will use it all himself. [Applause.]

I recite this testimony to show you how false and malicious are the many misstatements that have been made on this subject. I am trying to give you the facts from an unprejudiced standpoint. It is recited to show that Mr. Ford is going to use all of this power in the manufacture of whatever suits his fancy at his own plant, and unrestrained and unhampered by any commission or other authority, either State or Federal. This power was placed in the Tennessee River at this point that it might be used by and for the benefit of all the people and not one favored man. This Congress has no right to set aside the great scheme of the Creator of the universe and thwart His plans by giving this great opportunity to one man, and that man the richest in all the world.

There is a plan by which he can get it, but this is not the plan. Why not be honest with the House and the country? [Applause.]

Mr. FROTHINGHAM. Will the gentleman yield?

Mr. KEARNS. Yes.

Mr. FROTHINGHAM. If Mr. Ford takes all of the power there, what States other than Alabama can get any benefit from it?

Mr. KEARNS. No other State can get any benefit from it, and no part of Alabama will be benefited except the plant at Muscle Shoals. Every other industry in Alabama and all the South will suffer from the want of power. There will be one great industry at Muscle Shoals, but the rest of the State and the South will be dead for want of hydroelectric energy. The gentleman from Massachusetts [Mr. FROTHINGHAM] is quite right in his observation.

So you see from the testimony that the farmer is not to have his machinery driven by power from Muscle Shoals or the housewife's work done by this same power or their buildings lighted. [Applause.]

Referring again to the part of the paragraph recited in this letter to which I have made mention, to wit:

> The annual expenditures of the farmers for fertilizers are $350,000,000.
>
> Opponents and advocates of his proposal both have testified that it will save the farmers at least half of this bill, or $175,000,000 annually.

As I said before, the author of that statement did not get his information from the record, because the record nowhere discloses such amazing testimony. Let us see what the testimony does show. Again Mr. Mayo testified on the subject of making fertilizer, and I quote some of the testimony on this subject. Commencing at page 245 will be found this testimony that so flatly contradicts the above-quoted statement. [Applause.]

> Q. I will simply speak of it as nitrate, which can be produced at Muscle Shoals, and I understand you to say that as long as it is profitable or can be produced without a loss Mr. Ford would be glad to continue to produce that product?
>
> Mr. MAYO. Yes, sir.
>
> Q. And I think you stated it very correctly when you said that it is a fair assumption that if it was being produced at a loss it would only be a matter of time when even Mr. Ford, with all his wealth, would go out of business, and therefore the element of profit or the cost of manufacture has to be taken into consideration?
>
> Mr. MAYO. Yes, sir.

Again, on page 254, is the following testimony:

> Q. If found by Mr. Ford, after the starting of operations, that he can not produce ammonium nitrate in competition with the wholesale market price of the same materials from other sources, do you understand that his agreement binds him to continue the operation of the plant for nitrogen compounds at a loss?
>
> Mr. MAYO. I do not think so.
>
> Q. It would not bind him to continue?
>
> Mr. MAYO. I hardly think so.

Again, on page 255, in response to a question, Mr. Mayo said:

Mr. MAYO. The only reason for him to discontinue (fertilizer) would be his actual inability to manufacture at a profit.

Again, at page 309, this testimony is found:

Q. What does that mean—that he does not have to do it (manufacture fertilizer)?

Mr. MAYO. In my opinion, he would not have to do it (manufacture fertilizer), as I have said before, if he exhausted every known effort and still could not make it except at a great loss.

Q. He could make it, whether he makes it at a profit or not, could he not?

Mr. MAYO. I do not think he could do it very long.

[Applause.]

I only recite this to show you that Mr. Ford does not know for a certainty that he can make fertilizer at Muscle Shoals and that he will not make it unless he can make it at a profit to himself, as stated in his proposal.

I am making this speech from the record in this case in order that the farmers of this country in after years may know that some of us did not deceive them but told them the truth. [Applause.] Mr. Mayo, Mr. Ford's accredited representative, as you will notice, has told you positively that if Mr. Ford can not make fertilizer at a profit that even he, with all his untold wealth, would some day have to quit. You will notice, too, that Mr. Mayo is not attempting to deceive the American people. He is only telling them the truth. It is only those who in their anxiety would have Mr. Ford given this plant regardless of the terms of his contract who are disseminating these false and malicious statements.

Mr. Mayo appears before Congress in an honest attitude and without any attempt to deceive, and tells you and the country what will be done at Muscle Shoals provided this proposal is accepted. He says very plainly and positively that if it should turn out that they can not make it they would quit. That is the testimony in the case and why be deceived by those who do not speak by the record? Mr. Ford has been fair and honest with you, and when you have voted to give away this great power plant down there at Muscle Shoals to this rich man you must not in after years condemn him for he has been honest enough to come before you and tell you through his representative that he will not do these things unless it is found profitable. And he has told you further that he intends to use the power developed at this plant that is not used in the manufacture of fertilizer, if he can make it at all, in running a manufacturing plant of his own, making whatever he may see fit to make for his own profit. He has told you that for one thing he intends to make automobiles and parts for automobiles, and that he will not sell one ounce of this energy to any person.

The Ford offer presents a very remarkable feature in regulation—a feature not found in any other Government activity in this country. I take it the idea is entirely new, not only to this country but to the world. Section 15 of the offer creates a board of nine voting members. Seven of these voting members are designated by the farm organizations and two voting members are selected by the Ford corporation. In addition, a representative of the Bureau of Markets, Department of Agriculture, or its legal successor, to be appointed by the President, shall also be a member of the board, but without any right to vote.

Here Congress is being asked to turn over more than $100,000,000 worth of property to a single individual and Congress would not reserve the right to have a single person on this board with any voting power to guard the interests of the Government.

If the railroads should present a plan to regulate their business through a commission on which they would have two of the nine voting members it would be received with derision. Yet this authority given to Mr. Ford for 100 years seems to strike the proponents of this offer as being entirely proper. They would shackle Uncle Sam hand and foot.

In conclusion let me call to your attention just what it is you are asked to do in this unparalleled proposition. First, you are asked to convey by warranty deed 4,000 acres of land near Muscle Shoals upon which two nitrate plants have been built, installed with the latest and most expensive machinery that money can buy. Upon this land many miles of railroad tracks have been built; a great number of the best railroad steam engines constitute part of the equipment; steam shovels, steel freight and dump cars, and many million dollars' worth of other kinds of property. Besides this there have been constructed on this 4,000 acres of land expensive dwelling houses; some of them cost as much as $20,000 to build, while there are several hundred cheaper dwelling houses.

The land and all that is on it cost the taxpayers of this country more than $100,000,000. We are being asked by the proponents of this offer to transfer this 4,000 acres of land with all these buildings and this great amount of personal property to Mr. Ford for the comparatively insignificant sum of $5,000,000. This is not all. We are asked to build him a steam power plant in that vicinity, at a cost of $3,500,000, and give it to him as an absolute gift without one dollar of consideration. We are asked to do this without modification or any chance of ever getting it back provided he fails to do the things that he agrees to do. It is an unconditional sale, or, I should say, gift, to him. If it were your own property, you would at least demand a recapture clause in the deed of conveyance by which you could compel this Ford company to reconvey the property to you provided there was a failure on its part to make fertilizer or do any of the other things that are stipulated.

This is not all. He demands that the Government complete the building of dams at Muscle Shoals that when finished will have cost the Government $67,000,000 of cash money without counting the interest on this money that will have accumulated during the course of the construction of these dams. When this is done he demands that the Government give him a lease on these dams for a period of 100 years, notwithstanding the Federal water power act that limits such leases to 50 years. He then only agrees to pay 4 per cent interest on $50,000,000 of the cost of construction, although they will have cost the Government $67,000,000 plus accumulated interest, which will amount to over $13,000,000 more. This, too, in the face of the fact that there will be no clause in either the deed or the lease that will reconvey the one or vacate the other in case there is a breach of contract. It is indefensible.

Personally I would like to see Mr. Ford get Muscle Shoals, and I would vote for such a lease to him provided you will limit the life of the lease to the 50-year period, and that you will make him pay a substantial rental for the leasehold. And provided, further, that you lease to him nitrate plants Nos. 1 and 2 and the land on which they are situated and not make him a warranty deed for them without consideration of any character. I will refuse, too, to vote to build him a steam plant at a cost of $3,500,000 and make him a present of it. This money belongs to the taxpayers of this country. We have no right, either moral or legal, to make the richest man in the world this costly present. Let him build his own steam plant as other companies do.

There are some five powerful farm organizations in the United States. Only the farm bureau has indorsed this Ford offer. This action on its part has been brought about by its Washington representative alone. The others have refused to indorse it.

However high handed may be the actions of this Congress in filching this great property from its owners, it has not the power to give to this man a perpetual life. All this talk about Mr. Ford and his superhuman powers is the prattle of the servile and not the wisdom of the statesman. It would give him a franchise in this water power for 100 years, while no other company can get a lease in any of the waters of the United States for more than 50 years. You place him beyond the control of the water-power act and give his company an unbridled authority to exploit the people for 100 years unrestrained by the hand of any Federal or State authority. Other companies are controlled.

You build these dams for him and pay the cost of $67,000,000, not counting the interest that is accumulating while the work is in progress, and then lease them to him at 4 per cent of only $50,000,000. This is about 2¾ per cent interest on the full cost and nothing on the other $17,000,000 and the accumulated interest. You give him these two nitrate plants and millions of dollars worth of other property there, all of which cost the taxpayers of this country about $100,000,000. You deed him this property by warranty deed for practically nothing and no clause in the conveyance by which it can be recaptured by the Government in case he fails to do what he ought to do. You build at the cost of the taxpayer a steam plant at a cost of $3,500,000 and give it to him without consideration. Do you not think this is somewhat generous with the taxpayers' money? That is your proposition, and you try to frighten us into assisting in this daylight robbery by proclaiming that Wall Street is against this steal and the people are against Wall Street. You may pull off this robbery, but the day of retribution will come.

Mr. Chairman, the farmers need fertilizer. No one recognizes this more than I do. They need cheap fertilizer, but this offer is a makeshift, and they are not guaranteed fer-

tilizer under it, and I propose, so far as I am concerned, to see that they get what they are expecting. [Applause.]

Mr. ALMON. Mr. Chairman, I ask unanimous consent that I may extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BANKHEAD. Mr. Chairman, there will be a good many speeches made on this proposition; and if I may do so in Committee of the Whole, I ask unanimous consent that all gentlemen who speak on this matter may have the right to revise and extend their remarks.

The CHAIRMAN. The Chair thinks that is not in order in Committee of the Whole.

Mr. MORIN. Mr. Chairman, I yield 25 minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Chairman, I was greatly impressed with the eloquent, impassioned, and well-reasoned address delivered a few moments ago by the gentleman from Illinois [Mr. McKENZIE]. It was a masterly presentation of his views upon the subject; and if anything could convince, that address ought to convince. But, gentlemen of the House, I am still unconvinced of the justice of turning over this plant to Henry Ford upon the offer which he has submitted to the American Congress.

WHAT SHALL BE DONE WITH MUSCLE SHOALS?

The question as to what shall be done with Muscle Shoals is one of very great importance to the American people. It is important not only because the development proposed will result in the greatest hydroelectric plant in the world but because there is in the proposed law a violation of our settled policy of conservation as embodied in the Federal water power act. This law was enacted after years of agitation and in response to the insistent pressure of public opinion. It was an effort to protect and to hold in perpetuity for the American people those invaluable resources of nature which will continue to be our greatest national asset when our oil fields shall have become depleted and cheap coal be a thing of the past. Water power is the last great resource of our people, and under no circumstances whatever should it be permitted to go into private hands, nor should it be tied up for such long periods of time as to deprive future generations of that normal development which new invention and discovery may suggest as the most advantageous. Neither should such restrictions be imposed upon the Government as will prevent it from developing along the lines of the most enlightened public policy. In the light of the development of the last century, it would be a presumption of extraordinary rashness for the American Congress to enter into a contract which, if followed in any considerable number of cases, would leave future generations bound hand and foot, utterly unable, without the violation of the most solemn contracts, to work out their destiny along the lines of the greatest good to the largest number.

PROPOSED SALE WILL BREAK DOWN CONSERVATION POLICY.

If we are to give to Henry Ford a contract for a hundred years, can there be any just reason for not giving the same advantage to any of his competitors? To say that Henry Ford's contract is more advantageous to the people is beside the mark. What may appear advantageous now may appear quite different a generation hence. There is a principle at stake of infinitely greater importance than any seeming temporary advantage.

Mr. Chairman, the proposed contract will serve as the entering wedge for a complete breakdown of our conservation policy. It is another effort to constitute a man of unlimited means a public guardian in the guise of a benefactor. If this may be done in one case, it may be done in others. Doheny and Sinclair undoubtedly flattered themselves that they were acting in the public interest when they secured the much-discussed leases for producing oil upon a royalty basis, but even though all parties to the transaction had acted in the utmost good faith it would have been condemned by the American people as inimicable to their highest national interest.

Muscle Shoals is a great national asset. No section has a right to claim it as its own. It follows that we should approach its development from a national viewpoint. With that in mind let us consider the Ford proposal which, with slight modifications, is embodied in the bill now before the House.

PROPERTY OWNED BY THE UNITED STATES AT MUSCLE SHOALS.

The property owned by the Government at Muscle Shoals consists of:

1. Dam No. 2, upon which the Government had spent over $17,000,000 prior to the Ford offer. When completed it will cost $45,500,000. This contemplates an equipment of 18 turbines of 30,000 horsepower each, or a total of 540,000 horsepower. This huge dam will be 4,500 feet long, have a lift of 97 feet, and back up the water some 14.7 miles, with a surface area of 14,037 acres. Fully equipped it would be capable of generating 1,000,000 horsepower during high water, while at the minimum flow it might range down as low as 100,000. Connected with this dam is a steam plant of 120,000 horsepower for use when the water is low, making 220,000 primary horsepower always available. This steam plant is in perfect condition.

2. Nitrate plant No. 1, consisting of 1,894 acres of land, 112 permanent and modern residences, water system, paved streets, steam plant of 6,000 horsepower, vast quantities of material, machinery, fixtures, equipment, apparatus, tools, and supplies. This plant has cost the Government $12,887,941.31.

3. Nitrate plant No. 2, consisting of 2,306 acres of land, 186 permanent and modern homes, 100-room hotel, water system, paved streets, steam plant of 120,000 horsepower, material, machinery, equipment, tools, and supplies. This plant cost the Government $66,252,392.21.

4. Waco limestone quarry, of 1,200 tons daily output, including 450 acres of land, rights of way, material, machinery, and full equipment for operation, railroad tracks, appurtenances, tools, and supplies. The cost of this quarry was $1,362,962.88.

5. The Gorgas steam plant of 40,000 horsepower, which cost the Government $4,979,782.33, which was owned by the Government at the time the Ford offer was made, has since been sold for $3,472,481.25.

The total cost of this property outside of the expenditures on Dam No. 2 was $85,423,078.73. Up to June 30, 1923, according to Congressman MADDEN, the total expenditures on Muscle Shoals amounted to $125,000,000.

ANALYSIS OF FORD PROPOSAL.

Having briefly summarized the Government's interest in Muscle Shoals, I shall endeavor to analyze Henry Ford's offer as finally submitted by him.

For the purpose of carrying out his offer, Mr. Ford proposes to organize a corporation with a paid-up capital of not less than $10,000,000, which shall "enter into and execute all necessary or appropriate contracts to effectuate this agreement" (offer). In his offer Henry Ford neither assumes nor pledges his personal responsibility, that being limited to a promise to organize the corporation, controlled by him, which he engages will execute the necessary contracts. By section 23, if the pending bill is amended as proposed by the suggested Madden amendment, an effort is made to bind Ford personally upon all contracts entered into by the corporation. The offer submitted by Henry Ford expressly provides, however, that his proposals must be accepted as a whole or not at all. This attitude of Ford is supported by the testimony of William B. Mayo, chief engineer of the Ford Motor Co., as it appears on page 279 of the House hearings, where he is reported as saying:

> The Government invited Mr. Ford to make this offer, and he has made the best offer he figures he cares to make. He has tried to make it as fair as he knows how, and you will have to take it or leave it, at its face value.

There is little likelihood, therefore, of Ford accepting a contract materially different from the one he submitted to the Secretary of War.

Through this corporation Ford offers to pay $5,000,000 in five annual installments for an absolute transfer of all of the property above enumerated, costing the Government over $85,000,000. Gorgas steam plant, which was a part of the property covered by his offer, has since been sold for $3,472,481.25, which would leave only a balance to be paid of $1,527,518.75 for property costing the American taxpayer $80,443,296.40. This offer is so small as to shock the moral sense, and if offered by any other man in the country would not receive the slightest consideration. Indeed, if such a sale to anyone else should be seriously considered it would create a public scandal of the first magnitude. [Applause.]

PRODUCTION OF FERTILIZERS AS ADDITIONAL CONSIDERATION.

But it is contended that there are other considerations in the Ford offer which justify the virtual donation of these vast plants, towns, railroads, and equipment to Henry Ford.

Among these is the agreement of the proposed corporation to manufacture nitrogen or other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2. It is provided that the annual production of these fertilizers shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of nitrate plant No. 2. It is also provided that the corporation is to maintain nitrate plant No. 2 in its present

state of readiness, or its equivalent, for immediate operation in the manufacture of materials necessary in time of war for the production of explosives.

If there is any consideration in the contract worth mentioning, this is it. But unfortunately for the farmer there is no agreement to reduce the price of fertilizer. On the contrary, Ford's profits are expressly provided for, the only stipulation for the protection of the American farmer being that Ford's net profit shall not exceed 8 per cent of the fair actual annual cost of production. In this cost of production will be included the cost of maintaining the plant in up-to-date condition, including any repair or replacement of structures, cost of power for operation, interest upon the investment, and every other element usually included by other commercial fertilizer manufacturers in computing cost of production. In addition to all this allowance, Ford is guaranteed a profit on the turnover, which for all practical purposes is fixed at 8 per cent. If fertilizer can be produced at a price at which it can find a ready sale, Ford's profits will run into large figures on this item alone.

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

Mr. WILLIAMSON. Yes; for a question.

Mr. McDUFFIE. Does not the gentleman believe that had it not been for Henry Ford this project would have long since passed into private hands, and into those hands for a song?

Mr. WILLIAMSON. I do not know what would have happened had it not been for the offer of Henry Ford. I say this to the gentleman: That the offer of Henry Ford has, in many of its aspects, more advantages than perhaps any other offer so far made, but I denounce acceptance of the offer because it is giving away to one individual what belongs to the American people. [Applause.]

COMPARISONS WITH OTHER OFFERS.

Comparisons have been made between Ford's offer and that offered by other concerns in an effort to show that even from the standpoint of a monetary return to the Government Ford's offer is the more advantageous.

The manifest unfairness of these comparisons is evident at a glance. In considering the return to be realized from other bids, all computations I have so far seen have been on a basis of 50 years, while on the Ford proposition it is invariably made for a hundred years.

Not only that, but in order to make the Ford offer look good in tabulated form he is credited with maintenance of nitrate plant No. 2 at the rate of $100,000 per annum and for replacements at the rate of $200,000 per annum, together with interest at the rate of 4 per cent for the 100-year period, when, as everybody ought to know, these items are figured into the cost of the fertilizer and are paid out of the annual earnings and passed on to the farmer in added cost per ton of fertilizer sold.

Not content with this amazing sort of computation, they credit Ford with another $20,000,000, arrived at by computing 4 per cent annual interest upon the $5,000,000 which he pays for an absolute fee title to property which cost the Government $85,000,000 and which if sold as junk would bring $9,000,000, according to the best available testimony, and if intended for use upon the premises not less than $16,000,000.

RENTAL TO BE PAID BY HENRY FORD.

As a further consideration Mr. Ford agrees to pay as rental for Dam No. 2, $200,000 per annum, commencing one year from the date when the first 100,000 horsepower is installed and ready for use, and $200,000 annually thereafter for the next five years. At the end of this period he agrees to pay 4 per cent annually upon the cost of the dam, exclusive of the $17,000,000 expended by the Government upon this dam prior to the Ford offer.

For Dam No. 3 Mr. Ford agrees to pay a rental of $160,000 per annum one year from the date when 80,000 horsepower is installed and ready for use and $160,000 annually thereafter for the next two years. At the end of this period he agrees to pay 4 per cent annually upon the cost of the dam and power houses.

If you will turn to page 21 of the majority report of the Senate Committee on Agriculture and Forestry of 1922, you will find the following statement:

> If we make a computation of the amount actually paid, in accordance with Mr. Ford's offer, as interest, and take into consideration the $17,000,000 already expended and the nonpayment of interest on the various amounts that must be appropriated from year to year to complete the dams, and the fact that 4 per cent interest does not commence to run until six years after the completion of Dam No. 2 and three years after the completion of Dam No. 3, we find that Mr. Ford is actually paying as rental not 4 per cent interest, as it appears from a first examination of his proposal, but 2.79 per cent interest. This means that under the Ford offer this corporation is getting money from the Government of the United States for 2.79 per cent interest on 100 years' time.

If we include the so-called sinking funds of $19,868, payable semiannually after the seventh year on Dam No. 2, and $3,505 payable semiannually on Dam No. 3 after the fourth year as a part of the annual interest payments, which is the only businesslike way to consider them, we find that the total annual interest payments upon the Government funds from the time of expenditure in construction work on the two dams only amount to 2.85 per cent per annum. The entire amount that would be paid into the sinking fund by the Ford corporation during the 100 years would only amount to $4,368,378.

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

Mr. WILLIAMSON. Yes.

Mr. McSWAIN. Does the gentleman deny that that computation is mathematically correct?

Mr. WILLIAMSON. I deny nothing of the kind, but the gentleman knows, as I do, that neither he nor the Government would handle money in that sort of way. The only fair way is to add these payments to the interest annually and compute it in that way. This is manifestly the only practical and businesslike way. If this is done, it will yield, together with other interest payments, 2.85 per cent upon the Government investment. I can not yield further.

As an additional consideration Mr. Ford, through his proposed corporation, engages to furnish electric power, not exceeding 200 horsepower, for the operation of the lock of Dam No. 2, and not to exceed 100 horsepower for the operation of the lock of Dam No. 3, free of cost to the Government.

Some provision is made for the expense of maintaining the dams, but, as these are clearly so drawn as to be favorable to Mr. Ford rather than the United States, I shall not take time to consider them here.

MUSCLE SHOALS AS UNCONTROLLED MONOPOLY DANGEROUS.

Mr. Ford engages that his corporation will utilize not to exceed 100,000 horsepower for the manufacture of fertilizer. Dam No. 2 will have an installation of 600,000 horsepower and Dam No. 3 an installation of 250,000 horsepower. It is evident, therefore, that the Ford corporation will at all times have a vast amount of surplus electric power which it is contemplated shall be used eventually in its entirety to carry on great industrial enterprises to be developed in the vicinity by Mr. Henry Ford or his corporation. No distribution to the public is promised or contemplated. So far as the municipalities, the business men, and the farmers of the South are concerned, they will get no part of the current.

Owing to the low cost at which the Ford corporation would secure the vast Government properties, his capital investment would be comparatively small. The rentals which he would pay the Government in the form of interest would be very much lower than those enjoyed by any other manufacturer in the country, and, in fact, would amount to a large annual subsidy. No competitor would have a chance with him in his chosen field of operation. He would, in fact, enjoy a virtual monopoly. Already incomparably rich, with agencies extending into every part of the land and into many foreign countries, it may well be doubted as a matter of public policy whether we can afford to give him this additional and unparalleled advantage. Once in possession of that enormous hydroelectric plant, the greatest in the world, uncontrolled as to the price of his output, he might easily become a menace of the first magnitude. Not that I have any fear of Henry Ford becoming such in his lifetime, but his successors would remain in possession, protected by his contracts. Long before the 100 years were up the people would come to realize that their ancestors had made for them a sorry bargain.

The concentration of great wealth into a few hands is going on at an ever-accelerating momentum. That it is growing into an increasingly sinister national menace can not be doubted by a discerning observer. Shall we give it aid and encouragement by turning over this incomparable national asset to Henry Ford? If we do so, can we consistently deny the same privilege to another? [Applause.]

SHOULD BE PUBLICLY OWNED AND CONTROLLED.

Personally, I do not believe that Muscle Shoals should be turned over to any individual, however good or great. Neither should it go into the hands of any grasping power monopoly. These are not benevolent institutions. They want the plant for the money they can make out of it. Experience should have taught us we can expect nothing else.

Muscle Shoals should be completed and held in perpetuity by the United States. It is one of our greatest national assets. Our posterity has a right to expect that we shall preserve it. The workmen of the city, the toilers upon the farm, the housewives in their homes have a right to demand that at least a

part of the power generated at Muscle Shoals shall be distributed to them. It is time that we take measures to lighten their burdens and to add to their comforts. It is infinitely more important that 10,000 should be benefited than that one should be given an exclusive privilege and a monopoly that in its span of years would cover four generations.

For years I have made a careful study of municipal hydroelectric plants. They have been operated with almost uniform success. They have been the instruments of vast reductions in rates and have brought added comforts into uncounted thousands of homes that before their coming could not enjoy them because of high rates.

In my judgment Muscle Shoals can be economically and efficiently operated by the United States. We can manufacture fertilizer as cheaply as anybody. If this shall not seem immediately feasible, we can lease the nitrate plant for the purpose. The surplus current can readily be sold at a sufficient profit to retire the entire cost of the plant in 50 years and at the same time make a material reduction of the rates now paid by power users in the South.

I hope that on some future day I may be able to discuss this phase of the subject at length. [Applause.]

Mr. MORIN. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. WAINWRIGHT].

Mr. WAINWRIGHT. Mr. Chairman and gentlemen of the House, having had my time somewhat curtailed, I am obliged to omit some of the observations I intended to make. Possibly this will be your gain and not my loss.

There are other sections of the country besides those which may be characterized as purely agricultural which are interested in this question. Of course we are all dependent upon the prosperity of our agricultural regions and upon the fertility of the soil of our country but there are other considerations, possibly, which appeal to the section of the country from which I come which may not weigh as strongly in the minds of some of the gentlemen from the region immediately surrounding this vicinity.

Let me ask you gentlemen to keep in mind this, that this is a proposal to transfer to a private citizen a great property of the people of the United States and to lease a part of that property for a period of 100 years, which as far as we and our generation are concerned is practically a lease in perpetuity, because for us of this day 100 years hence is practically from now on.

This bill provides, in fact directs, the turning over to a private citizen of the United States, one Henry Ford, the properties, rights, and interests of the people of the United States covered by the term and colloquially known as Muscle Shoals. They embrace a great natural gift of God to the people or resource, resulting from the flow of the navigable waters of the Tennessee River; a great partially completed dam, erected by dollars taken out of the pockets of the American people to restrain the flow of waters for the purpose of generating the power contained in the flowing waters; and certain great manufactories or industrial facilities and establishments, also created by dollars taken out of the pockets of the people.

It is proposed to lease to Henry Ford that portion of the properties comprising the natural resources and the dam for a term of 100 years and to sell to him the remainder of these properties, namely, the nitrate plants, a certain quarry, and other vast properties at a price representing but a fraction of their cost to the people. It is so unique and startling a proposition as to require decided explanation and justification. Muscle Shoals, now referring to the water power, probably one of the greatest in this or any other country, comprises a priceless asset of the people.

The constantly developing and expanding use of water power in every field of industry and to otherwise supply the wants of the people puts it on an equal plane with all the other great natural resources with which this country is blessed, such as coal, iron, and oil, but a large part of which have unfortunately already passed out of the ownership or control of the people. Water power is eternal and inexhaustible—runs on forever. Other resources may be consumed and can not be replaced. So, if the disposal to private individuals or interests of our reserves of oil is subject to the just indignation and condemnation of our people, the project involved in this bill must be equally objectionable, unless it can be supported by a great compensating advantage to the people. If it is indefensible to turn over our oil reserves to a Sinclair or a Doheny, it may prove equally indefensible to turn over this great natural resource to Henry Ford.

I believe the time has come to peremptorily decline to part with the ownership and absolute control of any further natural resources to private interests. I further believe that this policy and principle must particularly apply to the power contained in the flowing waters of our great rivers and streams, especially where the structures erected to make that power available have been created by public funds.

To arrive at the alleged reason for this proposed departure from sound policy requires a brief review of the origin, purpose, and extent of the investments to date of the Government at Muscle Shoals.

In 1916, when the shadow of war was upon us, we adopted the national defense act. It was then realized as vitally essential for the national security that we should be made independent of any foreign supply of nitrates for the manufacture of explosives, and accordingly, and for the further purpose, that we should be similarly independent in regard to fertilizers, so necessary for our agricultural prosperity, it was provided by section 124 of the national defense act that the President should cause an investigation to be made to determine the best, cheapest, and most available means "for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products, by water power or any other power as in his judgment is the best and cheapest to use"; and he was empowered to designate such sites upon navigable or nonnavigable rivers as might be necessary for carrying out the purposes of the act; and was also authorized to "construct, maintain, and operate on such sites or site, dams, locks, power houses, plants, and other equipment, as in his judgment was best and cheapest for the generation of electrical or other power," and "for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizer and other useful products"; and the sum of $20,000,000 was appropriated to carry out the purpose of the act, it being provided that the products of such plants should be used so far as necessary for military or naval purposes, any surplus not so required to be sold and disposed of.

The act further contains the following significant language, indicative of the intent of Congress at that time:

> The plant or plants provided for under this act shall be constructed and operated solely by the Government and not in conjunction with any other industry or enterprise carried on by private capital.

Thereupon the great water power of the Muscle Shoals of the Tennessee River was selected as the site for this great national enterprise, and, starting at a period previous to our actual entry into the war and extending through the war period and down to the end of the fiscal year 1922, the Nation had actually expended in this project an aggregate of $107,337,710, namely, $16,281,960 on the principal dam, known as Dam No. 2 or Wilson Dam; $12,887,941 on nitrate plant No. 1; $67,555,355 on nitrate plant No. 2; $4,975,782 on what was known as the Gorgas-Warrior plant and transmission line; and for maintenance, experimental operations, and other purposes, $5,632,872.

At that time, namely, June 30, 1922, we had to show for these huge expenditures a partially completed dam across the Tennessee River; the two nitrate plants—No. 1, which had not been successful, designed to produce 9,000 tons of fixed nitrogen according to the so-called Haber process, and No. 2, with a designed capacity of 40,000 tons of fixed nitrogen in the form of ammonium nitrate by what is known as the cyanamid process. The latter appears to be a success, having been successfully operated for a few weeks.

At that time it was assumed that at least $25,000,000 more would be required to complete Dam No. 2, and further expenditures for the remodeling and improving these plants to manufacture fertilizers.

Notwithstanding the great importance of the venture from the standpoint of national security and prosperity, Congress was appalled and balked at the further huge investment required, involving so many uncertainties and the possibly undesirable feature of Government operation.

All these installations had been made under the jurisdiction of the War Department—the dam by the Corps of Engineers and the plants by the Ordnance Department. Realizing the attitude of Congress with regard to a continuance of the venture upon the original lines, the War Department asked for proposals from private interests, laying down as a condition to the negotiation that the fundamental purpose of the manufacture of nitrates for munitions and fertilizer should be carried out, and that the whole enterprise, including both the nitrate plants and the water power, should be treated as one and inseparable. In other words, the fundamental purpose of the enterprise having been "nitrates," that the properties would be disposed of only upon condition that the quantity of nitrates originally intended should be manufactured, the water power

to be treated as originally intended as incidental to the manufacture of nitrates and not as in any sense standing alone.

Thereupon, early in the present administration, Henry Ford made his now famous offer. It was practically the only offer received by the Government along the lines stipulated. It was a definite, fairly clear, and unambiguous offer to buy, through the medium of a corporation with a cash capital of $10,000,000, the nitrate plants and other accessories outright; to apply necessary funds, to be supplied to him by the Government, toward the completion of Dam No. 2; to manufacture at plant No. 2 fixed nitrogen to its full capacity, namely, 40,000 tons a year, applying the necessary water power from the dam; the Government further to agree to furnish him with the funds, $25,000,000, to complete another dam further up the stream to be known as Dam No. 3; Ford to pay the sum of $5,000,000 for the properties to be purchased, including both nitrate plants, which, as stated, have cost the Government about $84,000,000; and Ford to further pay as an annual rental for the properties to be leased—namely, the dam and water power—4 per cent upon all amounts to be furnished by the Government, after the acceptance of his offer, and to manufacture and furnish nitrates to the farmers at cost plus a profit limited to 8 per cent; to turn the plants over to the Government upon five days' notice in case of a war emergency; to furnish the Government with the trivial necessary amount of power for operation of the locks; to pay the small amounts required for the upkeep of the locks; and also a small payment, which, if amortized during the life of the lease, was calculated to produce a fund sufficient to retire the cost of Dam No. 2 and part of the cost of Dam No. 3.

Such were the essential features of the original offer which, with some modifications, are embodied in this bill. This offer met with enthusiastic response from the farmers and other agricultural interests of the Southeast, to whom the name and fame of Henry Ford for having already furnished them with automobiles, other motor traction, and tractors at reasonable cost was one to conjure with.

The War Department, having no authority under the law to accept this offer, transmitted the whole subject to Congress for its determination. There it became the subject of intense interest and acute consideration in both sessions of the Sixty-seventh Congress, and although the bill to dispose of these properties to Henry Ford upon substantially the terms stated, was favorably reported by the Military Affairs Committee, it failed of favorable action in the last House.

The question of the disposition of these properties has been one of growing interest, the strong feeling being at the outset of this session that some final disposition of the question was absolutely necessary. In the meanwhile an element in the property—the Gorgas-Warrior steam plant, an accessory which had cost $4,780,000—was sold during the past summer to the Alabama Power Co. for $3,472,487.25, owing to the fact that this company owned the land upon which the same has been erected and had the right either to buy it or have it removed from the property. Also, a grave question arose as to whether Henry Ford intended to guarantee personally the manufacture of nitrates at the plants by the company which he proposed to organize as his medium for the fulfillment of the terms of the agreement.

Among the bills introduced at the beginning of this session to turn the properties over to Mr. Ford was one by the gentleman from Illinois [Mr. MADDEN] containing a provision requiring the application of $3,472,487.25, or the amount for which the Gorgas-Warrior plant was sold, toward the construction of a new plant of the same nature, and further containing a provision apparently intended to bind Henry Ford, his heirs and assigns, to the fulfillment of all the terms of the contract. These provisions have been incorporated in the bill before the House, H. R. 518, introduced by the gentleman from Illinois [Mr. MCKENZIE], the Madden bill being identical except in the respects mentioned.

Since, as stated in the bill, the main consideration is the manufacture of fertilizer containing nitrogen, and the intention of Congress undoubtedly is to bind anyone to whom these properties are to be conveyed to supply that necessary commodity in any event, therefore the question whether it can be manufactured at a profit and whether Mr. Ford must continue to make fertilizer even at a loss is fundamental to the whole transaction.

This question has been one of conflicting opinion in the committee. The majority apparently deeming that the language employed will bind the company and Mr. Ford to the manufacture of nitrates even at a loss. As to this the minority entertain grave doubt.

By section 14 of the bill the company is bound—

except as it may be prevented by reconstruction of the plant itself, or by war, strikes, accidents, fires, or other causes beyond its control—

To—

manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand.

It is evident that unless the nitrate can be manufactured and sold at a price less than that of the Chile nitrates, that there will be no demand, and if there is no demand there can be no necessity or obligation to continue to manufacture nitrates; therefore, unless the nitrates can be manufactured at a price sufficiently low to be attractive to the farmer, there will be no obligation to continue their manufacure.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. WAINWRIGHT. I would prefer not to yield, but would be glad to yield at the conclusion of my remarks. However, I yield to the distinguished chairman of the Committee on Appropriations.

Mr. MADDEN. I just wanted to ask the gentleman what difference would it make if such nitrates as may be manufactured by Mr. Ford at Muscle Shoals brought down the price of other nitrates one-half; would it not accomplish the purpose?

Mr. WAINWRIGHT. It might.

Mr. JAMES. Will the gentleman yield?

Mr. WAINWRIGHT. I will yield.

Mr. JAMES. Does the gentleman from New York know that Mr. MORIN——

Mr. WAINWRIGHT. I can well see I have touched on the sensitive point of this whole discussion.

Mr. JAMES. Does the gentleman from New York know that Mr. MORIN, who controls the time against this bill, helped draw up this section?

Mr. WAINWRIGHT. I was not aware of that.

As I was saying, gentlemen, in the event that there is no demand on account of high cost, Mr. Ford can shut down the nitrate plants indefinitely without any effect upon his lease of the water power, the whole of which he will then have unincumbered by the necessity of diverting any part to nitrate production and free to apply the whole of it to his own uses without any obligation to furnish any part to the Government, third parties, or the public. Also if nitrates can not be manufactured at a profit, this may be a "cause beyond his control," which again would relieve him from the manufacture of fertilizer.

Again, the question arises as to whether section 20, providing for the guaranty by Henry Ford personally, binds him and his huge estate during the life of the contract to fulfill its stipulations, or whether it simply binds him to furnish the necessary instruments to carry the agreement into effect. But, in any event, I submit that, as far as those who come after him, he is entirely incompetent to bind his estate or his descendants, and therefore that this element must be disregarded and the clause treated merely as his personal guaranty during his lifetime.

Apart from the uncertainties in these regards and the fundamental objections to the measures already indicated, the fact is that since the beginning of this session several other proposals have been received which, from a dollars and cents standpoint, undoubtedly offer greater advantages to the Government, and each of which, in my humble judgment, offers an equal assurance for the manufacture of nitrates with that of Henry Ford, unless there be some superior magic or virtue in what he undertakes to what any other citizen or combination of citizens can perform, or unless, frankly, it be considered that the great fortune which he has amassed offers a greater guaranty or assurance of performance over stipulations of the substantial and entirely respectable and successful interests competing with him for this great prize.

No one disputes the proposition as stated by the President in his reference to this subject in his last message that "while the price is an important element, there is another consideration even more compelling. The agriculture of the Nation needs a greater supply and lower cost of fertilizer." Nevertheless, the price and the financial return can not be ignored, and certainly should be a determining factor where there is from other sources an equal assurance of as great a supply of fertilizer at as low a cost; and this equal assurance, I firmly believe and am confident, will also appear to others who will but take the time and pains to contrast these offers in this highly complicated field with Mr. Ford's. I am now referring to the offers of the combined Alabama and Tennessee companies embodied in the bill of the gentleman from Iowa [Mr. HULL] and to that of Mr. Elon Hooker and his associates in their proposed Muscle Shoals corporation, and even in that of the Union Carbide Co.

These are all important, serious interests, controlling great resources of capital; and unless corporate interests in general are so repugnant to those charged with the responsibility of

dealing with this matter that they must be ignored or excluded from consideration, and the swollen fortune of one individual, admirable and beneficial as may have been the processes of amassing that fortune, is considered to embody a superior virtue, entitling it to preferential treatment, they must be taken into account and treated on an equal footing.

Besides, is not Mr. Ford proposing to deal with us, not as an individual but, in sooth, through the medium of a corporation with a swollen capital of $10,000,000? I believe I violate no confidence of the committee in stating that these offers have received but scant consideration, and that Henry Ford and his offer alone seemed to interest the majority of the committee.

Why, gentlemen, I am amazed to find how many honorable Members appear to be hypnotized by this Henry Ford offer and determined to put it over just as made, practically without the dotting of an "i" or the crossing of a "t." Neither Mr. Ford nor any agent or representative appeared before the committee. It was not until comparatively late in our deliberations that we received any assurance, even, that he still stood upon his original offer; and when such was forthcoming his rather curt confirmation was practically to the effect that we might take his offer or leave it—a refusal or declination to discuss or negotiate in any manner. We could take his proposition just as it stood or reject it.

It was, indeed, humiliating to some of us to note the almost abject attitude of some of our colleagues toward this gentleman who assumed to deal with us, representing the sovereign people of the United States, in so arrogant a manner.

Now, as to these other offers: The power companies' offer is that of a combination of the power companies already operating in that field—people with great experience and familiarity not only with the subject of power development generally but particularly as applied to the southeastern field. As the result of their hearing before the committee they offer to form a corporation—one corporation—with a cash capital of $15,000,000, to lease the dam and nitrate plants for a period of 50 years, paying after the first year a fixed rental of about $2,000,000 per annum, estimated as a return of 4 per cent upon the entire Government investment in Dam No. 2, with a firm undertaking to manufacture and supply nitrates at a profit limited to 8 per cent, making a far more liberal provision for a sinking fund to reimburse the Government than Mr. Ford; agreeing to surrender the plants to the Government in the event of an emergency; with a recapture clause in the event of nonfulfillment, omitted in the Ford offer; and in the event of the failure of renewal of the lease at expiration to surrender the property to the Government without reimbursement. They propose, as is of course preferable, that the moneys to be advanced by the Government shall be applied by its agents toward the completion of the enterprise in the same way as other Government work. They propose that all of the power not required in the manufacture of nitrates shall be distributed throughout the zone of their operation to the general advantage of the region, and all subject to the regulations of the Federal and State power commissions.

Mr. McKENZIE. Will the gentleman yield?

Mr. WAINWRIGHT. I prefer not to yield, I have such a limited time. If I have any time at the conclusion of my remarks, I shall be very glad to yield.

Mr. McKENZIE. It is only for a correction. I am sure the gentleman would not want to make a misstatement. The $15,000,000 was to be subscribed capital stock and not cash.

Mr. WAINWRIGHT. Subscribed capital? What is the subscription to be except cash?

Mr. McKENZIE. Did the gentleman ever buy stock at 50 cents on the dollar?

Mr. WAINWRIGHT. No; I do not think I have.

Mr. McSWAIN. If the gentleman will permit, the $15,000,000 corporation is just talk, and nothing but talk, and never has been signed by representatives of any corporation; it is just talk.

Mr. WAINWRIGHT. That may be the gentleman's view, but these are people of experience and standing in the business world and I submit are entitled to be treated seriously, and that offer was submitted in open committee by serious people.

Mr. McSWAIN. Submitted by Mr. Yates.

Mr. WAINWRIGHT. The Hooker plan involves a license and agreement to manufacture nitrates and distribute power subject to similar regulations, the operation of the plants and the quantity of nitrates to be produced to be subject to the discretion of the Secretary of War, and the entire profit to be shared between them and the Government at the rate of one-third to them and two-thirds to the Government for the first 10 years, one-fourth to them and three-fourths to the Government for the balance of the term of 50 years of the lease. This undoubtedly offers the prospect of the greatest return to the Government, from the money standpoint, of any of the proposals.

These are people with great experience in the manufacture of chemicals by hydroelectric processes, as, if not more, competent from such experience to deal with the problem of the production of nitrates for munitions and fertilizer at a lower cost than any other people in the country, unless it be the interests represented by the Union Carbide Co.

These last, the Union Carbide interests, have also had a vast experience in this field and claim to have control of the processes which in Europe are considered to offer the best prospect of practically supplying artificial fertilizers at low cost. Their offer deals exclusively with the nitrate feature of the problem. They offer to lease the plants and supply fertilizers to one-half the capacity of plant No. 2, paying a rental after the first few years of $750,000 for that plant and $15 per horsepower up to 100,000 horsepower per year. They will take and utilize of the water power 50,000 horsepower for the manufacture of nitrates, employ 50,000 horsepower in manufacturing their own products, leaving the balance for general distribution to the best advantage of the region. Their assurance and that of the Hooker combination, if not that of the power companies, for every proper, unprejudiced, and nonpolitical aspect, in my judgment, offers an equal if not a greater prospect of cheap fertilizers to the farmers than does that of Mr. Ford, who admittedly has had no experience in this field.

But the great objection to the Ford offer, and the one which can never be reconciled with our duty, or responsibility to those we represent, is his refusal to subject his use of this great Government-created property to the very regulations which the Government itself has imposed upon all others who secure the benefit of water power over which the Government has jurisdiction. Especially should such regulations apply to a water power made available entirely by Government funds.

How can it ever be reconciled with our duty, as representatives of the people, to transfer this great power to one individual to be applied exclusively to his own purposes, without any regulation or without any provision for others to share in its use?

The second great objection, as developed above, is that he may fail to be able to make fertilizers at a profit and cease their manufacture, but still maintain his hold upon the water power. In that event, having parted with the title, the nitrate plants may be permanently lost and therefore the original purpose of the act of 1916 will remain unfulfilled. No one of the other offers is subject to this objection.

The third great objection is that if Mr. Ford, as his supporters maintain, can make fertilizer at a profit, then he is obtaining a great water power at such a low cost as to be ruinous to any possible competitors in that section of the country. This is contrary to American principles.

In this connection, I believe and strongly urge that no disposition be made of the water power over and above that required for nitrates that does not compel and insure its delivery into all the surrounding States to the south as well as to the north and east, even to supply the city of New Orleans. Even now a great superpower system to link the whole United States is being advocated by some of our leading statesmen. This points the place that Muscle Shoals should occupy. Personally I can not bring myself to believe that this bill can be amended in any manner to justify turning over this entire great enterprise to any one individual or interest, and there I part company with my colleagues who signed the minority report. My inclination is strong for the Government itself to develop the power, reserve such as may be required for nitrate operations, and either wholesale the remainder under conditions determining the territory into which it will be delivered, or itself construct the transmission lines and effect the delivery. I see before us the determination of a great question of national policy relating to the major water powers still left to be developed, where the development is to be at Government expense. Our action on this bill can not fail in that respect to have a far and long-reaching effect.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WAINWRIGHT. May I have a few minutes more?

Mr. MORIN. How much more time?

Mr. WAINWRIGHT. I can get along with 10 minutes.

Mr. MORIN. I yield the gentleman 10 minutes.

Mr. WAINWRIGHT. The whole method of dealing with this matter, since it was forwarded to Congress by the War Department, has been preposterous from the standpoint of ordinary business dealings and prudence. I submit, without further enlargement on the subject, that to leave it to a committee of Congress during its session, with all the other preoccupations of Members to deal with an intricate and compli-

cated business problem such as this, involving negotiation, the measuring of one proposition against another for the purpose of extracting or evolving the best disposition possible in the interest of the people, and to fulfill the original purposes of the creation of the enterprise, is calculated to defeat the very purpose in view.

The result has simply been what might have been expected. We have by no means exhausted the possibility of consummating a far better arrangement. We are proposing to turn these great properties over to one individual, on his own terms, without negotiation and in the absence of the usual procedure employed by our business people under similar circumstances.

The President fully understood this when he suggested that a solution would involve complicated negotiations; that there was no authority for that purpose, and recommended "that the Congress appoint a small joint committee to consider offers, conduct negotiations, and report definite recommendations." That is so wise and sound that it should need no discussion. By failing to act upon that recommendation we have practically violated all the canons of wise business dealings. Fortunately this matter has not gone so far that we can not recede from the untenable position in which we now find ourselves, and adopt the wise course suggested by the President. In my judgment not one of these proposals offer sufficient advantage to the people to justify acceptance.

It is amazing, gentlemen, to see those of you who so recently showed antipathy to swollen fortunes and accumulated wealth in any form now so eagerly proposing to swell this already unduly swollen fortune by a grant of a great natural asset upon terms which will not only give it an advantage over all others in the field but upon terms so advantageous as to give it a practical monopoly of the water power of a great section of the country.

I believe I would be false to those I represent if I lent myself to any such procedure, and I believe such procedure to be not only contrary to the wishes of the vast majority of citizens in the northeasterly section of the country but there quite universally condemned. I further believe, gentlemen, that if you succeed in forcing through this deal with Mr. Henry Ford, even in your lifetime it will rise to plague you, and future unborn generation of Americans will condemn you for having in your generation parted with their patrimony for a mere mess of pottage. [Applause.]

Mr. McKENZIE. I am sure the gentleman from New York did not mean criticism when he spoke of the manner in which this bill has been handled in view of the fact that the gentleman only recently came on the Committee on Military Affairs and many of us sat for months listening to the testimony in connection with the case, so that we could not be charged with haste.

Mr. WAINWRIGHT. Mr. Chairman, I yield in every way to the superior knowledge and familiarity of my colleagues with this subject, and I have been perfectly amazed with their familiarity with it, and I must confess I can not claim for myself any such knowledge of the intricate details. I could only discuss it from the general standpoint which I have. [Applause.]

Mr. MORIN. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. WURZBACH].

Mr. WURZBACH. Mr. Chairman, the fact that time has been yielded to me by the gentleman from Pennsylvania [Mr. MORIN], who does not favor the pending bill, might indicate that I am opposed to the pending bill. Such, however, is not the fact. I have been a member of the Committee on Military Affairs ever since the Ford proposal has been before that committee. I think I have attended all the hearings for a period of two years or more, and I have come to the firm conviction that the Ford proposal is the only proposal that appeals to the country and especially the great farming class. It makes a strong appeal to me and, I believe, to a majority of this House. [Applause.] I do not think it is necessary to make a minute comparison of the Ford proposal with some of the other offers that have been made. The Ford proposal, in my judgment, is better from the people's standpoint than any of the others. The time has come when the American people are expecting us to act one way or another upon this proposition. I am sure that of many of the gentlemen here who will vote against this bill favoring the Ford proposal some will do so upon the ground that they are in favor of Government operation, and some few others will refuse to support any measure or any proposition that may mean interference with the fertilizer manufacturers of this country, who have monopolized that great industry to the detriment of the American farmers.

It would be impossible for me within the 10 minutes assigned to me to go into the details of this bill or to point out all of its merits. The gentleman from Illinois [Mr. McKENZIE] has covered that very fully, and I am in accord with him. I believe that 90 per cent of the farmers of the country who have made a study of this legislation are in favor of the Ford proposal. [Applause.]

Mr. SCHNEIDER. If the gentleman will permit a question, does the gentleman think that 90 per cent of the farmers have really made a study of the Ford plan?

Mr. WURZBACH. Well, I think they have made as much a study of the Ford plan as they have made of any other plan. I am of the opinion that if this proposal were rejected by Congress and some other proposal substituted for it, as, for instance, the Allied Power Co. proposal, that we would find gentlemen who are now using the latter proposal to defeat the Ford proposal later voting against the proposal of the Allied Power Co. after the Ford proposal had been put out of the way.

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

Mr. WURZBACH. Yes.

Mr. LAGUARDIA. The gentleman, having made a study of this proposition, could he tell us what would be the difference in the price of fertilizer produced at this plant, assuming that the contract is executed with Mr. Ford, and the present market price of fertilizer?

Mr. WURZBACH. I could not say as to that, except to refer the gentleman from New York to the record, from which it appears that fertilizers could be manufactured and sold for about one-half of what they are now being manufactured and sold for.

Mr. LAGUARDIA. Was not that simply an expression of a hope instead of an accurate figure?

Mr. WURZBACH. No; I think that was the deliberate judgment of men supposed to be qualified to pass upon that question.

Mr. LAGUARDIA. Is the Committee on Military Affairs assuming the responsibility for that?

Mr. WURZBACH. As much as any committee of Congress can assume responsibility for legislation affecting the future.

Mr. Chairman, there is, however, one matter that has occurred to me as a defect in this bill which I think ought to be mentioned. I do not propose to offer an amendment to the bill to remedy it, but I believe I ought to suggest the matter to the members of the committee. I have one objection to the Ford proposal and that is it does not provide for proper governmental control over that part of the water power that is developed at Muscle Shoals over and above the amount to be used for the manufacture of fertilizer. I have the greatest confidence in the honesty and in the altruism of Henry Ford. The fact that he is the richest man in the world does not create any prejudice on my part toward him. I think he is a great man and a good man, and I have great respect for his judgment in matters of business, and I want to say that since his recent declaration with reference to his choice for the Presidency of the United States I have also acquired great respect for his political judgment. [Applause.]

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

Mr. WURZBACH. I will yield to the gentleman for a question.

Mr. CROWTHER. Does the gentleman think it good policy to ignore the basic law of the country in the consideration of a proposition of this kind, reporting a bill that absolutely ignores the existing law, the water power act, in many of its parts?

Mr. WURZBACH. I have an amendment in mind, although I do not intend to introduce it. If submitted, I shall vote for it. If it is not adopted, I still intend to vote for the Ford proposal. The amendment I have in mind would read about as follows: "The Ford Co. shall, from and after the death of Henry Ford, in so far as the water power in excess of that used for manufacture of nitrates for fertilizer is concerned, be subject to the Federal water power act of June 10, 1920, except wherein the express provisions of this bill are inconsistent with said Federal water power act." Assuming the development of 90,000 horsepower, and deducting 10,000 horsepower devoted to fertilizer production, there would remain 80,000 horsepower. That remaining power ought to be under the control of the Federal water power commission act, in so far as that act is not in conflict with the express provisions of this bill and of the Ford offer.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield further?

Mr. WURZBACH. No; I regret I can not yield.

Mr. CROWTHER. Is that the gentleman's answer to my question?

Mr. WURZBACH. I have only a few moments.

Mr. CROWTHER. There is no answer.

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

Mr. WURZBACH. No; I can not yield. If I had the time I would gladly yield, but I would like to go into this a little further.

Mr. BLANTON. You yielded to the gentleman from New York for one question.

Mr. WURZBACH. I, of course, recognize the great ability of the gentlemen representing the States of Alabama, Georgia, Tennessee, and the Carolinas in this House, and their devotion to the interests of their respective States, and I am not attempting to put my judgment against theirs. My good friend, Judge ALMON, representing the eighth Alabama district, in which Muscle Shoals is situated, occupies a different position than do the other Representatives above mentioned with reference to the suggested amendment. His district will be benefited in any and every event if the Ford offer is accepted regardless of whether or not limitations are imposed upon the use of such power. I am just a bit fearful as to what may happen to the established industrial enterprises of the remaining portion of Alabama and the other Southern States named.

God blessed this section of the South with a great water-power site, one of the greatest in the world. The whole Nation has a general interest therein, and that interest is fairly taken care of by a nation-wide distribution of the fertilizer product. After that interest is satisfied, the section surrounding Muscle Shoals is, I might say by divine right, next entitled to consideration. The people and the great industrial enterprises already established should be protected in those States. The amendment I have suggested has that in view.

Henry Ford, concededly a great benefactor and altruist, can not live always. In 15 years or so he will probably not be connected with the corporation he proposes to organize under the terms of this bill. This Government will then deal with just an ordinary corporation and for a period of 80 to 85 years. The question is, Are we willing to trust any corporation with unrestricted and unlimited use and control of 800,000 horsepower for a period of time extending far beyond the life of the youngest of us? It may be safely taken for granted that a power conferred to a corporation will be used and generally abused in its own interests and against the interests of the people. It is not impossible nor even improbable that this favored corporation will not destroy all competition and then fasten upon the very section of country entitled to greatest benefit a monopoly such as the world has never seen.

I do not say that this will result. I only point out a possible danger. I want to see the South prosper in every way, but especially in the line of manufacturing industry. Great progress has been and is still being made along that line. The whole section about Muscle Shoals for several hundred miles is dotted with great cotton mills. I do not want to put it in the power of any corporation, wholly or partially subsidized by the Federal Government, to endanger that industrial progress. I have a great interest in the whole country, but it is only natural that I have the deepest concern for the South, where I was born and where I have lived all my life.

As I stated in the beginning, I shall vote for the McKenzie bill, which provides for the acceptance of the Ford offer, whether the bill is amended or not. If the gentlemen representing the States contiguous to Muscle Shoals do not offer the amendment suggested, I shall not. They know the wishes of their constituents better than I do, and have a greater interest in protecting them than I have. They are all able men and devoted to the interests of their sections, and I am willing to accept their judgment on the suggested amendment. My purpose has been to put up the warning sign, "Stop, look, and listen." [Applause.]

Mr. LAGUARDIA. Mr. Chairman, this is a very important subject. We are giving away a hundred million dollars. I raise the point of no quorum.

The CHAIRMAN. The gentleman from New York makes the point that there is no quorum present. The Chair will count.

Mr. McKENZIE. Mr. Chairman, I move that the committee do now rise.

Mr. BANKHEAD. Mr. Chairman, I demand tellers on that motion.

Tellers were ordered; and the Chairman appointed as tellers Mr. McKENZIE and Mr. BANKHEAD.

The committee divided; and the tellers reported—ayes 8, noes 94.

The CHAIRMAN. A quorum is present, and the committee refuses to rise.

Mr. MORIN. Mr. Chairman, I yield 40 minutes to the gentleman from Iowa [Mr. HULL].

The CHAIRMAN. The gentleman from Iowa is recognized for 40 minutes. [Applause.]

Mr. HULL of Iowa. Mr. Chairman and gentlemen of the committee, there has been very much said this afternoon with which those of us who are in opposition to the bill agree, but there has been very little said in regard to the merits or demerits of the proposition before you by the gentlemen who have tried to sustain the idea of accepting the Henry Ford proposition as it is.

I want to just briefly call attention to one thing—a controversy in regard to the amount of money that Henry Ford proposes to pay as amortization. You will find it on page 7 of the bill, and any man can figure it. It does not take a mathematician to figure these two sums for 100 years. He proposes to make semiannual payments of $3,505 on Dam No. 3 and $19,868 on Dam No. 2. In 100 years this amounts to a little more than $4,000,000. The gentlemen in favor of this bill claim this amount will amortize $50,000,000 in 100 years. In other words, slightly more than $4,000,000 is paid in to amortize $50,000,000. I say, Why is it we do not amortize the national debt in the same way? Because you can not do it, and every man knows it.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. CHINDBLOM. Let me suggest that if you are going to credit him with interest upon deferred payments you ought to charge him interest also on the other side of the ledger on deferred payments.

Mr. HULL of Iowa. Yes. You would have to have more interest, and you would have to speculate to get the money.

I want to call the attention of the gentlemen on this side to the guaranty. The guaranty in this bill is not the original guaranty, but the gentlemen do not seem to understand that. Here is the guaranty which is written in the bill and which they ask you to accept. It is to be found on page 18 of the bill. That is all the personal guaranty is. It is section 23, and let us read it. Many of you are lawyers. I am not, but I know common sense when I see it:

> All of the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successors, and assigns.

Now, gentleman, Henry Ford does not agree to a thing there except to take the $80,000,000 worth of property you are going to give him; that is all; he agrees to accept it.

Here is your original guaranty right here. I will read it:

> Upon acceptance, the promises, undertakings, and obligations shall be binding upon the United States and jointly and severally upon the undersigned, his heirs, representatives, and assigns, and the company, its successors, and assigns; and all the necessary contracts, leases, deeds, and other instruments necessary or appropriate to effectuate the purposes of this proposal shall be duly executed and delivered by the respective parties above mentioned.

Mr. BEGG. Will the gentleman yield?

Mr. HULL of Iowa. Certainly.

Mr. BEGG. Suppose this $10,000,000 corporation were to fail and go into bankruptcy, would the personal fortune of Henry Ford, outside of that, be in any way responsible for the bankruptcy?

Mr. HULL of Iowa. Certainly not, as everybody will admit who reads these contracts.

Mr. ALMON. Would not that apply to the power companies as well?

Mr. HULL of Iowa. I am not saying a word about the power companies, and if the power companies' contracts ever come on the floor of the House, I want to amend them if they are in any such shape as Henry Ford's proposition.

Mr. BEGG. Will the gentleman allow me to finish my proposition?

Mr. HULL of Iowa. Yes; but I wish the gentleman would hurry.

Mr. BEGG. I will be as brief as I can, but I would like to get a little information. Suppose this bankruptcy should come about; then the only recourse the United States would have in order to recover the property that is given to Henry Ford for $1,500,000 would be to go in at sheriff's sale and buy it back, would it not?

Mr. HULL of Iowa. Absolutely, that is all; and, as a matter of fact, they could dispose of the property to some one else and you would be left in a position where you could not regain your own property. Everybody knows that.

Mr. ALMON and Mr. McSWAIN rose.

Mr. HULL of Iowa. I can not yield to the whole Democratic Party at one time.

Mr. ALMON. I am not the whole Democratic Party.

Mr. HULL of Iowa. But a gentleman back of you has risen.

Mr. ALMON. Does not the gentleman admit that under the Ford offer neither he nor his company could convey that property and give title to it?

Mr. HULL of Iowa. I do not know.

Mr. ALMON. That is the condition of the sale.

Mr. HULL of Iowa. I understand that, but I do not know.

Mr. ALMON. The gentleman ought to know by this time.

Mr. HULL of Iowa. I do not know, and the gentleman did not know that that contract was changed.

Mr. McSWAIN. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. McSWAIN. The gentleman said that if the bill proposing to authorize a lease to the Allied Power Co. should come before the House he would offer amendments to it, and I will ask him why, when he was drafting two bills to that effect, he did not put his ideas in his own bill?

Mr. HULL of Iowa. I will say to the gentleman—and he knows it very well—that that was introduced simply for your information and so the country might know we had some other offer. I am not standing on that, but I will say this: That you should make this contract in such a way that we could go back to Henry Ford and say, "Here is the kind of a contract that the Government desires to make. Take it if you want it!" If he should refuse, then we have other offers, and the gentleman knows it very well.

Mr. McSWAIN. Has not my friend acquired some information about this matter which he did not have when he drafted his own two bills?

Mr. HULL of Iowa. Certainly. I am acquiring information about it every day.

Mr. SALMON. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. SALMON. I want to call the gentleman's attention to the word "severally," on page 18, line 17, in the section referred to, and ask him whether or not he considers that the estate of Henry Ford is bound to comply with this contract?

Mr. HULL of Iowa. Certainly not; and the best lawyers in the country have analyzed it, and some gentlemen who are lawyers will analyze that for the gentleman before we get through. It simply means that you bind yourself to convey, and Henry Ford forms a company; then when he has accepted, through that company, the property that you are going to give him Henry Ford ceases. You then have a corporation to deal with, and the gentleman knows it very well.

Mr. SALMON. If the gentleman will yield further, I want to assert that nobody can successfully explain away the word "severally" there and make the estate of Ford not liable.

Mr. HULL of Iowa. Well, they will explain it away if you ever get into court.

Mr. JAMES. Will the gentleman yield?

Mr. HULL of Iowa. Certainly.

Mr. JAMES. Do you believe the original guaranty was a positive guarantee of Mr. Ford's personal fortune?

Mr. HULL of Iowa. I think it was; yes, sir; and some gentlemen wonder why it was that I, who at one time was supposed to favor the Henry Ford offer, have changed. It is simply because of the changes in the contract and the additional information that I have received since we started in on this matter. The gentleman from South Carolina [Mr. McSWAIN] asked me in regard to information. It is only on this side of the House that you seem to be unable to inform yourselves. You are talking about an offer that was made two years ago, and the world has gone on two years and we have found out some things in those two years.

Mr. GARRETT of Texas and Mr. HILL of Maryland rose.

Mr. HULL of Iowa. I yield to the gentleman from Texas.

Mr. GARRETT of Texas. The gentleman, in reply to an inquiry made by the gentleman from Ohio [Mr. BEGG] a moment ago, stated that in the event the corporation that was to be organized under this contract should fail or go into bankruptcy the only recourse the Government of the United States would have would be to have the property sold and buy it back.

Mr. HULL of Iowa. Yes.

Mr. GARRETT of Texas. The gentleman certainly did not intend to answer that question in the affirmative in the light of section 19?

Mr. HULL of Iowa. Yes; I did. I refuse to yield further.

Mr. GARRETT of Texas. The gentleman wants to be fair. The gentleman wants the truth.

Mr. HULL of Iowa. Certainly we want the truth.

Mr. GARRETT of Texas. The truth is that section 19 of this contract gives the western division of Alabama Federal court the power to cancel this contract at any time there is a violation of the contract.

Mr. BEGG. If the gentleman will permit, that is only in case of a violation of the contract and not in case of bankruptcy.

Mr. GARRETT of Texas. The gentleman certainly does not propose to say there would be a different rule applied in the case of bankruptcy?

Mr. BEGG. I certainly do.

Mr. GARRETT of Texas. Is not that included among the acts of omission?

The CHAIRMAN. The gentleman from Iowa has the floor.

Mr. LAZARO. Will the gentleman yield?

Mr. HULL of Iowa. Certainly.

Mr. LAZARO. The gentleman just said that we on this side were discussing a thing that was two years old. Does the gentleman remember the speech of the gentleman from Illinois [Mr. MADDEN] near the close of the Sixty-seventh Congress and what he said about Muscle Shoals?

Mr. HULL of Iowa. Yes; I know that Mr. MADDEN has had some idea here recently that we ought to give Henry Ford, among other things, $3,472,487.25 cash received by the Government for the Gorgas steam plant. I will admit that is new. It is a new idea for the chairman of the great Appropriations Committee that is supposed to try to save the Government's money and the people's money to try in this bill to give it away, and that is just what he is trying to do.

Mr. LAZARO. The gentleman knows that the gentleman from Illinois [Mr. MADDEN] has studied this subject.

Mr. HULL of Iowa. I know this: I have been on this floor for nine years, and in the nine years I have fought with this side of the House for the development of Muscle Shoals, and the gentleman from Illinois [Mr. MADDEN], whom you mention, has always been opposed to me. I have been with you until now in the development of Muscle Shoals, and all I want you now to do is to preserve it for the people. [Applause.]

Mr. LAZARO. That is what we want to do.

Mr. HULL of Iowa. I hope I have not advocated here for nine long years this development, and now that we have got it you are going to give it away.

Mr. LAZARO. You have quit us. That is the only trouble.

Mr. HULL of Iowa. I quit you because you want to give it away and I want to preserve it for the people.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. HULL of Iowa. Certainly.

Mr. BLANTON. The gentleman seems to be uneasy about the solvency of a Ford contract. I want to ask the gentleman, since Mr. Henry Ford has underwritten the gentleman's party and administration, does not the gentleman think he ought to be fair and let his party underwrite Mr. Ford?

Mr. HULL of Iowa. I have nothing to do with Mr. Ford and you have nothing to do with Mr. Ford after you pass this contract. He will take your property and it will go to a corportation of $10,000,000, and that is all there is to it. Gentlemen, what is before you is simply a business proposition and there is nothing else to it.

Mr. HILL of Maryland. Will my colleague yield?

Mr. HULL of Iowa. Certainly.

Mr. HILL of Maryland. The clause which the gentleman refers to is section 23, which is very brief and is as follows:

> All of the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States, and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successors and assigns.

That does not bind Henry Ford or his heirs or successors or assigns to anything except those things which are necessary to effectuate the acceptance of the contract, and when the contract is once accepted, there is not an iota of personal responsibility on the part of Henry Ford or anybody connected with him.

Mr. HULL of Iowa. The gentleman is absolutely right.

Mr. QUIN. But the condition is in the deed itself.

Mr. HULL of Iowa. I now want to call your attention to something else.

Mr. WYANT. Will the gentleman yield? Is there any provision in this bill at any place that prevents this stock, if any should be issued, from coming into the hands of foreigners or people who are not American citizens?

Mr. HULL of Iowa. Yes; there is. That is all right and we have no controversy about that.

Mr. JONES. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. JONES. The gentleman would not expect Mr. Ford to risk his whole personal fortune in a thing of this kind?

Mr. HULL of Iowa. I certainly would; and you gentlemen on this side contend he is doing that.

Mr. McDUFFIE. Section 23 does that.

Mr. JONES. Section 23 binds the $10,000,000 corporation, to say the least.

Mr. HULL of Iowa. You are right, and I suggest that the gentleman talk to the gentlemen on his own side and convince them he is right.

Mr. JONES. And, in addition to that, it binds his estate to any contracts necessary to complete the acceptance of it.

Mr. HULL of Iowa. That is all. You are right, and I thank the gentleman very much for his suggestion.

Mr. JONES. That is doing a good deal, is it not?

Mr. McSWAIN. The gentleman from Iowa agrees that it binds the corporation?

Mr. HULL of Iowa. Certainly.

Mr. McSWAIN. Does not the contract and the bill say that it binds Henry Ford, his heirs, representatives, assigns, and the corporation?

Mr. CHINDBLOM. To do what?

Mr. McSWAIN. If it binds the corporation, why does it not bind them all?

Mr. HULL of Iowa. The gentleman from Texas has it right. He has seen the law, and he knows the law.

Mr. McSWAIN. Yes; he has seen it for the first time.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. HULL of Iowa. Certainly.

Mr. BYRNS of Tennessee. The gentleman says the company or corporation is bound on account of the language used in section 23?

Mr. HULL of Iowa. Yes.

Mr. BYRNS of Tennessee. That is the theory upon which the gentleman says the company is bound. Now, how does the gentleman distinguish between the binding effect upon Henry Ford and the company when exactly the same language is used to bind the company that is used to bind Henry Ford, which he admits is binding upon the company?

Mr. HULL of Iowa. I am not a lawyer, but I believe the legal distinction is clear and that any court would so hold.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. HULL of Iowa. No; I want to answer the gentleman from Tennessee.

Mr. LaGUARDIA. All right, answer him. [Laughter.]

Mr. HULL of Iowa. The gentleman says that this is binding on the company, a company with $10,000,000. But Henry Ford is not bound. In the bill you propose to deliver to the company $80,000,000 worth of property. The company is bound, but Henry Ford is not bound. It is very plain.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. LaGUARDIA. On page 2, line 1, of the bill it says:

> for the purpose of carrying out the terms of this agreement, Henry Ford will form a corporation * * * which company will immediately enter into and execute all necessary or appropriate instruments of contract to effectuate this agreement.

There is the answer to the gentleman from Tennessee.

Mr. BYRNS of Tennessee. Henry Ford will form a corporation, and in section 23 he makes himself responsible as the guarantor for the corporation.

Mr. HULL of Iowa. Oh, not at all.

Mr. BYRNS of Tennessee. Then I can not read the English language.

Mr. HULL of Iowa. Well, ask the gentleman from Texas [Mr. JONES]. He has the right idea.

Mr. WILLIAMS of Michigan. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. WILLIAMS of Michigan. I would like to ask the gentleman what contracts, leases, transfers, and conveyances there are, other than those contemplated by this arrangement, upon which Henry Ford could be subject or bound, except the contract entered into by the corporation?

Mr. HULL of Iowa. None.

Mr. WILLIAMS of Michigan. Then that settles the question whether Henry Ford would be responsible under this arrangement.

Mr. MANLOVE. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. MANLOVE. This committee, with many eminent lawyers, seems divided as to the true intent and interpretation of section 23. In view of this fact, and that a court of lawyers called upon to interpretate that section might not be able to agree as to the meaning of that section as it now reads, might it not be wise to amend that section by using language so plain that anyone could understand the binding effect and terms thereof?

Mr. HULL of Iowa. I am not a lawyer, but I sat in the Military Committee for three months and heard the debate in regard to the binding effect of this language, and the more I heard of the debate the less I knew about it. [Laughter.] I came to the conclusion that as they have changed the original binding clause from the original offer Henry Ford tendered to Congress, that somewhere along the line someone knew how to get around having a binding clause in the contract.

Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. NEWTON of Minnesota. If this was changed so as to read 50 years, and was corrected so as to meet the objection the gentleman made as to section 23—and I think he is clearly right about that—would the gentleman then favor the passage of this bill?

Mr. HULL of Iowa. Oh, certainly; if you would change the bill as it ought to be changed I would be glad to vote for Henry Ford. I always wanted to favor Henry Ford, but I want to protect the people of this country and the people of the Southeast.

Mr. SPEAKS. Will the gentleman yield?

Mr. HULL of Iowa. I will yield to the gentleman from Ohio.

Mr. SPEAKS. Would it satisfy the gentleman's mind, with respect to section 23, if after the word "offer" there should be inserted "and faithfully execute the provisions," so that it would read: "All of the contract leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer and faithfully execute its provisions shall be binding upon the United States," and so forth?

Mr. HULL of Iowa. I will say to you, gentlemen, that if you can draw something that will bind Henry Ford I will be satisfied. I want to say this: If I can have my way about it I am going to offer the original binding clause that Henry Ford himself sent to Congress, and I think that will bind him. It is contained in the offer he made.

Mr. YATES. What was the guaranty that does not now appear in the bill?

Mr. HULL of Iowa. If the gentleman will listen I will read it. I have read it before:

> The above proposals are submitted for acceptance as a whole and not in part. Upon acceptance the promises, undertakings, and obligations shall be binding upon the United States, and jointly and severally upon the undersigned, his heirs, representatives, and assigns, and the company, its successors and assigns; and all the necessary contracts, leases, deeds, and other instruments necessary or appropriate to effectuate the purposes of this proposal shall be duly executed and delivered by the respective parties above mentioned.

I have understood from lawyers that that is binding on Henry Ford.

Mr. WYANT. Does the gentleman think that a business man as shrewd as Henry Ford would create a corporation of $10,000,000 with all this risk and bind his personal fortune?

Mr. McSWAIN. Henry Ford has done a lot of things that the public calls foolish. When he raised the pay of the laboring men in his factories he was called foolish.

Mr. ACKERMAN. Will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. ACKERMAN. What was the reason that the original clause in the offer was changed?

Mr. HULL of Iowa. I can not explain that. It is something I could never understand.

Mr. WURZBACH. Let me ask the gentleman is there anything in the offer of the Allied Power Co. that shows any greater security for the performance of their contract than there is in Henry Ford's proposal?

Mr. HULL of Iowa. As I understand it, there is nothing that binds anybody excepting that they have $5,000,000 more capital. That is all the difference there is, and I want to say that I will have to analyze that.

Mr. BYRNS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. BYRNS of Tennessee. I understand the gentleman to say in response to a question of the gentleman from South Carolina [Mr. McSWAIN] that this bill was framed with the intent to carry out the express provisions of the proposal made by Henry Ford, and I understand the gentleman further to say that the proposal made by Henry Ford does bind him personally to carry out the contract and the agreement which will be made with the United States. Am I correct in that?

Mr. HULL of Iowa. I am so informed by good lawyers. I do not know. They might change their minds, as lawyers do sometimes.

Mr. BYRNS of Tennessee. If that be true, if the proposal made by Henry Ford would bind him personally for this act of Congress on its face, and it is intended by Congress to carry out that proposal, does the gentleman believe that there is a court in the country that would relieve Henry Ford from responsibility if he goes ahead and forms this company as he agrees to do under the terms of this act?

Mr. HULL of Iowa. I know this, and the gentleman knows it, that when you have this contract, you stand on the contract, and it will not be propaganda such as has been spread out over this country. It is the contract that you have to stand on in any court, and the gentleman knows it.

Mr. HILL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. HILL of Maryland. In addition to the $5,000,000 extra capital, the water power act supervises and gives guaranty, does it not?

Mr. HULL of Iowa. Certainly. There would be $15,000,000 capital.

Mr. GARRETT of Texas. Mr. Chairman, will the gentleman yield?

Mr. HULL of Iowa. Yes.

Mr. GARRETT of Texas. Does not the gentleman recall the testimony of the president of the Alabama Power Co., or the representative of that company, in which he testified that his company had considerable outstanding bonds, and does he recall the testimony of Mr. Yates in regard to the $5,000,000 concern, when he testified that they did not intend to pay in more than 10 per cent, and perhaps would never have to pay in any more?

Mr. HULL of Iowa. The trouble with the gentleman from Texas is that he is trying the wrong case. Let us talk about Henry Ford's contract. When you have amended this offer of Henry Ford's, as I hope you will, and he either accepts or refuses, then you can discuss some of the other offers, if necessary. Henry Ford's contract is the one we are considering. Let us confine our remarks to it.

Mr. GARRETT of Texas. I have no disposition to get away from it, but will the gentleman yield for this question? Is it not the purpose of the gentleman to offer his bill as a substitute for this?

Mr. HULL of Iowa. No.

Mr. GARRETT of Texas. I wanted to get the record straight.

Mr. HULL of Iowa. If you had read the minority report, you would understand what we want to do.

Mr. McDUFFIE. But the gentleman from Maryland said——

Mr. HULL of Iowa. Oh, I am not responsible for anybody but myself.

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

Mr. HULL of Iowa. Yes.

Mr. SALMON. I want to call the attention of the gentleman to section 23 of the bill. This bill provides that in the conveyances to Mr. Ford of the property, that his proposition shall become a part of the covenant of the conveyances. If this proposition is a part of the covenant of the conveyances, let me read in that connection section 23:

SEC. 23. All of the contracts, leases, deeds, transfers, and conveyances necessary to effectuate the acceptance of said offer shall be binding upon the United States, and jointly and severally upon Henry Ford, his heirs, representatives, and assigns, and the company to be incorporated by him, its successors and assigns.

That language beyond any kind of question——

Mr. HULL of Iowa. Oh, is the gentleman asking a question or making a speech?

Mr. SALMON. I am making an observation and calling attention to this point.

Mr. HULL of Iowa. Get to the point.

Mr. SALMON. All right. The point is this, that this section 23 binds Henry Ford's estate to the carrying out of the contract contained in this proposition.

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

Mr. HULL of Iowa. Yes.

Mr. BEGG. I would ask the gentleman and also the gentleman who just was on the floor in respect to section 23, this question. I concede that section 23 does bind Henry Ford to all of the obligations looking to the acceptance of the contract, but I am wondering if the proponents of this bill would accept an amendment, to insert after the words "to effectuate the acceptance" the words "and execution" or "and performance" of said contract. So that it shall be binding on the United States and jointly and severally upon Henry Ford, his heirs, representatives, and so forth. If they do not accept the amendment making it binding for the performance of it, then Henry Ford is not any more bound than I am.

Mr. HULL of Iowa. The gentleman has exactly the same thought that I did when this bill was in the committee. I offered that amendment and they rejected it, because they said—and this is worthy of your notice—that Henry Ford would not permit them to change the contract. They were impotent to change that contract, and I say, since when has it come about that a wealthy man sends to Congress a contract and says you must not change it, you must take it without the dotting of an i or the crossing of a t. That sounds familiar, but it is the first time that we have heard those words from a wealthy citizen, who has no official connection with the Government. It is bad enough when it comes from the bureaus or from the Executive.

Mr. WINGO. Is the gentleman speaking about Andrew Mellon now?

Mr. HULL of Iowa. No; I am speaking of others. I have been here for nine years, and I have heard that same expression in our committee many, many times, and it did not come from Andrew Mellon.

Mr. WINGO. Did it come from the General Staff? [Laughter.]

Mr. HULL of Iowa. Sometimes; but I thank goodness for one thing, that I belong to the committee that refused to accept it in every case. We have changed their bill; we never stood for it; and the gentleman knows very well that during the hysteria of war I stood on the floor of this House and fought the General Staff on that very proposition, and I shall fight the General Staff or anyone else who sends a bill to Congress and says that we must take it just as it is and that we can not change it. That is one reason I am opposed to this bill.

But it is not Henry Ford who says you can not change this bill. It is a bunch of promoters right here within the shadow of this Capitol who are dictating how you shall word this bill.

Mr. QUIN. What are they promoting?

Mr. HULL of Iowa. They are promoting Henry Ford's proposition to Congress.

Mr. McSWAIN. Have they any selfish motives? Has the gentleman heard of any loaning of money with the notes being torn up?

Mr. HULL of Iowa. We have not got to that point yet. [Laughter.] That will come later.

Mr. McSWAIN. Does the gentleman think they will get to that point in time?

Mr. HULL of Iowa. I do, absolutely, and I hate to see the whole Democratic side indicted——

Mr. WINGO. Will the gentleman yield?

Mr. HULL of Iowa. I will.

Mr. WINGO. I am fearful the gentleman did not appreciate the effect of some of the statements he made. The gentleman does not intend to leave the impression that there is any corruption back of this proposition; does he?

Mr. HULL of Iowa. I do not know anything about it——

Mr. WINGO. Has the gentleman any knowledge of any facts which would justify the conclusion which is susceptible of being drawn from the gentleman's statement that there are certain influences back of this proposition that might lead to the indictment of some gentlemen?

Mr. HULL of Iowa. I do not know.

Mr. WINGO. Has the gentleman any facts that even constitute the basis of the statement the gentleman has made?

Mr. HULL of Iowa. I made the statement some gentlemen are promoting this thing through Congress.

Mr. WINGO. The gentleman made another statement that certain Democrats were apt to be indicted growing out of it. The gentleman, of course, did not mean that seriously?

Mr. HULL of Iowa. That the entire Democratic Party would be indicted? Oh, no; not at all.

Mr. WINGO. This is the point I am trying to make, and I am serious. I said I did not think the gentleman appreciated the effect of some of the statements he made. The gentleman made some statements that are susceptible of an interpretation. I am afraid——

Mr. MANLOVE. I would like to hear the gentleman make his own statement.

Mr. WINGO. The gentleman yielded to me.

Mr. HULL of Iowa. What is the question?

Mr. WINGO. The question is, Is there any fact within the gentleman's knowledge which justifies the intimation he has made that there was corruption and men might be indicted?

Mr. HULL of Iowa. The gentleman is putting something into my mouth I did not say.

Mr. WINGO. The gentleman has no knowledge of any such facts?

Mr. HULL of Iowa. I have no knowledge of any corruption, if that is what the gentleman wants.

Mr. WINGO. And the gentleman's statement that men might be indicted was truly based on nothing at all?

Mr. HULL of Iowa. That was just a little fun I was having. If you gentlemen will keep quiet I will try to make a speech. I am going to refuse to yield from now on, until I have completed my speech, when I will be glad to yield for pertinent questions.

Mr. HAMMER. Mr. Chairman, will the gentleman yield for just one question?

Mr. HULL of Iowa. No, I will not; I have just said I would not yield. [Laughter.]

Now, gentlemen, the bill before you is a contract proposing to sell and lease to a company to be formed by Henry Ford the tremendous and valuable properties owned by the Government at Muscle Shoals. As a Government enterprise, these properties are second in value to the Panama Canal. When completed, the undertaking will be one of the greatest achievements of the American people. I believe it is the first time that an actual contract has been laid before Congress for its consideration and decision. Heretofore we have authorized departments, bureaus, and other agencies of the Government to make contracts and then afterwards we have, quite often, criticized them for showing favoritism or lack of business judgment. In this instance, however, the sole responsibility rests with Congress.

The Members of this body are the ones who will have to defend the gift of enormous property and industrial advantage to a private citizen from the resources of our country if this contract is made. With a few changes the present Ford "offer" is the same as the one made in May, 1922. At that time Congress had decided it would not appropriate the money necessary to complete construction of Dam No. 2. It appeared that the undertaking was to be abandoned for the time being, if not entirely. The great merit attached to the Ford "offer" at that time was the opportunity afforded the Government to relinquish the proposition and turn it over to private enterprise. In other words, these Muscle Shoals properties were looked upon as a Government "war baby," and Mr. Ford's bid presented a possible method of unloading. Few, if any, of the Members of this House had a real appreciation of the magnitude and future immense value of these properties.

At this time the Senate Agricultural Committee and the House Military Affairs Committee were authorized to make a trip to Muscle Shoals, investigate the properties, and make recommendation to Congress. We were all amazed at the tremendous work already accomplished and the possible immensity of the undertaking if carried on to completion. Everyone agreed that the enterprise should not be abandoned. Those favoring the development of Muscle Shoals were inclined to favor the Ford "offer" rather than have such development suspended. Hearings were held by the Committee on Military Affairs of the House, and also by the Agricultural Committee of the Senate. It was at this point that dispute arose over the disposition of the Gorgas plant. Many of the Members, including myself, believed that this particular plant was not an integral part of the Muscle Shoals development, and that the Alabama Power Co. was justified in contending that the Government should sell this plant to them at a fair valuation. Mr. Ford demanded that this plant must be included in the properties covered by his "offer." He was urged to withdraw his demand for this one particular unit, but his answer was to the effect that when he had anything new to offer on Muscle Shoals the two committees of Congress would be notified.

This controversy led to a most remarkable report being made by the House Military Affairs Committee. The report that was voted out of the committee by 11 members was immediately assailed by 9 of the 11 who voted to report the bill. The facts are that 10 of the members on the committee were opposed to reporting the bill at all; nine were in favor of reporting the bill including the Gorgas steam plant and two in favor of reporting the bill without the Gorgas steam plant. These two consisted of the gentleman from Illinois [Mr. McKENZIE], who sponsors the bill now before you, and myself. We refused to vote for reporting the bill if the Gorgas steam plant were included. While I voted for reporting the bill, I was not at all satisfied with many of its provisions, but felt that the Members of this House should be given an opportunity to express themselves on the proposition then presented by Mr. Ford. The right to amend the bill as reported was reserved.

Congress has, since the time Mr. Ford made his first offer, appropriated funds to carry on the work at Muscle Shoals, and expert opinion testifies to the fact that it is being done rapidly, efficiently, and economically. The passage of two years time has brought many new developments. Muscle Shoals need no longer be regarded as an investment to be placed on the auction block and bid in at salvage value. Time and invention have greatly appreciatel the value of these properties. There is no longer any necessity for "bargain prices" to the Ford Co. or anyone else. Two years ago, when Mr. Ford's offer was the only substantial bid made, and the real values of these properties were indefinite, there was sound reason to consider his proposition. But there is none to-day. Any impartial analysis of his proposition and demands will disclose the absurdity of the Government entering into any such contract as the one embodied in the bill before you. These properties represent an investment and actual cost to the taxpayers of the United States of more than $135,000,000. They include several thousand acres of land; steam plants; fine residences; hotel; waterworks; various shops; railroad tracks; cement sidewalks; improved roads; concrete streets; sewerage systems, and other modern equipment.

For properties costing the Government more than $80,000,000 Mr. Ford proposes to pay $5,000,000 in several annual installments. But from this amount you must deduct $500,000 worth of platinum and $3,472,487.24 cash from sale of the Gorgas plant. This leaves a payment to be made by Mr. Ford of a little more than $1,000,000 for property costing the Government more than $80,000,000, and the actual scrap value of which is more than $16,000,000. If this is not a gift, I do not know what is.

The primary object of the Government in undertaking the development at Muscle Shoals was to secure an adequate production of nitrates, absolutely necessary for the manufacture of high explosives in war time, and the production of such nitrates for use in the manufacture of cheap fertilizers in peace time. These two factors are still paramount. The third is the utmost possible distribution of the hydroelectric power to be developed throughout the Southern States. I firmly believe that until recently the question of fertilizer production has caused the scarcity of bids for these properties. The costs involved in such manufacture and in maintaining plants for immediate operation by the Government in the event of war were problematical. The water power was very valuable, but this value had to be discounted in face of these other costs. By reason of recent discoveries it now appears that fixed nitrogen and other fertilizer compounds will soon be possible of production at far less cost than now obtains. If this be true, the value of the Government's properties at Muscle Shoals will be greatly enhanced.

I am not committed to the bid of the allied power companies of the South or any other offer that has been submitted. I am opposed to the present Ford Co. "offer" solely because I fail to see how it begins to make adequate return to the Government for value received. With the exception of the Allied Power Co. proposal, I have not had time to analyze any of the other propositions submitted, such as the Hooker-Atterbury offer or that of the Union Carbide Co. In the minority report filed by myself and several other members of the Military Affairs Committee a comparison is made between the Ford Co. "offer" and that of the power companies. I believe this comparison is fair and unprejudiced. In financial return alone the power company offer shows savings to the Government amounting to more than $34,000,000 over a period of 50 years and more than $75,000,000 over a period of 100 years.

It is estimated that the amount of hydroelectric power capable of development at Muscle Shoals upon completion of Dams Nos. 2 and 3 is more than 850,000 horsepower. Under the Ford offer this power would be placed at his company's sole disposal for 100 years. If obtained on the basis of his present proposal, he would have the cheapest power in this country, if not in the world. Mr. Ford refuses to subject his company to the jurisdiction of the Federal water power act. He demands that Congress ignore its own policy, arrived at after mature deliberation. Many specious arguments have been advanced by Mr. Ford's proponents about advantages accruing to the Government and the serving of public interest by granting him this special privilege. They do not state, however, why if Mr. Ford desires to become a philanthropist he insists on the 100-year lease period. The majority report favoring the acceptance of the Ford Co. offer contains this statement:

> There is nothing in the history of the electric-power business to indicate that water-power rights will be more valuable 50 years hence than they are to-day.

Again, I ask, why, then, the insistence on the 100-year period. True it is that some mention is made that Mr. Ford's so-called retirement fund can be set up over a 100-year period for about one-seventh of the annuity required for a 50-year period. And this brings to our attention another fallible benefit to be derived from Mr. Ford. He goes into the Ponzi realms of finance. It is suavely suggested that a retirement or amortization fund be created. Over a period of about 100 years Mr. Ford will pay into this fund slightly more than $4,000,000. The Government is to shrewdly invest the annual payments made in such manner that at the end of 100 years or thereabouts this same $4,000,000 will have multiplied itself into an amount ranging anywhere from $49,000,000 if compounded at 4 per cent to more than $100,000,000 if compounded at 5 per cent. It is pertinent to inquire, if such a weird scheme is practical, why the Government should not set up a similar fund to retire the entire national debt. Why limit its financial ability and shrewdness to benefit only Mr. Ford? If any such absurd scheme can be supported as favorable to the Ford Co. offer, it might be pointed out that the Government by taking the annual payment made by the power companies of 4 per cent on $17,000,000, which is not made under the Ford proposal, and establishing a similar fund, would secure a return of more than $700,000,000 over the same period.

However, to revert to the 100-year lease period demanded by Mr. Ford, we find that the value of merely these special water-power privileges over and above what the same might be worth to any individual or corporation, taking the same properties under the regular terms and procedure of the Federal water power act, is estimated by Mr. O. C. Merrill, secretary of the Federal Power Commission, as approximately $200,000,000.

As I have already pointed out, the primary object for the Government's venture at Muscle Shoals was to provide a sure supply of nitrates necessary for the manufacture of high explosives in the event of war. This requirement is absolute and must be met for the purpose of national defense. It is also desired and deemed essential to advance the conservation of our soils by providing cheap fertilizers for the farmers. The depletion of soil fertility has caused the economic downfall of nations in the past. The need and use of good and cheap fertilizers is recognized. A nation devoid of nitrogen supply would be defenseless in time of war. A nation devoid of fertilizer supply would ultimately lose its economic power. The maintenance and improvement of these nitrate plants is therefore absolutely necessary. It would be an outrage for the Government to permit Henry Ford to dismantle plant No. 1 and turn it into an automobile factory, as he intends to do. Notwithstanding the many allegations made by Mr. Ford's self-appointed agents as to his intention and ability to supply cheap fertilizer to the farmers, he has never evidenced the desire to enter into a binding guaranty to do this. As a matter of fact, his attitude concerning fertilizer manufacture has been negative instead of positive. The language of the bill before you is quite peculiar, and it has a peculiar history. It is certain that Mr. Ford's original offer contained no binding provision for the manufacture of fertilizer. I am not convinced that Mr. Ford could be compelled continuously to produce fertilizers under the terms of this present bill. Several members of the Military Affairs Committee sought to have Mr. Ford's fertilizer commitment made more definite and binding. Different legal interpretation can be made of the language used in section 14 of this bill.

As Mr. Ford has refused to clarify this particular provision, it is right to bring attention to certain records contained in the former hearings before the committee. These disclose that Mr. Ford stated to the Secretary of War that if he could not make fertilizer at a profit he intended to "quit." According to the testimony of experts, the cyanamide process used at plant No. 2 is excessively expensive and practically obsolete. This is the plant and process Mr. Ford proposes to use. At least no other plan is set forth in his "offer." I do not believe he could manufacture at a profit under this process. If he could not, would he proceed to "quit"? If he did quit, could he be compelled to resume operation under the terms of this fertilizer provision as now worded? If Mr. Ford is sincere in his intention to manufacture and provide cheap fertilizers for the farmers, as claimed for him, why should be object to a plain, definite statement binding him and his company? Why does he balk at the actual guaranty desired? Why is it that for two years he has always refused to come before our committee and explain his real intention? Recent developments have indicated that it will soon be possible to manufacture fixed nitrogen at greatly reduced costs. This being true, the production of cheap fertilizers can be accomplished by applying the new and more economical methods. It is no longer necessary for the Government to give special privileges to any individual or group in order to dispose of Muscle Shoals.

The refusal of Mr. Ford to place himself or his proposed company within the scope of the Federal water power act is not difficult to understand. The tremendous advantages and benefits he derives thereby are easily determined. But it is difficult to follow the reasoning of those urging the 100-year lease period. It is absurd to claim that the Government or anyone else will benefit from such a procedure except Mr. Ford and the company to be formed by him. Mr. Ford is an industrial genius, but he has competitors. If he secures the use of this power at the cost he proposes to pay for it and without any restrictions governing its distribution, he will have more industrial power than any one man ever had in the world's history.

The 850,000 horsepower to be developed will equal about one-third of all the remaining undeveloped water power resources in nine Southern States. Mr. Ford is not obliged to distribute this power throughout these States, and there is no reason to believe he would do so. There is reason to believe that he would absorb this power by building various manufacturing plants, such as cotton mills, automobile factories, etc. This cheap power, coupled with Mr. Ford's industrial capacity, would enable him to destroy all competition in the immediate vicinity. He would be supreme. These properties are adjacent to rich mineral deposits, including coal, iron, and aluminum. It is safe to say that the cry of "cheap fertilizers for the farmers" has been used as the campaign slogan by propagandists favoring Mr. Ford to divert attention from the great value of this water power. Give Mr. Ford the unrestricted use of this power at the cost proposed and he will become the greatest monopolist this country has ever had. He will not be subject to Federal or State regulation. On the other hand, the bid of the power companies subscribes to both Federal and State jurisdiction and assures the distribution of this vast power throughout the South where it belongs.

I have no personal antagonism toward Mr. Ford. I admire his commercial capacity and industrial genius. We must all understand that it is not Henry Ford we are dealing with; it is promoters here in Washington that we deal with now, and if we accept this offer it would be a corporation that would carry out the contract, not Henry Ford. I hold no brief for the power companies' "offer," or any other bid thus far submitted. What I do object and earnestly protest is the enormous gift of property proposed in this bill. Those favoring this measure have argued that Mr. Ford will not accept any changes made in its provisions. Claimants for special privileges and Government favors are usually more patient and diplomatic. Is it Mr. Ford or his supposed agents who say to the Government, "Here is my proposition; take it or leave it"? In the past, those seeking to have advantages bestowed by the Government have evidenced a readiness and more often an eagerness to bargain for such advantages and special privileges. Are we sure Mr. Ford would not do likewise if pressed?

But why this great rush to present Mr. Ford with Muscle Shoals? Is the desire to benefit the Government or to benefit Mr. Ford? Everyone must recognize the great appreciation in the value of these properties that has taken place during the past several months. It is now easier to visualize their probable future value. The Wilson Dam and installation of the first eight units will not be completed until about July 1 of next year. No great advantage will accrue to the Government in disposing of Muscle Shoals at the immediate moment. I firmly believe that far better offers than any of those thus far submitted will be forthcoming during the next several months. Even if this were not so, I can see no reason why Congress should single out Mr. Ford as the one best entitled to Government bounty. The Ford offer is not the best that can be secured. At least one better proposition has already been submitted. But if the Ford Co. offer is to be favorably considered and the best interests of the people of this Nation protected, it must be amended so as to carry the following provisions:

First, by placing the power projects under the control of the Federal water power act, to insure distribution of power; second, by leasing the projects for 50 years on terms which will insure a net annual return as great as other bids submitted; third, by leasing the nitrate plants for a nominal rental for the guaranteed annual manufacture of fertilizer or fertilizer compounds.

I do not believe that any of the offers yet submitted make adequate return, either in money payments or otherwise, for the value of the present and future assets available at Muscle Shoals. The water-power value alone will constantly appre-

ciate. Any disposition of the power available should specifically provide for its general distribution throughout the Southern States.

I earnestly hope that the Members of this House will defeat this bill, unless proper safeguards are inserted to protect and provide for the best interests and welfare of the people.

If the people's interests are to be served and protected, it is imperative that this bill be amended as suggested. Otherwise it would be the greatest gift of property ever made by this Government to anyone.

My wish in this entire matter has been to develop this great property and, now that we have it developed, to protect the interests of the people, especially of the Southern States, so they will receive full benefit. Selfish and corporate interests must not be permitted to exploit the people.

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

Mr. HAMMER. Mr. Chairman, I ask that the gentleman be allowed, by unanimous consent, to proceed for one minute. I want to ask him a question.

Mr. McKENZIE. Mr. Chairman, I yield to the gentleman five minutes.

The CHAIRMAN. The gentleman from Iowa is recognized for five minutes more.

Mr. HULL of Iowa. I want to call your attention to this: It is not only the guaranty that Henry Ford offers that is lacking, but Henry Ford destroys the hope of the people of this country to receive cheap fertilizer. He proposes to take these great nitrate plants and destroy plant No. 1, the synthetic-ammonia process plant. There is no question about that. He is going to make it into an automobile factory. Read his testimony on page 258:

Mr. HULL. Under this contract you also take plant No. 1.

Mr. MAYO. Yes, sir.

Mr. HULL. What do you intend to do with that?

Mr. MAYO. Use it for manufacturing purposes.

Mr. HULL. For manufacturing fertilizer?

Mr. MAYO. No, sir.

Mr. HULL. For manufacturing nitrates?

Mr. MAYO. No, sir; manufacturing parts for our automobile business.

Mr. HULL. You intend to manufacture parts for the automobile over there?

Mr. MAYO. Yes, sir; raw materials.

Mr. HULL. That would, of course, contemplate changing that plant entirely from a nitrate plant?

Mr. MAYO. Yes, sir.

There is new testimony as to the value to the people of the United States of nitrate plants Nos. 1 and 2, which it is proposed that we shall here practically give away for nothing to Mr. Ford. The testimony I allude to was given by the Government's most expert witness on this subject—Dr. F. G. Cottrell, director of the fixed nitrogen research laboratory of the Department of Agriculture, at a hearing before a subcommittee of the House Appropriations Committee, Mr. MADDEN's own committee, on February 20—just a few days ago.

Testifying as to the scope of the work at the nitrogen laboratory—and if we are not going to accept as authoritative the testimony of the Government's own experts before Mr. MADDEN's committee, whose testimony are we going to accept—Doctor Cottrell said:

We have plans worked out now for plants that will operate where one of those that were built at Muscle Shoals during the war failed to operate. That was our first major problem in regard to what is known as plant No. 1 in the Muscle Shoals project, and we have that now in shape, so we feel certain we can actually build and put such a plant as that into commission and operate at a lower cost than anything that is now being done in this country.

The whole point of our work, of course, is aimed at cheapening the production of the nitrogen portion of the fertilizer that the farmer uses.

At the close of the war period the plants at Muscle Shoals were shut down. There were two plants, plant No. 1 and plant No. 2, plant No. 2 being the cyanamid plant, and plant No. 1 being the so-called modified Haber process plant, or, more generally, the direct synthetic ammonia process. It was recognized from the beginning, or from the time those plants were put up that there was no question but what we could make plant No. 2 operate and make cyanamid. That technique was pretty well known in this country, but it was also recognized that it was to be an obsolete method so far as fertilizer was concerned.

It had served its purpose in the development of the art. It was too expensive.

The Haber plant, or plant No. 1, was the one we were taking the greatest gamble on being able to work, but the one that would go furthest toward the cutting of the costs if successful.

At present we believe we have the No. 1 process in such shape that it is economical.

I, for one, have always felt that it was aimed more directly at the fertilizer question than No. 2.

Plant No. 2 might, when the Wilson Dam is completed, be able to produce at about the current fertilizer prices, but it gives no promise of appreciably bettering them.

I think we can already say with confidence that we see the opportunity of cutting the cost of the nitrogen side of fertilizer very nearly one-half. That must not be interpreted, however, to mean the cutting in half of the finished fertilizer for the farmer. That is a confusion that sometimes comes in there. The nitrogen is the largest part of the cost in fertilizer.

There is the testimony of the Government's principal expert witness as to the value of nitrate plant No. 1. And it is nitrate plant No. 1 that Mr. Mayo, Mr. Ford's personal representative, says Mr. Ford will tear to pieces after we give it to him, if we do, although it cost $13,000,000; and after he tears it to pieces he is going to turn it into an automobile factory for his private uses.

Mr. GARRETT of Texas. Mr. Chairman, will the gentleman yield?

Mr. HULL of Iowa. No; I refuse to yield.

Mr. WYANT. Mr. Chairman, I would like to ask a question pertinent to this matter.

Mr. HULL of Iowa. All right.

Mr. WYANT. It is stated that these plants are capable of producing 800,000 horsepower. Can the gentleman give us any idea of the value of this current at the point of production?

Mr. HULL of Iowa. I wish I had time, I would go into that feature of it. I will answer it briefly. When you come to find out what that great hydro power that you are going to give to Henry Ford for $1,200,000 involves, the figures are staggering. You, gentlemen, most of you, pay for electricity, from 5 to 10 cents per kilowatt hour. The maximum flow over the two dams and probable installation is more than 850,000 horsepower. And yet if we set up down there and sold that power at 1 cent per kilowatt hour, the entire amount per year would be more than $50,000,000. Think of it, my friends, and yet you are giving it to Henry Ford for $1,200,000.

Now, that is the maximum amount, remember. I am figuring 1 cent per kilowatt hour and that may be a little high. I do not know. I am trying to find out—honestly trying to find out—what that electricity is worth, and I say here you can not find out what it is worth. This Government is buying electricity. They are buying it out at Rock Island Arsenal, and they pay nine-tenths of a cent per kilowatt hour, and if you figure that on Muscle Shoals the maximum amount of power that would go over those falls, not for 50 years, not for 100 years, but forever, would be worth more than $48,000,000 a year.

Mr. McKENZIE. Mr. Chairman, will the gentleman give us the amount of profit that would go into the coffers of the Alabama Power Co. if their offer were accepted?

Mr. HULL of Iowa. I know that if you would take an agency that can produce that power you can make people pay for it. The Alabama company or the Tennessee company can be made to transmit that power at a reasonable figure to the people that use it. [Applause.]

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

Mr. McKENZIE. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala., Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. No. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. GREEN of Massachusetts, for 10 days, on account of important business.

To Mr. McLAUGHLIN of Nebraska (at the request of Mr. SIMMONS), for one week, on account of death of his father;

To Mr. ANDERSON, indefinitely, on account of illness.

To Mr. LINTHICUM (at the request of Mr. HILL), for two days, on account of extremely important business.

To Mr. FULLER (at the request of Mr. MADDEN), for one week, on account of the death of his brother.

RESIGNATION FROM A COMMITTEE.

The SPEAKER. The Chair lays before the House the following communication, which the Clerk will report.

The Clerk read as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 3, 1924.

To the Hon. F. H. GILLETT,
Speaker of the House of Representatives,
Congress of the United States, Washington, D. C.

DEAR SIR: I hereby tender my resignation as a member of the Committee on Naval Affairs.

Respectfully, JAMES O'CONNOR.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

Mr. MORIN. Mr. Speaker, I ask unanimous consent that all Members who speak on this bill have permission to revise and extend their remarks in the RECORD.

Mr. MADDEN. Mr. Speaker, I object to that. I think each Member can get the right to extend his remarks himself.

Mr. MORIN. I am making that request in order to save time.

[By unanimous consent, Mr. HULL of Iowa and Mr. WAINWRIGHT were given permission to revise and extend their remarks in the RECORD.]

ADJOURNMENT.

Mr. LONGWORTH. Mr. Speaker, before moving to adjourn I will say for the information of the House that it is my intention to-morrow morning to move to dispense with Calendar Wednesday in order that we may proceed with the consideration of this bill. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 58 minutes p. m.) the House adjourned until to-morrow, Wednesday, March 5, 1924, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII.

Mr. GREEN of Iowa: Committee on Ways and Means. H. R. 6901. A bill to amend the revenue act of 1921; with amendments (Rept. No. 257). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7487) granting an increase of pension to Mrs. Martin A. King; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7488) granting a pension to Margaret E. Farmer; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GRAHAM of Pennsylvania: A bill (H. R. 7520) to transfer the surety bonds section of the Treasury Department to the General Accounting Office; to the Committee on the Judiciary.

By Mr. BACON: A bill (H. R. 7521) to amend section 5138 of the Revised Statutes of the United States in relation to the amount of capital stock required by national banking corporations; to the Committee on Banking and Currency.

By Mr. LEAVITT: A bill (H. R. 7522) to authorize and direct issuance of patents to purchasers of lots in the town site of Bowdoin, Mont.; to the Committee on the Public Lands.

By Mr. MORROW: A bill (H. R. 7523) designating the State of New Mexico as a judicial district, fixing the time and place for holding terms of court therein, and for other purposes; to the Committee on the Judiciary.

By Mr. BLACK of New York: A bill (H. R. 7524) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BLOOM: A bill (H. R. 7525) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BOYLAN: A bill (H. R. 7526) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CAREW: A bill (H. R. 7527) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CELLER: A bill (H. R. 7528) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CLEARY: A bill (H. R. 7529) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CONNERY: A bill (H. R. 7530) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CORNING: A bill (H. R. 7531) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CULLEN: A bill (H. R. 7532) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. DICKSTEIN: A bill (H. R. 7533) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. GALLIVAN: A bill (H. R. 7534) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. GRIFFIN: A bill (H. R. 7535) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. LINDSAY: A bill (H. R. 7536) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H. R. 7537) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MINAHAN: A bill (H. R. 7538) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. VESTAL (by request): A bill (H. H. 7539) providing for the registration of designs; to the Committee on Patents.

By Mr. O'BRIEN: A bill (H. R. 7540) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'CONNELL of New York: A bill (H. R. 7541) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'CONNOR of New York: A bill (H. R. 7542) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. OLIVER of New York: A bill (H. R. 7543) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'SULLIVAN: A bill (H. R. 7544) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. PRALL: A bill (H. R. 7545) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. QUAYLE: A bill (H. R. 7546) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SHERWOOD: A bill (H. R. 7547) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SULLIVAN: A bill (H. R. 7548) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. TAGUE: A bill (H. R. 7549) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. REED of West Virginia: A bill (H. R. 7550) to enable the trustees of Howard University to develop an athletic field and gymnasium project, and for other purposes; to the Committee on the District of Columbia.

By Mr. STENGLE: A bill (H. R. 7551) to amend an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof; to the Committee on the Civil Service.

By Mr. FITZGERALD: A bill (H. R. 7552) to provide adjusted compensation for veterans of the World War, and for other purposes; to the Committee on Ways and Means.

By Mr. PORTER: A bill (H. R. 7553) authorizing an appropriation for the payment of claims arising out of the occupation of Vera Cruz, Mexico, by American forces in 1914; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7554) to authorize the payment of an indemnity to the Government of Nicaragua on account of damages alleged to have been done to the property of Salvador Bultrago Diaz by United States marines on February 6, 1921; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7555) to authorize the payment of $1,000 to the Government of the Netherlands for compensation for personal injuries sustained by Arend Kamp and Francis Gort, subjects of the Netherlands, while the U. S. S. *Canibas* was loading at Rotterdam on May 1, 1919; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7556) authorizing the payment of an indemnity to the British Government on account of the death of Samuel Richardson, a British subject, alleged to have been killed at Consuelo, Dominican Republic, by United States marines; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7557) to authorize the payment of an indemnity to the Government of Nicaragua on account of the killing or wounding of Nicaraguans in encounters with United States marines; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7558) to authorize the payment of an indemnity to the Government of Norway on account of losses sustained by the owners of the Norwegian steamship *Hassel* as the result of a collision between that steamship and the American steamship *Ausable;* to the Committee on Foreign Affairs.

Also, a bill (H. R. 7559) to authorize the payment of an indemnity to the British Government on account of losses sustained by the owners of the British steamship *Baron Berwick* as the result of a collision between that vessel and the U. S. S. *Iroquois* (now *Freedom*) and a further collision with the U. S. destroyer *Truxtun;* to the Committee on Foreign Affairs.

Also, a bill (H. R. 7560) to authorize the payment of an indemnity to the Government of France on account of the losses sustained by a French citizen in connection with the search for the body of Admiral John Paul Jones; to the Committee on Foreign Affairs.

Also, a bill (H. R. 7561) to authorize the payment of an indemnity to the Swedish Government for the losses sustained by its nationals in the sinking of the Swedish fishing boat *Lilly;* to the Committee on Foreign Affairs.

By Mr. EDMONDS: A bill (H. R. 7562) to provide for the manufacture, distribution, and sale of fertilizers, bases of war materials, explosives, and other products; for the construction and operation of Government-owned dams, hydroelectric and steam-electric power and nitrate plants; for water-power conservation; for stream control and navigation; and to authorize the Secretary of War to enter into a contract with a corporation, to be known as the United States Muscle Shoals Power and Nitrates Corporation or other suitable title, organized for the purpose of taking over, operating, and building the Muscle Shoals project at Muscle Shoals, Ala.; to the Committee on Military Affairs.

By Mr. BRITTEN: A bill (H. R. 7563) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BROWNE of New Jersey: A bill (H. R. 7564) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BERGER: A bill (H. R. 7565) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BRUMM: A bill (H. R. 7566) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BLACK of New York: A bill (H. R. 7567) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BLOOM: A bill (H. R. 7568) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. BOYLAN: A bill (H. R. 7569) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CAREW: A bill (H. R. 7570) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CELLER: A bill (H. R. 7571) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CLEARY: A bill (H. R. 7572) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CULLEN: A bill (H. R. 7573) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CLANCY: A bill (H. R. 7574) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CONNERY: A bill (H. R. 7575) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CONNOLLY of Pennsylvania: A bill (H. R. 7576) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. CORNING: A bill (H. R. 7577) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. DOYLE: A bill (H. R. 7578) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. DYER: A bill (H. R. 7579) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. EDMONDS: A bill (H. R. 7580) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. EAGAN: A bill (H. R. 7581) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. GALLIVAN: A bill (H. R. 7582) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. GRIFFIN: A bill (H. R. 7583) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. HILL of Maryland: A bill (H. R. 7584) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. KAHN: A bill (H. R. 7585) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. KINDRED: A bill (H. R. 7586) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. KUNZ: A bill (H. R. 7587) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. LAGUARDIA: A bill (H. R. 7588) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. LAMPERT: A bill (H. R. 7589) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. LEHLBACH: A bill (H. R. 7590) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. LINDSAY: A bill (H. R. 7591) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. LINTHICUM: A bill (H. R. 7592) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MACGREGOR: A bill (H. R. 7593) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. McNULTY: A bill (H. R. 7594) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H. R. 7595) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MINAHAN: A bill (H. R. 7596) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MORIN: A bill (H. R. 7597) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. NEWTON of Missouri: A bill (H. R. 7598) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'BRIEN: A bill (H. R. 7599) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'CONNELL of New York: A bill (H. R. 7600) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 7601) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. OLIVER of New York: A bill (H. R. 7602) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'SULLIVAN: A bill (H. R. 7603) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. PERLMAN: A bill (H. R. 7604) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. QUAYLE: A bill (H. R. 7605) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. RANSLEY: A bill (H. R. 7606) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. ROSENBLOOM: A bill (H. R. 7607) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SABATH: A bill (H. R. 7608) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SCHAFER: A bill (H. R. 7609) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SHERWOOD: A bill (H. R. 7610) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. STEPHENS: A bill (H. R. 7611) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SULLIVAN: A bill (H. R. 7612) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. TAGUE: A bill (H. R. 7613) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. TYDINGS: A bill (H. R. 7614) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. VOIGT: A bill (H. R. 7615) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. WOLFF: A bill (H. R. 7616) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. O'CONNOR of New York: A bill (H. R. 7617) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. SCHNEIDER: A bill (H. R. 7618) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. KELLER: A bill (H. R. 7619) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. MOONEY: A bill (H. R. 7620) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. HUDSPETH: Joint resolution (H. J. Res. 206) for the relief of the drought-stricken farm areas of Texas; to the Committee on Agriculture.

By Mr. PORTER: Joint resolution (H. J. Res. 207) authorizing the maintenance by the United States of membership in the International Statistical Bureau at The Hague; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 208) authorizing the appointment of delegates to represent the United States at the Seventh Pan American Sanitary Conference to be held at

Habana, Cuba, in November, 1924; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 209) to provide for the representation of the United States at the meeting of the Inter-American Committee on Electrical Communications to be held in Mexico City beginning March 27, 1924; to the Committee on Foreign Affairs.

By Mr. LEAVITT: Joint resolution (H. J. Res. 210) for the relief of delinquent homesteaders on the Fort Assinniboine abandoned military reservation; to the Committee on the Public Lands.

By Mr. MOREHEAD: Joint resolution (H. J. Res. 211) conferring authority upon the President of the United States to order and direct the United States Marine Band to visit and play at certain annual expositions or fairs to be held in Missouri, Oklahoma, Texas, Louisiana, and Arkansas; to the Committee on Naval Affairs.

By Mr. GARRETT of Tennessee: Resolution (H. Res. 205) providing for the appointment of a committee of five Members of the House to investigate the charges that two Members of Congress improperly accepted money in connection with securing paroles and pardons of persons convicted of crimes, and for other purposes; to the Committee on Rules.

By Mr. McLEOD: Resolution (H. Res. 206) authorizing the appointment of a civilian board or committee to investigate World War prisoners confined in Federal penitentiaries; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. DALLINGER: A bill (H. R. 7621) to provide for the final settlement of questions of law in dispute between the Comptroller General and other executive officers of the Government; to the Committee on the Judiciary.

By Mr. ALDRICH: A bill (H. R. 7622) granting an increase of pension to Maria L. Johnson; to the Committee on Invalid Pensions.

By Mr. BLACK of New York: A bill (H. R. 7623) granting a pension to William J. Growney; to the Committee on Pensions.

By Mr. CABLE: A bill (H. R. 7624) granting a pension to George E. Jones; to the Committee on Pensions.

By Mr. COLE of Ohio: A bill (H. R. 7625) granting a pension to Theodore Cook; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7626) granting an increase of pension to William M. Love; to the Committee on Pensions.

By Mr. FITZGERALD: A bill (H. R. 7627) granting a pension to John C. Huff; to the Committee on Pensions.

Also, a bill (H. R. 7628) to authorize the award of a medal of honor to Cadet William Hoffman Miller, United States Army; to the Committee on Military Affairs.

By Mr. FULBRIGHT: A bill (H. R. 7629) granting a pension to Almira Davis; to the Committee on Pensions.

By Mr. GARBER: A bill (H. R. 7630) to make a preliminary survey of the Cimarron River in Oklahoma and Kansas with a view to the control of its floods and the utilization of its waters for irrigation purposes; to the Committee on Flood Control.

By Mr. GARRETT of Texas: A bill (H. R. 7631) for the relief of Charles T. Clayton, Fred Scofield, Mrs. Ira D. Raney, Mrs. W. P. Herms, née Mrs. E. A. Thompson, Mr. and Mrs. T. F. Thompson, Mrs. A. R. Carstens, Mrs. E. M. Jones, Mrs. D. R. Patton, Mrs. S. Satton, Mrs. Horace Moody, William J. Drucks, Mrs. E. J. Meinecke, Mrs. C. W. Wright, G. W. Butcher, T. Binford, Mary E. Winkler, Mrs. F. H. Shurbet, W. H. Burkett, W. A. Wise, Miss Alma Reichart, and James Edward Lyon; to the Committee on Claims.

By Mr. KOPP: A bill (H. R. 7632) granting a pension to Martin A. Heliwig; to the Committee on Pensions.

By Mr. LAMPERT: A bill (H. R. 7633) providing for a preliminary survey of the Wolf River in Wisconsin to ascertain some method to control floods; to the Committee on Flood Control.

By Mr. LOZIER: A bill (H. R. 7634) granting an increase of pension to Elizabeth Wood; to the Committee on Pensions.

By Mr. McDUFFIE: A bill (H. R. 7635) for the examination and survey of Mobile Harbor, Ala., with a view of securing increased depth and width in the channels in the bay and river and across the bar; to the Committee on Rivers and Harbors.

By Mr. MacGREGOR: A bill (H. R. 7636) for the relief of Edward Camp; to the Committee on Military Affairs.

By Mr. MANLOVE: A bill (H. R. 7637) granting a pension to Albert E. Bishop; to the Committee on Invalid Pensions.

By Mr. MANSFIELD: A bill (H. R. 7638) authorizing and directing the Secretary of War to cause survey to be made of the Guadalupe River in Texas, with a view to the removal of the raft and to controlling the flood waters of said stream, and for other purposes; to the Committee on Flood Control.

By Mr. MINAHAN: A bill (H. R. 7639) for the relief of heirs of Daniel O'Rourke; to the Committee on War Claims.

By Mr. MOREHEAD: A bill (H. R. 7640) granting an increase of pension to Mary J. Coppins; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 7641) granting an increase of pension to Chester R. Hooper; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 7642) for the relief of Miles I. Kunselman; to the Committee on Claims.

PETITIONS, ETC.

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

1503. By the SPEAKER (by request): Petition of Denver Chapter of the American Association of Engineers, favoring the Lehlbach bill to abolish the Personnel Classification Board; to the Committee on the Civil Service.

1504. By Mr. ALDRICH: Petition of the board of aldermen of the city of Newport, R. I., indorsing House bill 2702 and Senate bill 704; to the Committee on Naval Affairs.

1505. By Mr. BLOOM: Petition of John J. Boylan, secretary New York Letter Carriers' Association, 110 East One hundred and twenty-fifth Street, New York, N. Y., indorsing Edge-Kelly bill; to the Committee on the Post Office and Post Roads.

1506. Also, petition of Central Republican Club, of 23 West One hundred and twenty-fourth Street, New York City, indorsing increase of pay for postal employees; to the Committee on the Post Office and Post Roads.

1507. By Mr. BULWINKLE: Petition of Charlotte (N. C.) District Reserve Officers' Association of the United States, favoring an appropriation to maintain a sufficiently large Army; to the Committee on Military Affairs.

1508. By Mr. COLE of Iowa: Petition of Frank J. Dvorak and 23 others, residents of Cedar Rapids, Iowa, favoring legislation similar to or identical with the Brookhart-Hull bill (S. 742 and H. R. 2702) requiring that all strictly military supplies be manufactured in the Government-owned navy yards and arsenals, and using such plants for the manufacture of articles required by other departments of the Government; to the Committee on Naval Affairs.

1509. Also, petition of Hope Council, No. 25, Sons and Daughters of Liberty, Marion, Ohio, favoring the passage of House bill 6540; to the Committee on Immigration and Naturalization.

1510. Also, petition of Ohio Federation of Post Office Clerks, indorsing House bill 4123 and Senate bill 1898, known as the Kelly-Edge bill; to the Committee on the Post Office and Post Roads.

1511. Also, petition of Marion Lodge, No. 864, Independent Order of B'nai B'rith, favoring the passage of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1512. By Mr. GARBER: Petition of the board of governors of the International Farm Congress of America, Kansas City, Mo., urging the President and the Congress to assist in the betterment of agricultural conditions, the conservation of natural resources, and the preservation of wild life, etc.; to the Committee on Agriculture.

1513. Also, petition of ex-service men of Tonkawa, Okla., and vicinity requesting favorable action in connection with adjusted compensation measure, etc.; to the Committee on Ways and Means.

1514. By Mr. MORROW: Petition of San Miguel County Chamber of Commerce, East Las Vegas, N. Mex., opposing the changing or amending of the transportation act; to the Committee on Interstate and Foreign Commerce.

1515. Also, petition of Kiwanis Club, Roswell, N. Mex., favoring the adoption of the recommendations of the War Department for the fiscal year of 1924; to the Committee on Military Affairs.

1516. By Mr. O'CONNOR of New York (by request): Petition of the Jewish Veterans of the East Side, New York City, opposing any restrictions being placed in the immigration laws; to the Committee on Immigration and Naturalization.

1517. By Mr. O'SULLIVAN: Petition of ex-service men and citizens of Waterbury, Conn., at mass meeting held on February

17, 1924, in favor of adjusted compensation bill; to the Committee on Ways and Means.

1518. By Mr. PATTERSON: Memorial of the New Jersey State Bar Association, indorsing an increase of salaries of Federal judges; to the Committee on the Judiciary.

1519. Also, memorial of Pride of Bridgeport Council, No. 168, Sons and Daughters of Liberty, of Bridgeport, N. J., supporting the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1520. By Mr. ROBINSON of Iowa: Petition of citizens of Fairbank, Iowa, favoring strict enforcement of the eighteenth amendment; to the Committee on the Judiciary.

1521. By Mr. ROGERS of New Hampshire: Petition of the Congregational and Baptist Churches of New Ipswich, N. H., favoring a child labor amendment; to the Committee on the Judiciary.

1522. By Mr. SABATH: Petition of board of governors of the International Farm Congress of America, urging the Congress to acquire swamp and waste lands in order to preserve wild life; to the Committee on Agriculture.

1523. By Mr. TREADWAY: Petition of James B. Lay Camp, No. 44, Sons of Veterans, Massachusetts Division, of Westfield, Mass., by Ashley E. Bryant, chairman, H. A. Fuller, and Harry L. Houghton, in support of bill to provide increased pensions to veterans of the Civil War and their widows; to the Committee on Invalid Pensions.

SENATE.

WEDNESDAY, *March 5, 1924.*

(Legislative day of Monday, March 3, 1924.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

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

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

Adams	Ferris	King	Sheppard
Ashurst	Fess	Ladd	Shields
Bayard	Fletcher	La Follette	Shortridge
Borah	Frazier	Lodge	Simmons
Brandegee	George	McKellar	Smith
Brookhart	Gerry	McLean	Smoot
Bruce	Glass	McNary	Spencer
Bursum	Gooding	Mayfield	Stanfield
Cameron	Hale	Moses	Stanley
Capper	Harreld	Norris	Stephens
Caraway	Harris	Oddie	Trammell
Couzens	Harrison	Overman	Wadsworth
Cummins	Heflin	Pepper	Walsh, Mass.
Curtis	Howell	Phipps	Walsh, Mont.
Dale	Johnson, Minn.	Pittman	Warren
Dial	Jones, N. Mex.	Ralston	Watson
Dill	Jones, Wash.	Ransdell	Weller
Edge	Kendrick	Reed, Pa.	Wheeler
Edwards	Keyes	Robinson	Willis

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. There is a quorum present. The Senate resumes the consideration of the unfinished business, which is Senate bill 2250.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED.

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker of the House had signed the following enrolled bills, and they were subsequently signed by the President pro tempore:

A bill (S. 2014) to authorize the Park-Wood Lumber Co. to construct two bridges across the United States Canal which connects Apalachicola River and Saint Andrews Bay, Fla.; and

A bill (H. R. 4121) to extend the provisions of certain laws to the Territory of Hawaii.

PETITIONS AND MEMORIALS.

Mr. LODGE presented resolutions of the Independent Brotherhood of Steam and Electrical Engineers and Assistants, of Boston, Mass., favoring the passage of legislation providing for the Federal incorporation of all international, national, State federations, central bodies, and unions of labor; applying the laws governing corporations with equal force to all labor organizations now in existence or that may be organized in the future, and declaring null and void all laws now in effect interfering therewith, which were referred to the Committee on the Judiciary.

Mr. WILLIS presented a resolution of the Retail Merchants' Board, of Toledo, Ohio, favoring the passage of legislation granting increased compensation to postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution of the Hartwell Business Men's Club of Hartwell, of Cincinnati, Ohio, favoring the fostering of the American merchant marine and protesting against the ratification of any treaties not leaving the United States free to favor its merchant marine, which was referred to the Committee on Foreign Relations.

Mr. KEYES presented a petition of the congregation of the Congregational Church of West Lebanon, N. H., praying an amendment to the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

He also presented the petition of Charles G. Fenton, of Rochester, and sundry other citizens in the State of New Hampshire, praying for the passage of legislation repealing or reducing the so-called nuisance and war taxes, especially the tax on industrial alcohol, which was referred to the Committee on Finance.

Mr. CAPPER presented a resolution of the Embroidery Club of Stafford Kans., favoring the passage of legislation regulating child labor, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry Civil War veterans and widows, of Pomona, Kans., praying for the passage of the so-called Bursum bill granting pensions of $72 per month to Civil War veterans and $50 per month to their widows, which was referred to the Committee on Pensions.

He also presented a resolution of the directors of the Kansas City (Kans.) Chamber of Commerce, favoring the passage of legislation adjusting salaries of postal employees and making the Post Office Department self-sustaining by adjusting postal rates so as to correspond thereto, which was referred to the Committee on Post Offices and Post Roads.

He also presented a memorial, numerously signed, of members of shop associations of the Atchison, Topeka & Santa Fe Railway System, at Wellington, Kans., remonstrating against the passage of legislation making any substantial change in the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

Mr. McLEAN presented the petition of William McKinley Camp, No. 9, United Spanish War Veterans, of Norwalk, Conn., praying for the passage of legislation granting increased pensions to Spanish War veterans and their widows, which was referred to the Committee on Pensions.

He also presented memorials of the Citizens' Club of New Britain; members of the Italian Congregational Church of Bridgeport; and Horeb Lodge, No. 25, Independent Order B'nai B'rith, of New Haven, all in the State of Connecticut, remonstrating against the passage of the so-called Johnson selective immigration bill, as being discriminatory, which were referred to the Committee on Immigration.

He also presented letters in the nature of petitions of the League of Women Voters of Sound Beach, the Woman's Christian Temperance Union of Moodus, the Woman's Christian Temperance Union of Clinton, and the Woman's Christian Temperance Union of Milldale, all in the State of Connecticut, praying an amendment to the Constitution regulating child labor, which were referred to the Committee on the Judiciary.

He also presented a resolution of the Fairfield County League of Women Voters, of Stamford, Conn., favoring the passage of legislation reducing taxes before March 15, 1924, which was referred to the Committee on Finance.

He also presented a telegram and a letter in the nature of petitions from the Seichpey Post, American Legion, of Bristol, and Torrington Post, No. 38, American Legion Auxiliary, of Torrington, both in the State of Connecticut, praying for the enactment of legislation granting adjusted compensation to veterans of the World War, which were referred to the Committee on Finance.

He also presented a resolution adopted at a mass meeting of citizens held at the Old State House, at Hartford, Conn., favoring the enactment of legislation granting adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

He also presented a petition of the Medical Women's National Association (Inc.), of Middletown, Conn., praying for the passage of Senate bill 1766, placing certain positions in the Postal Service in the competitive classified service, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted at the Annual Convention of the Connecticut Association of Postmasters, held at New Haven, Conn., favoring the passage of legislation adjusting salaries of postal employees and the placing of postmasters under the civil service, which was referred to the Committee on Post Offices and Post Roads.