

Also, a bill (H. R. 9277) granting a pension to Benjamin Garland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9278) for the relief of Thomas W. Doherty; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 9279) granting an increase of pension to Frances C. Evans; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 9280) granting a pension to John Cash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9281) granting an increase of pension to Julia A. McCabe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9282) granting a pension to Minnie Wolfe; to the Committee on Pensions.

By Mr. MAPES: A bill (H. R. 9283) granting a pension to Bridget Mathews; to the Committee on Invalid Pensions.

By Mr. MERRITT: A bill (H. R. 9284) granting an increase of pension to Della A. Castle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9285) granting a pension to Ellen W. Gregory; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 9286) for the relief of E. L. F. Auffurth and others; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 9287) granting an increase of pension to James Lane; to the Committee on Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 9288) granting a pension to Roena J. Vance; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 9289) for the relief of Tom Hunter; to the Committee on Claims.

By Mr. TREADWAX: A bill (H. R. 9290) granting an increase of pension to Alice Fern; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 9291) granting a pension to Emily Ray; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

2774. By the SPEAKER (by request): Petition of Arizona Baptist Convention, favoring the construction of the San Carlos dam project for the benefit of the Pima Indians; to the Committee on Indian Affairs.

2775. By Mr. CORNING: Petition of New York State Legislature, requesting Congress make liberal appropriations for the carrying out of the spirit of the national defense act; to the Committee on Appropriations.

2776. By Mr. BURNETT: Petition of Trondenes Ladies' Aid Society, of Sharon, N. Dak.; Woman's Christian Temperance Union, of Northwood, N. Dak.; Young People's Branch of Woman's Christian Temperance Union, Fargo, N. Dak.; Lutheran Church, Hunter, N. Dak.; members of Literary Club, Fairmount, N. Dak.; Women's Home Missionary Society, Cando, N. Dak.; Woman's Christian Temperance Union, Hope, N. Dak.; the Women's Club, Hope, N. Dak.; Woman's Christian Temperance Union, Cando, N. Dak.; and Woman's Christian Temperance Union, Amidon, N. Dak., protesting against the modification of the eighteenth amendment and the Volstead act; to the Committee on the Judiciary.

2777. By Mr. GALLIVAN: Petition of Pettingell-Andrews Co., Boston, protesting against House bill 4528; to the Committee on Patents.

2778. Also, petition of Frederick H. Nash, Boston, Mass., recommending early and favorable consideration of Senate bill 2885, which proposes to amend the law authorizing insurance companies to interplead in the Federal courts; to the Committee on the Judiciary.

2779. By Mr. GARBER: Petition of Cherryvale Grange, No. 221, protesting against proposed increases in parcel post rates; to the Committee on the Post Office and Post Roads.

2780. By Mr. KAHN: Petition of United Veterans' Council of San Francisco, Calif., urging prosecution of naturalization frauds; to the Committee on the Judiciary.

2781. Also, petition of Corporal Harold W. Roberts Post, No. 466, Veterans of Foreign Wars of the United States, urging prosecution of naturalization frauds; to the Committee on the Judiciary.

2782. Also, petition of Frederick Funston Camp, No. 61, Department of California, United Spanish War Veterans, urging prosecution of naturalization frauds; to the Committee on the Judiciary.

2783. By Mr. KIESS: Petition of Association of Shop Employees, Eastern Region, Pennsylvania Railroad system, containing approximately 1,000 names, protesting against the pas-

sage of House bill 7353, known as the Barkley bill; to the Committee on Interstate and Foreign Commerce.

2784. By Mr. KINDRED: Petition of William Elsermann, New York City, N. Y., favoring the game refuge bill; to the Committee on Agriculture.

2785. Also, petition of Hon. John F. Hyman, mayor of the city of New York, opposing House bill 7014; to the Committee on Military Affairs.

2786. By Mr. MORROW: Petition of Dona Ana County Farm Bureau, Las Cruces, N. Mex., favoring the Furnell bill (H. R. 2243, Sixty-seventh Congress); to the Committee on Agriculture.

2787. By Mr. RAKER: Five letters from residents of Tacoma, Wash., relative to changing the name of Mount Rainier to Mount Tacoma; to the Committee on the Public Lands.

2788. Also, petition of Miss Louise E. Schutz, secretary Association of Governmental Labor Officials of the United States and Canada, submitting resolution urging constitutional amendments on child labor; to the Committee on the Judiciary.

2789. Also, petition of William E. Colby, secretary Sierra Club, 402 Mills Building, San Francisco, opposing any change in the name of Mount Tacoma; to the Committee on the Public Lands.

2790. Also, petitions of Coast Banker Publishing Co., San Francisco, Calif., protesting against additional increase in second class matter, and Messrs. Cooper, Tams, and Jespersen, railway mail clerks in Tuolumne and Stockton, Calif., railway post office, urging support of H. R. 9035; to the Committee on the Post Office and Post Roads.

2791. Also, petition of Rev. William F. McDowell, 2107 Wyoming Avenue, Washington, D. C., indorsing Capper-Hull bill providing for adequate number of chaplains for the Army and Navy; to the Committee on Military Affairs.

2792. Also, petitions of Retailers' Credit Association of San Francisco, Calif.; B. P. Oliver, 100 Montgomery Street, San Francisco, Calif.; and James S. Wyatt, 315 Montgomery Street, San Francisco, Calif., in favor of San Carlos Dam bill (S. 966); to the Committee on Indian Affairs.

2793. By Mr. SITES: Petition of 206 employees of the Pennsylvania Railroad system, who are citizens of the nineteenth Pennsylvania congressional district, protesting against the passage of the Barkley bill (H. R. 7358) and setting forth the reasons for such protest; to the Committee on Interstate and Foreign Commerce.

2794. Also, petition of employees of the Pennsylvania Railroad system who are citizens of the nineteenth congressional district of Pennsylvania, protesting against the passage of the Howell-Barkley bill (S. 2646, H. R. 7358) and setting forth the reasons for such protest; to the Committee on Interstate and Foreign Commerce.

2795. Also, petition of employees of the Pennsylvania Railroad system who are citizens of the nineteenth Pennsylvania congressional district, protesting against the passage of the Howell-Barkley bill (S. 2646, H. R. 7358) and setting forth the reasons for such protest; to the Committee on Interstate and Foreign Commerce.

2796. Also, petition of Pride Lodge, No. 60, Ladies Society of the Brotherhood of Locomotive Firemen and Enginemen, Harrisburg, Pa., indorsing the Howell-Barkley bill (S. 2646, H. R. 7358) and praying for its early enactment into law; to the Committee on Interstate and Foreign Commerce.

2797. By Mr. WINTER: Petition of citizens of Green River, Wyo., expressing sentiments on war excise taxes; to the Committee on Ways and Means.

SENATE

SATURDAY, May 17, 1924

(Legislative day of Wednesday, May 14, 1924)

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills of the Senate:

S. 105. An act for the relief of Arthur Frost;
S. 129. An act for the relief of the William D. Mullen Co.;
S. 130. An act for the relief of George T. Tobin & Son;
S. 210. An act for the relief of Peter C. Keegan and others;
S. 589. An act for the relief of James Moran;
S. 1572. An act for the relief of the New Jersey Shipbuilding & Dredging Co., of Bayonne, N. J.; and

S. 1698. An act granting permission to Commander Dorr F. Tozier, United States Coast Guard, retired, to accept a gift from the King of Great Britain.

The message also announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 365. An act for the relief of Ellen B. Walker; and

S. 2922. An act to authorize the President to reconsider the case of Frederic K. Long and to reappoint him a captain in the Regular Army.

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

S. 946. An act for the relief of the family of Lieut. Henry N. Fallon, retired; and

S. 1765. An act for the relief of the heirs of Agnes Ingels, deceased.

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

H. R. 1078. An act for the relief of the Fred E. Jones Dredging Co.;

H. R. 1306. An act for the relief of Henry McGuire;

H. R. 1326. An act for the relief of Clara T. Black;

H. R. 1332. An act for the relief of Dennis Shevlin;

H. R. 1442. An act authorizing issuance of patent to Charles Swanson;

H. R. 2005. An act for the relief of William J. McGee;

H. R. 2313. An act authorizing the issuance of a patent to William Brown;

H. R. 2806. An act for the relief of Emil L. Flaten;

H. R. 2977. An act for the relief of H. E. Kuca and V. J. Koupal;

H. R. 3009. An act for the relief of Robert J. Kirk;

H. R. 3030. An act to allow and credit the accounts of Albert J. Capron, formerly captain, Quartermaster Corps, United States Army, the sum of \$84.52, disallowed by the Comptroller General, United States;

H. R. 3477. An act for the relief of James B. Porter;

H. R. 3748. An act for the relief of Lebanon National Bank;

H. R. 4481. An act authorizing the Secretary of Commerce to exchange land formerly used as a site for the Point of Woods Range Lights, Michigan, for other lands in the vicinity;

H. R. 5448. An act for the relief of Clifford W. Seibel and Frank A. Vestal;

H. R. 6383. An act for the relief of the Maryland Casualty Co., the United States Fidelity & Guaranty Co. of Baltimore, Md., and the National Surety Co.;

H. R. 6737. An act for the relief of James A. Hughes;

H. R. 6972. An act for the relief of William H. Nelson;

H. R. 7052. An act for the relief of Geston P. Hunt;

H. R. 7249. An act for the relief of Forrest J. Kramer;

H. R. 8100. An act for the relief of the estate of Charles L. Freer, deceased; and

H. R. 8209. An act to create the Inland Waterways Corporation for the purpose of carrying out the mandate and purpose of Congress as expressed in sections 201 and 500 of the transportation act, and for other purposes.

WAR DEPARTMENT APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7877) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1925, and for other purposes.

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

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

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

Adams	Fess	McLean	Simmons
Ashurst	Fletcher	McNary	Smith
Bayard	Frazier	Moses	Smoot
Borah	George	Neely	Spencer
Brandegee	Gerry	Norbeck	Stanfield
Brookhart	Gooding	Norris	Stephens
Broussard	Hale	Oddie	Sterling
Bursum	Harris	Overman	Swanson
Cameron	Harrison	Owen	Trammell
Capper	Heflin	Pepper	Wadsworth
Caraway	Johnson, Minn.	Phillis	Walsh, Mass.
Colt	Jones, N. Mex.	Pittman	Walsh, Mont.
Copeland	Jones, Wash.	Ralston	Warren
Cummins	Kendrick	Ransdell	Watson
Curtis	Keyes	Reed, Pa.	Weller
Dale	King	Robinson	Wheeler
Dill	Ladd	Sheppard	Willis
Edwards	Lodge	Shields	
Fernald	McKellar	Shipstead	
Ferris	McKinley	Shortridge	

Mr. SMITH. I wish to announce that my colleague, the junior Senator from South Carolina [Mr. DIAL], is absent on account of illness.

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

Mr. PITTMAN obtained the floor.

Mr. WILLIS and others addressed the Chair.

Mr. PITTMAN. I desire to state that I anticipate several Senators will ask to present some routine matters. I am not going to object to that, and I will yield for that purpose if it does not require any debate or take any time. But we have an understanding that at 1 o'clock to-day the Senator from New York [Mr. WADSWORTH] will make a point of order against the amendment which I have submitted to the pending bill. There may be other points of order made by others after that time. I take it that no one will offer a point of order prior to 1 o'clock, but there is one question upon which a point of order may be presented and may lie, upon which there can be no debate. Rule III expressly provides that the question as to whether an amendment is germane and relevant shall be submitted to the Senate and determined without debate. It therefore is essential that before the point of order is made I shall attempt to explain why I believe such a point of order would not lie. For that reason I desire to have some time between now and 1 o'clock to discuss the particular question, as I will have no opportunity to discuss it afterwards. I hope, if there are any Senators who have not made up their minds on the matter they will give me their attention.

Mr. BORAH. May I ask the Senator from Nevada if there is any unanimous-consent agreement in regard to the matter?

Mr. PITTMAN. No; there is not. Yesterday there was a unanimous-consent agreement merely for the purpose of recessing, but many Senators not being here there was merely an understanding publicly that this procedure would take place.

ALIEN PROPERTY TRADE INVESTMENT CORPORATION

Mr. NORRIS. Mr. President, I want simply to make an announcement. Some time ago the Senate Committee on Agriculture and Forestry reported back to the Senate the joint resolution (S. J. Res. 121) to create a body corporate by the name of the "Alien Property Trade Investment Corporation." It provides for the use of \$150,000,000 of the funds in the hands of the Alien Property Custodian to buy farm products and ship them to Germany and Austria. I simply want to give notice that on Monday, or as soon after that time as I can conveniently be heard, or at least at a very early date and Monday if possible, I shall ask the Senate by motion to take up the joint resolution for consideration. I do not think it will take very long, although it will undoubtedly require some explanation. I merely wanted to give this notice to the Senate.

PETITIONS AND MEMORIALS

Mr. ROBINSON presented telegrams in the nature of petitions from Lucy R. Mason, general secretary Young Women's Christian Association, of Richmond, Va.; the board of managers of the Vocational Service for Juniors; Helen Icelin Henderson, president the Women's City Club, of New York; Mary Garrett Hay, president; O. H. Blackman, associate editor Collier's Weekly; the Federal Council of Churches, Worth M. Tippy, Mrs. David Mitchell, Beatrix Budell, Mrs. E. K. Taft, Mary Dreier, Dr. Helen Montague, Mrs. Arthur Slade, Mrs. Augusta S. Page, Grace H. Childs, and Mrs. DeWitt Gutman, all of New York, N. Y., praying for the prompt passage of the joint resolution (H. J. Res. 184) proposing an amendment to the Constitution of the United States relative to child labor, which were referred to the Committee on the Judiciary.

Mr. NORBECK presented petitions of sundry citizens of Rutland, Hayti, Madison, Wentworth, Nunda, Hartford, Colton, Dell Rapids, Humbolt, Brookings, Sioux Falls, Sherman, Garretson, Parker, Chester, Harrisburg, Oldman, Ellis, Valley Springs, and Brandon, all in the State of South Dakota, and of sundry citizens of Jasper, Luverne, Beaver Creek, and Hills, in the State of Minnesota, praying for the enactment of legislation for the maintenance, encouragement, and protection of open competitive livestock markets in the United States, and prohibiting the diversion of livestock from the markets at stockyards posted by the Secretary of Agriculture under the provisions of the packers and stockyards act of 1921, which were referred to the Committee on Agriculture and Forestry.

Mr. NORBECK. I present a telegram from M. R. Benedict, secretary of the Cooperative Wool Growers of South Dakota, of Brookings, S. Dak., indorsing the McNary-Haugen export corporation bill, which I ask may be read and referred to the Committee on Agriculture and Forestry.

There being no objection, the telegram was read and referred to the Committee on Agriculture and Forestry, as follows:

BROOKINGS, S. DAK., May 19, 1924.

Senator PETER NORBECK,
Washington, D. C.:

Following indorsement may be helpful. That most of the criticisms voiced against the McNary-Haugen agriculture relief measure are without weight, and that the plan should be given a fair trial is the opinion expressed by President Charles W. Pugsley, of South Dakota State College of Agriculture, formerly Assistant Secretary United States Department of Agriculture and one time delegate United States Government to International Institute of Agriculture at Rome. He expresses belief no serious danger as to currency inflation, disorganization of business, etc., as claimed by opponents of bill.

M. R. BENEDICT,

Secretary Cooperative Wool Growers of South Dakota.

Mr. NORBECK. I also present a telegram from E. U. Berdahl, secretary of the Retail Merchants' Association of South Dakota, of Aberdeen, S. Dak., indorsing the McNary-Haugen export corporation bill, which I ask may be printed in the Record and referred to the Committee on Agriculture and Forestry.

There being no objection, the telegram was ordered to be printed in the Record and referred to the Committee on Agriculture and Forestry, as follows:

ABERDEEN, S. DAK., May 15, 1924.

Hon. PETER NORBECK,
United States Senate, Washington, D. C.:

Our association to-day adopted following resolution, which you are urged to pass on to fellow Senators and Members House of Representatives:

Whereas the condition of agriculture at the present time has reached a point where it presents a serious problem not only to the tillers of the soil but to every industry dependent on agriculture for support; and whereas these conditions have prevailed for more than three years and have driven thousands of farmers into bankruptcy, while a great majority of the farmers are merely existing and permitted to operate because of the leniency of their creditors, and whereas we, as retailers and distributors of merchandise in the agriculture communities, come in close touch with farm life and fully realize the deplorable condition in which the farmer has been placed by reason of low prices on agriculture products and the high prices demanded by other industries for commodities the farmer must have, look to Congress for relief in the form of legislation which should be promptly enacted to avert a national calamity, and believing in the practical provisions and economic soundness of the McNary-Haugen bill: Be it therefore

Resolved by the members of the Retail Merchants' Association of South Dakota, in annual convention assembled, That we urge our Representatives in Congress to use all honorable means to secure the passage of the McNary-Haugen bill and that a copy of this resolution be forwarded to the Hon. Calvin Coolidge, President of the United States, and to the Secretary of Agriculture and to members of the Committees of Agriculture of the Senate and House of Representatives.

E. U. BERDAHL,

Secretary Retail Merchants' Association of South Dakota.

REPORTS OF COMMITTEES

Mr. WILLIS, from the Committee on Foreign Relations, to which was referred the bill (S. 2719) to authorize the payment of an indemnity to the British Government on account of losses sustained by the owners of the British steamship *Baron Bervick* 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*, reported it with an amendment and submitted a report (No. 559) thereon.

Mr. SHIPSTEAD, from the Committee on Foreign Relations, to which was referred the bill (S. 2718) 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*, reported it with an amendment and submitted a report (No. 560) thereon.

Mr. MOSES, from the Committee on Foreign Relations, to which was referred the bill (S. 2458) 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*, reported it with an amendment and submitted a report (No. 561) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1725) for the relief of Rubie M. Mosley, reported it with an amendment and submitted a report (No. 562) thereon.

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. BORAH:

A bill (S. 3325) granting an increase of pension to Mary M. Shaeffer; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3326) to provide for the establishment of a dairy-ling and livestock experiment station at Dalhart, Tex.; to the Committee on Agriculture and Forestry.

By Mr. SMITH:

A bill (S. 3327) to provide for the cooperative marketing of agricultural commodities; to the Committee on Agriculture and Forestry.

By Mr. HOWELL:

A joint resolution (S. J. Res. 126) to limit the compensation that may be paid under the Federal farm loan act; to the Committee on Banking and Currency.

DEVELOPMENT OF WATER RESOURCES

Mr. RANDELL. I introduce a bill, accompanied by a brief explanation, which I ask may be printed in the Record as a part of my remarks.

The bill (S. 3328) for the development of water resources for electric power, agriculture, flood control, navigation, and other purposes, was read twice by its title, and referred to the Committee on Commerce.

Mr. RANDELL. Mr. President, I wish to attach to my remarks without reading a very brief explanation of the bill—

for the development of water resources for electric power, agriculture, flood control, navigation, and other purposes.

This measure authorizes the Federal Power Commission, acting under section 4 of the Federal water power act, to prepare—

a comprehensive plan of development of the water resources of the United States for the purpose of providing electric power for farms, rural communities, cities, and industries, of promoting navigation, of controlling floods, and of securing other beneficial public uses of such resources,—

And so forth.

The commission is authorized to bring into coordination the data and work of all branches and bureaus of the Government that relate in any way to waterways. It shall report to Congress from time to time its conclusions with respect as to how the water resources of the Union may best be regulated, controlled, and utilized for the production of electric power in connection with other sources of power for use in agriculture, transportation, and industry, and how such waters may best be controlled so as to prevent floods and promote navigation, and so forth.

In formulating plans, consideration shall be given to co-operative action between the United States and the several States, municipalities, corporations, and individuals, and so forth.

In order to defray the expenses made necessary under this bill, the commission is authorized to use for any of the purposes described in this act, and in the Federal water power act, all charges collected from licenses under said act, and so forth.

It is believed that the funds derived from these licenses will suffice, and that no demand will be made upon the Federal Treasury hereunder.

The bill is hereto attached and made a part of my remarks. I also attach hereto, as part of my remarks, a letter received from Mr. O. C. Merrill, executive secretary of the Federal Power Commission, dated the 16th instant:

FEDERAL POWER COMMISSION,

Washington, D. C., May 16, 1924.

Hon. JOSEPH E. RANDELL,

United States Senate.

DEAR SENATOR RANDELL: Answering your request for a brief statement concerning the bill which you are proposing to introduce and which would provide for surveys and investigations of the streams of the United States.

Of all our major national resources we know less about our water-power resources than any other. We have made extensive examinations of our coal, oil, and gas fields, have plotted their location and have estimated the total resources available. We have done similarly with respect to other of our important mineral resources. We have made a fairly careful estimate of our total timber resources, both those upon public lands and those upon private lands, and we can

predict fairly closely the extent to which we can use these resources if we are to maintain a continuous supply. With respect to our water resources, the Geological Survey has maintained for many years a series of gauging stations upon our rivers. The records there taken make it possible to estimate the total water supply available at these stations with much the same degree of accuracy as apply to our estimates of minerals and timber, but an estimate of the amount of water flowing in a stream is but one of the factors required in order to know the extent of the power resources of that stream. To make reasonably satisfactory estimates of power we must know the drop in various sections of the stream where dams can be economically located, and in particular the possibilities of storage. On only a few streams in the United States have studies been carried to the point where reasonably complete information is available on which to draw the general plan of river development, not only for purposes of water power but for such other related uses as navigation, irrigation, public water supply, and flood control.

The United States is now conducting on the upper Tennessee River the type of survey which we must have on other streams if we are to get adequate information for planning future development. This survey will cover an area along the river and its tributaries, will locate possible dam sites and particularly storage possibilities. The area of watersheds involved in these surveys is 31,000 square miles, approximately 1 per cent of the total area of the United States. This survey will have taken approximately four years to complete and at an estimated cost of \$535,000.

If surveys of similar scope are to be conducted on other streams of the United States, it is apparent that a considerable period of time and a considerable amount of money are involved. The item most likely to delay carrying out comprehensive surveys on the rivers and river systems of the United States is the question of finance, particularly at a time when endeavors are being made to reduce rather than to increase the scope of Federal expenditure.

Section 4 of the Federal water power act authorizes the commission "to make investigation and to collect and record data concerning the utilization of the water resources of any region to be developed, the water-power industry and its relation to other industries, and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to market, of power sites." That is, the commission has the authority to conduct adequate investigations on any stream of the United States where the question of water power is involved. The conduct of such surveys is therefore contemplated as one of the items in the administration of the Federal water power act.

Section 10 (e) of the act provides that licensees shall pay to the United States "reasonable annual charges in an amount to be fixed by the commission for the purpose of reimbursing the United States for the costs of the administration of the act." It is apparent, therefore, that the funds so collected may be made available for the purpose of conducting surveys of the character described above.

The Federal water power act provides for the collection of charges for reimbursing costs of administration in order that operation under the act shall be self-supporting and that the cost, but only the cost, of such operations shall be collected. If the charges which would be collected under rates prescribed by the commission are in excess of the costs of administration, the commission would be required under the provisions of the law to reduce its rates until the aggregate of charges collected corresponded to the total of expenditures. That point has now been reached with respect to its ordinary expenses of administration. Hereafter there will be funds available in excess of the requirements of ordinary administration to engage in surveys of water resources; and while the margin at the present time is not large, it is likely to equal \$200,000 to \$300,000 per annum within five years. Those who are paying charges under the Federal water power act will be willing to continue payment on the present schedule if the funds can be used for river surveys, because the information so secured would be of value to them. It is suggested, therefore, that provision be made, either by amendment to the Federal water power act or by a new bill such as that which you have in mind, to place these charges into a special fund in the Treasury, to be subject to use by the commission, not only for its ordinary purposes of administration but for these special surveys. In my opinion no better means is available for securing the necessary investigations and surveys, and they can be had without drawing in any degree upon the Treasury of the United States if the means which I have suggested be employed.

Very truly yours,

O. C. MERRILL, *Executive Secretary.*

By Mr. RANSDELL: A bill (S. 3328) for the development of water resources for electric power, agriculture, flood control, navigation, and other purposes

Be it enacted, etc., That in pursuance of the authority conferred upon it by section 4 of the Federal water power act the Federal Power

Commission is hereby authorized and empowered to prepare a comprehensive plan of development of the water resources of the United States for the purpose of providing electric power for farms, rural communities, cities, and industries, of promoting navigation, of controlling floods, and of securing other beneficial public uses of such resources. In the preparation of such a plan the commission shall utilize all data available in the records of the various departments, bureaus, and other agencies of the Federal, State, and municipal governments or obtainable from other sources or by examinations or surveys.

SEC. 2. The commission is authorized to bring into coordination so far as practicable the data and work of the engineering, scientific, and construction services, bureaus, boards, and commissions of the several governmental departments of the United States that relate to the study, development, or control of rivers and their tributaries, and of lakes, swamps, and other bodies of water, and to utilize the personnel of said services, bureaus, boards, and commissions with a view to unity of method and economy of service in the investigation, development, and control of rivers and river systems in the United States in the interest of navigation and protection from floods, and with particular reference to the most complete and efficient development and use of the waters thereof for hydroelectric power and to the coordinated operation of hydroelectric and fuel-electric plants in interconnected systems of the widest scope that may be found physically and economically practicable.

SEC. 3. The commission shall report to Congress from time to time its conclusions with respect to rivers, river systems, and all waters referred to in section 2 aforesaid, of the United States for which it shall have presented plans and shall indicate how, in its opinion, the water resources may best be regulated, controlled, and utilized for the production of electric power in connection with other sources of power for use in agriculture, in transportation, and in the diffusion of industry, and how such rivers, river systems, and other waters may best be controlled to avoid floods and promote navigation and other beneficial uses of their waters.

SEC. 4. In formulating plans consideration shall be given to cooperative action between the United States and the several States, municipalities, corporations, and individuals within the jurisdiction, powers, and rights of each, respectively, and with a view of assigning to the United States such portion of such development, regulation, and control as should be undertaken by the United States and to the States and others such portions as pertain to their respective rights, duties, and interests; and in furtherance of such action the commission is authorized to receive and use in the performance of its work funds which may be appropriated or donated by such cooperating States, municipalities, corporations, or individuals.

SEC. 5. That in the performance of the duties imposed upon it by this act or otherwise the commission is authorized to employ in the District of Columbia and elsewhere such expert, technical, clerical, and other personnel as may be necessary for the performance of said duties and to make other expenditures requisite and incident thereto. All such expenditures, including rent in the District of Columbia, payment for personal services in the District of Columbia and elsewhere, reimbursement within the discretion of the commission of other Government departments or agencies for salaries or expenses incurred in the performance of work for the commission, necessary printing and binding, purchase of equipment, supplies, law books, books of reference, periodicals, and directories, all necessary expenditures for transportation and subsistence, including, in the discretion of the commission, a per diem of not exceeding \$4 in lieu of subsistence incurred by its employees under its orders, or by employees of other Government departments or agencies engaged upon the work of the commission, in making any investigation or conducting field work, or upon official business outside of the District of Columbia, and away from their designated points of duty, shall be allowed and paid on the presentation of itemized vouchers therefor approved by a member or officer of the commission duly authorized for that purpose.

SEC. 6. In order to defray the expenses made necessary in the performance of the duties placed upon the commission under this act and under the Federal water power act, all charges collected from licensees under said act for the purpose of reimbursing the United States for the costs of administration of said act are hereby reserved and appropriated as a special fund in the Treasury to be expended under the direction of the commission; and the commission is hereby authorized to cause to be transferred on the books of the Treasury from such special fund to "Miscellaneous receipts," or to permanent and indefinite or other departmental appropriations or funds, such amounts as may be required to reimburse salaries or expenses heretofore or hereafter paid or incurred by other Government departments or agencies in the performance of work for the commission.

SEC. 7. Nothing herein contained shall be construed to delay or interfere with the completion of any project or work heretofore or hereafter authorized for the improvement of any of the rivers or harbors of the United States or with legislative action upon reports heretofore or hereafter presented.

TARIFF ON BUTTER

Mr. JOHNSON of Minnesota. I submit a resolution which I ask may be printed and lie on the table until Monday next, when I expect to call it up.

The resolution (S. Res. 226) was ordered to lie on the table, as follows:

Whereas in the general depression from which agriculture has been suffering, particularly in the grain-growing sections of the Nation, some agreeable relief has been experienced from the gradual but marked expansion of the dairy industry; and

Whereas the future of the region hereinabove specifically referred to depends in no small degree upon the growth of that industry to which the soil and climate thereof is peculiarly adapted; and

Whereas with the sanction and approval of the President of the United States, an effort is being made to finance and promote therein the further development of the dairy industry; and

Whereas during the months of January and February, 1924, butter was imported into the United States amounting to 9,500,000 pounds, almost one-half of the total importations for the year 1923, and the highest monthly average ever recorded, resulting in a rapid decline of the price of that commodity on the New York market until it now commands a price little if any above the cost of production: Therefore be it

Resolved, That the United States Tariff Commission be, and it hereby is, requested forthwith to institute an inquiry under the provisions of section 315 of the act approved September 21, 1922, concerning the cost of the production of butter in the United States and in those countries from which our importations thereof come, and to report its findings to the President of the United States with a view to the increase in the duty on imports of butter should such increase be warranted by the facts found.

CLAIM OF THE CITY OF NEW YORK

Mr. COPELAND submitted the following resolution (S. Res. 227), which was referred to the Committee on Claims:

Resolved, That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and audit the claim of the city of New York for expenses incurred by said city in aiding to suppress the insurrection against the United States during the years 1861 to 1865, and in making said audit the provision of the act of Congress of July 27, 1861 (12 Stats. p. 276), as interpreted and applied by the Supreme Court of the United States in the case of the State of New York v. The United States, decided January 6, 1896 (160 U. S. Repts. p. 598), shall be applied by the said Comptroller General, and report the amount so ascertained to the Senate for consideration.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 1306. An act for the relief of Henry McGuire; to the Committee on Agriculture and Forestry.

H. R. 8100. An act for the relief of the estate of Charles L. Freer, deceased; to the Committee on Finance.

H. R. 8209. An act to create the inland waterways corporation for the purpose of carrying out the mandate and purpose of Congress as expressed in sections 201 and 500 of the transportation act, and for other purposes; ordered to be placed on the calendar.

H. R. 2977. An act for the relief of H. E. Kuca and V. J. Koupal; and

H. R. 7249. An act for the relief of Forrest J. Kramer; to the Committee on Indian Affairs.

H. R. 1442. An act authorizing issuance of patent to Charles Swanson;

H. R. 2313. An act authorizing the issuance of a patent to William Brown; and

H. R. 4481. An act authorizing the Secretary of Commerce to exchange land formerly used as a site for the Point of Woods Range Lights, Mich., for other lands in the vicinity; to the Committee on Public Lands and Surveys.

H. R. 1332. An act for the relief of Dennis Shevlin;

H. R. 3030. An act to allow and credit the accounts of Albert J. Capron, formerly captain, Quartermaster Corps, United States Army, the sum of \$84.52, disallowed by the Comptroller General, United States;

H. R. 6737. An act for the relief of James A. Hughes; and

H. R. 6972. An act for the relief of William H. Nelson; to the Committee on Military Affairs.

H. R. 1078. An act for the relief of the Fred E. Jones Dredging Co.;

H. R. 1326. An act for the relief of Clara T. Black;

H. R. 2005. An act for the relief of William J. McGee;

H. R. 2806. An act for the relief of Emil L. Flaten;

H. R. 3009. An act for the relief of Robert J. Kirk;

H. R. 3477. An act for the relief of James B. Porter;
H. R. 3748. An act for the relief of Lebanon National Bank;
H. R. 5448. An act for the relief of Clifford W. Seibel and Frank A. Vestal;

H. R. 6383. An act for the relief of the Maryland Casualty Co., the United States Fidelity & Guaranty Co., of Baltimore, Md., and the National Surety Co.; and

H. R. 7052. An act for the relief of Geston P. Hunt; to the Committee on Claims.

FREDERIC K. LONG

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 2922) to authorize the President to reconsider the case of Frederic K. Long and to reappoint him a captain in the Regular Army, which was, on page 1, line 8, to strike out all after the word "trial" down to and including the word "War," in line 10.

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

The motion was agreed to.

AGNES INGELS, DECEASED

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 1765) for the relief of the heirs of Agnes Ingels, deceased.

Mr. ROBINSON. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. CAPPER, Mr. SPENCER, and Mr. CARAWAY conferees on the part of the Senate.

ELLEN B. WALKER

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 365) for the relief of Ellen B. Walker.

Mr. JONES of New Mexico. I move that the Senate disagree to the amendment of the House, request a conference on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. CAPPER, Mr. SPENCER, and Mr. TRAMMELL conferees on the part of the Senate.

DAM IN THE TALLAHATCHIE RIVER, MISS.

Mr. STEPHENS. I ask unanimous consent for the present consideration of Calendar No. 586, the bill (S. 3272) declaring a part of Tallahatchie River, in the State of Mississippi, to be a nonnavigable stream.

The PRESIDENT pro tempore. The Senator from Mississippi asks unanimous consent for the present consideration of the Senate bill 3272. Is there objection?

Mr. PITTMAN. If it leads to no debate and requires no explanation, I have no objection. If it does, I must object.

Mr. STEPHENS. I am sure it will lead to no debate.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and to insert:

That the consent of Congress is hereby granted to the Panola-Quitman Drainage District to construct, maintain, and operate a dam in Tallahatchie River, at or near Porters Ferry, Panola County, Miss.: *Provided*, That the work shall not be commenced until the plans therefor have been submitted to and approved by the Chief of Engineers, United States Army, and by the Secretary of War: *Provided further*, That this act shall not be construed to authorize the use of such dam to develop water power or generate hydroelectric energy.

SEC. 2. That the authority granted by this act shall cease and be null and void unless the actual construction of the dam hereby authorized is commenced within one year and completed within three years from the date of approval of this act: *Provided*, That from and after 30 days' notice from the Federal Power Commission, or other authorized agency of the United States, to said drainage district, or its successor, that desirable water-power development will be interfered with by the existence of said dam, the authority hereby granted to construct, maintain, and operate said dam shall terminate and be at an end; and any grantee or licensee of the United States proposing to develop a power project at or near said dam shall have authority to remove, submerge, or utilize said dam under such conditions as said commission or other agency may determine, but such conditions shall not include compensation for the removal, submergence, or utilization of said dam.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

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

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

The title was amended so as to read: "A bill granting the consent of Congress to the Panola-Quitman Drainage District to construct, maintain, and operate a dam in Tallahatchie River."

ADDRESS BY SENATOR WILLIAM J. HARRIS, OF GEORGIA

Mr. GEORGE. I ask unanimous consent to have printed in the RECORD an address by my colleague, the senior Senator from Georgia [Mr. HARRIS], which was delivered before the General Assembly of the State of Georgia on Tuesday, July 25, 1922.

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

The speech referred to is as follows:

It is an honor to address the General Assembly of Georgia, and I am grateful for the privilege. As a member of this body I began my public service and because of the friends among the members, many of whom were lifelong, it was the most agreeable work of my public career.

As this is the first opportunity to address you since I entered the United States Senate on March 4, 1919, I shall speak only of my efforts in behalf of legislation and measures directly and vitally affecting all of the people of Georgia, as you are familiar with my record on national questions. I shall not make excuses for what I have failed to do, because of a Republican Congress, and a Republican administration, but will relate to you what I have in my humble way accomplished in spite of these obstacles. I shall be disappointed if the results of my efforts have not been felt by those who must labor to support their families.

In all matters I have had the active and helpful cooperation of the Senators and Representatives from Georgia with whom I have served. My relations with them have been cordial, which enables us better to serve our people.

In the organization of the Senate, I am a member of the Committees on Appropriations, Immigration, and Territories and Insular Possessions, and the Vice President has this session appointed me on three special committees. Under the present budget law, and a change in the Senate rules, all appropriation bills are now framed by one Appropriations Committee, making it the most important in Congress. Formerly the Appropriations Committee did not handle appropriations for Agriculture, Post Office, Military Affairs, and Commerce. I am assigned to the following appropriation subcommittees, which directly touch our people: Department of Agriculture; Departments of Commerce and Labor; Department of the Interior; Post Office Department, including good roads; War Department, including rivers and harbors, and legislative establishment. These subcommittees handle three-fourths of the billions Congress appropriates. Of the 12 members of the committee, I am on more subcommittees than any other Senator except one, who has the same number.

It has not been many years since a few small New England States dominated Congress. Senator Aldrich, of Rhode Island, was chairman of the Finance Committee; Senator Frye, of Maine, chairman of the Commerce Committee; Senator Hale, of Maine, chairman of the Naval Affairs Committee; Mr. Dingley, of Maine, chairman of the Ways and Means Committee in the House. Thomas B. Reed was Speaker, and many other able men from that section were in high positions. These men were not orators and did not make long speeches, but they were the most influential men in Congress. They honestly believed in a high tariff for manufacturers of their section, but they could not understand the great injustice this did to those engaged in agriculture, who had to pay high prices for everything they bought and received no protection on the products of the farm which they sold.

The New England States years ago realized the importance of continuing their Senators and Congressmen until they could become chairmen of committees or ranking Members, as a new Senator starts at the bottom of committees. Senator CARTER GLASS, a very able man, who had been in Congress 20 years and Secretary of the Treasury, came to the Senate shortly after my term began, and had to go to the foot on committees. Although I was a new Member I am senior to Senator GLASS on the Appropriations Committee, and will continue to advance on the committee as other Senators above me retire. A ranking Senator on committees has more influence than others less fortunate, as most of the legislation is framed in committees and relatively few changes in their recommendations are made when the bill is before the Senate.

As Georgia receives more appropriations than any State in the South my position on the committee is very important. Within a year after my term began in the Senate, I visited every place in Georgia which receives special appropriations from the Government, among them the river and harbor work of the coast cities, Savannah, Brunswick, Darien, and St. Marys; Fort Benning at Columbus, Fort McPherson, the Federal prison, and the Public Health Hospital at Atlanta, and the arsenal at Augusta.

Georgia is one of the foremost agricultural States. The wealth of the country is created principally by the farmers. When they can not sell their products at a profit all lines of business suffer. Every section of our country is dependent upon the other. That is the situation which brought into existence the so-called "agricultural bloc" in the United States Senate, with which I have been actively identified since its organization. It is composed of Members of the Senate, Republican and Democratic, who are specially interested in legislation that will help agriculture. Since the boll weevil has seriously interfered with the production of cotton, it has been necessary for our farmers to raise other crops. Our marketing system of agricultural products is obsolete and does not meet present conditions. The trouble is due largely to our lack of storage and marketing facilities, unreasonable freight rates, the high rates of interest and insurance.

Criticism, unless constructive, is worse than useless. Legislation alone will not remedy everything, but in order to overcome some of the difficulties mentioned, I introduced measures amending the Federal warehouse act and the Federal reserve system act that will, in my opinion, be most helpful to the farmers and merchants and do much toward remedying the defects in our system. If all farm products are marketed as soon as harvested, the price invariably goes down below the cost of production. It is essential that part of the surplus crop be held in storage in barns or warehouses. If products are shipped in less than carload lots the freight rates are so high that it takes all the profit. By cooperation the farmers can prevent this loss. A warehouse with Federal license gives them lower insurance and interest rates. These warehouse receipts can be used to borrow money at low rates of interest. The Federal reserve banks give preference in rediscounting paper to loans secured on products in Federal warehouses.

The eight amendments to the Federal warehouse act in a bill offered by me have been agreed to by the Senate, and the legislation is pending in the House. It is proposed to broaden the present law, which only allows cotton and tobacco stored in these warehouses, so as to permit the storage of any agricultural product designated by the Secretary of Agriculture, such as cottonseed, peanuts, pecans, sirup, and other products now excluded.

The Federal reserve banks make loans to small member banks at the same rate of interest as the large city banks. About half the State banks of Georgia are not eligible to join the Federal reserve system, because they have capital of less than \$25,000. To remedy this I introduced a bill, and it passed the Senate, which allows the small banks in Georgia to join provided they will increase their capital stock annually an amount equal to 20 per cent of the annual net earnings until the capital meets the present requirements. This will strengthen the system and give the banks more capital to accommodate their customers.

I am a firm supporter of the splendid Federal reserve system. It was created by a Democratic Congress on the recommendation of a Democratic President, who realized that the old banking system, supported by the Republican Party, was a Wall Street system. Except for this change we would have had a panic in this country before and during the war which would have shocked the world's financial foundation. Senator OWEN and I were the first Senators to protest and direct attention to the ruinous deflation policy of the Federal Reserve Board. That policy destroyed values in agriculture and commerce amounting to billions through their unnecessary advance of discount rates and restriction of credit, making it unprofitable or impossible for banks to extend credit to the legitimate business industries of the country. I introduced bills amending the Federal reserve act in reducing the interest rates, making the rates the same in all reserve banks, allowing loans on agricultural paper for 12 months instead of five under the present law, and requiring the consent of Congress to the erection of reserve bank buildings above \$250,000. The Republicans defeated the first three, but the Senate passed the last one. While we were fighting for lower discount rates, the Federal reserve bank building under construction in New York cost over \$20,000,000—more than any two Government buildings in Washington. Such extravagance was inexcusable at any time, especially when they were charging high discount rates. The discount rate in the New York bank is 4 per cent to-day, while the bank in Atlanta and other agricultural sections must pay 4½ per cent. There is no reason for this discrimination.

Two bills introduced by me to make more accurate cotton production estimates and reduce speculating and gambling in cotton have passed the Senate, and a third is pending with a favorable committee recommendation. The first would cause the Census Bureau to gather estimates from the ginners of the amount of cotton remaining in the field to be ginned at the same time they collect statistics on the amount actually ginned. The second bill directs the Department of Agriculture to publish their estimates on the current cotton crop at the same time the Census Bureau announces their ginning figures of the amount of cotton actually ginned. All of these reports, announced on the same dates, would provide a better estimate for the total crop for the year than at present. These figures are vital factors in the market price, and their accuracy will deter the Wall Street gamblers from manipulating the market. A third bill, which has the approval of Secretary

Hooover of the Department of Commerce, provides a world census to determine the amount of low-grade cotton on hand, which is supposed to be large and depressing the price. It would include the number of bales of cotton tenderable under the law on September 1, December 1, and March 1 of each year for the whole world instead of reports for only the United States under the present law.

Last year the cotton-crop estimate of the Agricultural Department was 6,500,000 bales. Before the season was half over the Census Bureau's report of cotton ginned was to be issued; and on account of the unusual warm, dry weather most of the cotton was ginned, and the report would show three-fourths of the estimated crop ginned. The gamblers had expected to run down the price of cotton on this report. I presented the matter to the Secretary of Agriculture and urged both departments to issue a statement with the ginner's report, informing the public that more of the cotton crop had been ginned earlier than ever before, showing their first estimate of a small crop was correct. This was the first time either department ever issued a statement of this kind, and it is said it kept the cotton speculators from depressing the price of cotton at the time.

Until I changed the Census Bureau reports of cotton ginned, while director, and separated the linters from cotton, the reports always showed more cotton on hand than was correct.

The Federal farm loan banks, created under the Wilson administration, loan money to farmers at a cheaper rate of interest and for a longer term than the private loan companies. The private companies were anxious to stop these banks and they went into court to test their legality. It was carried to the United States Supreme Court and for more than a year, while the case was pending, the farm loan banks could not sell their bonds to get money to loan. This worked a great hardship on those who had lost so much in the two years following the war. When the Supreme Court upheld the banks many believed and still feel that the Farm Loan Board was not making loans as fast as they should have done. I conferred with them time and again and urged against delay, as our people were suffering. I took the matter up with the agricultural bloc and we passed resolutions urging haste. I was appointed chairman of a committee to confer with the board. The other members of the committee were Senator FLETCHER, of Florida, the author of the act creating these banks, and Senator KENYON, chairman of the agricultural bloc. Georgia has received more money from these banks than any State in the Southeast, the total to date being \$11,999,835.

Last year when the banks in agricultural sections could not get sufficient money to save the farmers from bankruptcy and keep the banks open, I was one of many Senators who urged that the War Finance Corporation be revived to accommodate our people by making loans with agricultural products as collateral, direct to farmers' cooperative associations or to banks holding agricultural and livestock paper. Congress had been in session for months, the Republicans had done nothing to relieve the burden of the farmers, and Senator LODGE, the leader of the Republicans in the Senate, moved that the Senate recess for several weeks. I opposed the motion, insisting that we should remain in session and give relief to our people. It was defeated 24 to 27. I voted against the motion, as did my colleague, Senator WATSON. Had we voted for the motion it would have passed 25 to 26, but the vote of the Georgia Senators kept Congress in session and we passed the Norris bill reviving the War Finance Corporation, giving financial relief to the agricultural sections—millions to Georgia. Since its revival the War Finance Corporation has advanced \$6,768,934.88 on agricultural loans to banking and financial institutions in Georgia, and \$5,350,000 to cooperative associations composed of farmers. We also passed the Kenyon-Kendrick bill to protect the hog and cattle raisers from the destruction of the Meat Packers' Trust, a monopoly by which five men in Chicago fix the price of meat—hogs and cattle raised in Georgia and all over the United States. I actively supported the farmers' cooperative marketing bill.

Under the high protective tariff policy a comparatively few men are enriched in the manufacturing centers of the East, while the mass of laborers employed in that section are not benefited proportionately. The agricultural and livestock sections of the South and West are taxed heavily by the tariff and receive little in return. The South especially is discriminated against by the high protective duties, because 60 per cent of our cotton is exported, the price fixed in Liverpool, and our farmers must compete with pauper labor of the world. A tariff of a dollar a pound on cotton would not benefit the farmers of Georgia a cent, as short-staple cotton is not shipped here to compete with us. Under the high protective policy of the Republican Party, the South and West pay a dollar for every 10 cents benefit they receive. The tariff bill now before the Senate was written behind closed doors by the Republican members of the Finance Committee, Democratic members were denied admission to the committee rooms, but the millionaire manufacturers of the East were there; many of them had contributed to the Republican campaign fund and were taxing all the people through the tariff so as to get dividends on their campaign contributions. The Republican Party is sectional.

If any benefit comes to the South from the present tariff bill it would be from a duty on peanuts and vegetable oils, which China produces in large quantities and competes with our peanuts and cottonseed oil. The committee gave little protection to these items, but the Senate voted a fair duty, as no one could defend this discrimination. I voted for a duty on peanuts and cottonseed and vegetable oils.

Under the present tariff bill, as passed by the House, a high protective duty was placed on potash, which is controlled by a German trust and would mean a tax of millions yearly on Georgia farmers. All the Georgia Members opposed this high duty. Most of the potash is used in the South in fertilizers and our farmers would have to pay it. The cotton they produce with this fertilizer gets no protection. I offered an amendment to the House bill, placing potash on the free list, and by a hard fight we have succeeded in getting enough Republicans to help the Democrats put potash on the free list, which will save Georgia farmers millions yearly on their fertilizers.

This tariff bill will greatly increase the cost of living by taxing everything that we must eat and wear and all the necessities of life and place heavier burdens on the poor man and the man with moderate income. When the sixteenth amendment was adopted to authorize an income tax to be collected it was intended to collect taxes only on the large incomes, and those who favored it never dreamed that the Government would take advantage of it so as to thrust the hands of the tax gatherer into the pockets of the farmer, laborer, and small business man, and take from them the necessities of life while it relieved the rich of their fair share of the tax burden which they could carry without hardship and without depriving their families of luxuries to say nothing of necessities. As long as I remain in the Senate I shall oppose collecting any income tax from men of small income. No married man should pay an income tax until his income amounts to \$5,000 a year.

As a member of the Immigration Committee I have supported efforts to stop all immigration for five years. The American Legion indorsed that policy, and after my resolution to that effect was defeated, I proposed the amendment to the present law to extend the 3 per cent quota restriction law until June 30, 1924, pending the enactment of permanent restrictive measures. The House passed the bill extending the law only until 1923, when Congress would not be in session, and the steamship companies would have brought over millions before another law could be enacted; but my amendment prevented this.

The Committee on Territories handles all legislation affecting our insular possessions, and in order that I might have information at the source, at my own expense I visited Hawaii and the Philippines. I went from there to China and Japan, where the South exports so much cotton and cotton goods.

Soon after I entered the Senate I learned that the Meat Packers Trust was discriminating against the peanut-fed hog in Georgia and the South. The Senate adopted my resolution to investigate the alleged discrimination, and the Department of Agriculture is continuing an investigation to determine all phases of the relation of the peanut-fed hog to the so-called hard hog. When this investigation first began they were paying from 3 to 7 cents less for peanut-fed hogs than those fed on corn in the North and West, but now the difference is much less. I shall continue until there is no discrimination, and I believe my work has saved the hog raisers of Georgia millions of dollars.

Amendments to the appropriation bills for the Department of Agriculture, which I offered and supported, have made it possible to fight the peach pests by establishing an experiment station at Fort Valley; establish peach, watermelon, and cantaloupe marketing stations at Thomasville and Macon; establish a tobacco experiment station at Tifton; and start pecan experimental work in the Albany section. As a member of the subcommittee framing this legislation, I have supported items to fight the boll weevil, develop the cultivation of peanuts, sweet potatoes, and other crops. The department is now experimenting on Georgia cane sirup to stop the fermentation, which injures the sale and prevents a higher price. At my solicitation the Secretary of Agriculture sent experts to Georgia from the Market Bureau to cooperate with the market bureau of the Georgia Agricultural Department and the State College of Agriculture.

The Esch-Cummins bill, practically guaranteeing the railroads an annual earning of 6 per cent, was passed by a Republican Congress. I voted against the bill. Under that law the Interstate Commerce Commission raised freight rates at a time when agriculture and nearly all industries were at a standstill, and prices so low that the increased rates made shipments prohibitive, which paralyzed all industry. I was the first Senator to protest against the high rates, and I have constantly urged lower freight and passenger rates to help business as well as railroads. When the railroads made a 10 per cent reduction in rates on certain agricultural products some time ago, they did not include watermelons, which, as you know, is a large industry in our State. I took the matter up immediately with the commission and they agreed to include watermelons in the reduction. The railroad rates are still too high. Business and the roads will suffer until the rates are low

enough to allow the farmer, lumberman, and manufacturer a fair profit, which will encourage him to make more shipments, thereby benefiting the producer as well as the railroads.

Since the close of the Civil War the South has been discriminated against in many ways by the Federal Government. Take the matter of freight rates from the Middle West to the southwestern ports, including Savannah and Brunswick. The rates were much higher for the same distance than the rates to New York and the eastern ports for years. I joined with other southern Senators and we had this great injustice remedied, but the eastern ports are now at work trying to bring back the old situation.

The South is discriminated against in the matter of ocean freight rates on cotton and other products. For three years I have cooperated with other southern Senators in an effort to stop this injustice. Ocean freight rates from New York and eastern ports to South America and through the Panama Canal to China and Japan are the same as the rates from Savannah and Brunswick, which are 600 miles nearer. But when we ship cotton, naval stores, and other products to Liverpool and other European ports they charge us more than from New York. This discrimination is inexcusable and should be stopped.

When the Muscle Shoals proposition was before the Senate last year I offered an amendment providing that nitrates made at the plant during peace times should be sold to the farmers at cost and that they should be given the preference in purchasing. In our State alone we have used in one year more than \$50,000,000 of fertilizers. If this plant should be developed as proposed, it would save the farmers of Georgia more than \$12,000,000 a year on the cost of fertilizers, in my judgment, which is equal to the total annual expense of our State government, including Confederate pensions and common schools.

After the Muscle Shoals measure passed the Senate last year it was defeated in the House by a small majority. Every other country has nitrate plants except the United States. Soon after we declared war the German Government protested against Chile furnishing this country with nitrates and tried to prevent her doing so.

The partisan Republicans, because of hatred of a Democratic President, were willing to scrap this great plant and leave the country, in time of war, at the mercy of the Chilean nitrate trust. They were trying to discredit President Wilson by charging that the money spent on Muscle Shoals had been wasted. They did not care about the great saving in getting cheaper fertilizers, and manufacturers in securing cheaper water power, which would develop the South more than anything within a half century. I conferred with the Secretary of War several times and urged that he require all bidders to agree to manufacture fertilizers to sell to the farmers at cost, plus a reasonable interest rate, and that the power should not be leased to power companies in our section controlled by the trusts, which would prevent competition. When the Secretary of War made his report he sent it to the House only. I feared this would delay action until after Congress adjourned, and I immediately urged the Secretary to send his report to the Senate so it could be considered at the same time it was before the House committee. The Secretary granted my request, and when the report was laid before the Senate I made a motion to refer it to the Agricultural Committee, which was friendly to the development of Muscle Shoals, to manufacture fertilizer and sell to the farmers at cost in times of peace. I was a member of the Subcommittee on Appropriations which recommended the appropriation of seven and a half million dollars to begin work on October 1. We shall at least begin the great work which has been opposed by the fertilizer and power trusts with a powerful lobby.

Our southern farmers export 60 per cent of their cotton produced and much of their other products. The southern manufacturers must export their surplus goods. The foreign trade of the South has greatly increased in recent years, but the agricultural and manufacturing section of the South has had no branch office of the Bureau of Foreign and Domestic Commerce until recently, when I secured an appropriation for a branch office in Atlanta.

Last year, when all products were reduced, I had complaints from Georgia farmers and ginners that bagging and ties, which are used in covering cotton, were selling at the old high prices, as when controlled by the trusts. I asked the Federal Trade Commission to make an investigation, and soon a reduction in prices on bagging and ties came.

Several years ago I received letters from people in my State and others calling attention to the fact that the Standard Oil Co. was selling gasoline in Chicago at 5 cents a gallon less than in Georgia, when the difference in transportation was less than 1 cent a gallon. I asked the Federal Trade Commission, of which I was a member, to make an investigation, and we found the charges were true, but they were different companies of the Standard Oil. There are more than a dozen Standard Oil companies, but most of the stock is owned by practically the same people, 51 per cent of the stock of all the companies being owned by 16 people. There was no competition, but it was contended they were not doing anything illegal.

The commission called the attention of Congress to the discrimination and recommended the enactment of laws to correct the evil, but

nothing was done. Soon after I entered the Senate I introduced a measure, which the Senate passed, preventing the Standard Oil Co. from selling gasoline lower in one State than in another.

When the legislation to raise revenue for the support of the Government was before the Senate, it was Republican members of the agricultural bloc, joining with Democrats, who prevented the bill, recommended by the Finance Committee, from becoming a law until they changed many important items intended to relieve the taxes of the wealthy and place the burden on those who toil. Until President Wilson's administration all taxes to support the Government were paid by the consumers of the country through the tariff and other taxes, and the wealth of the country, most able to pay, escaped taxation while receiving the greatest benefits from our Government. During the World War the number of millionaires was more than doubled, and they hoped to escape taxation on their wealth when the Republicans came into power. This would have been done had the Republican members of the bloc not joined with the Democrats and defeated legislation planned by Republican leaders. The Republicans succeeded in repealing the tax imposed upon corporations making excess profits.

While this revenue bill was before the Senate I offered an amendment to the bill cutting in half the tax, after deducting exemptions, on the first few thousand dollars of income earned by those engaged in trades and professions. I took the position that earned income on the first few thousand should not be taxed the same as income from bonds and stocks owned by persons who did not work to earn a livelihood. It was the Republican members of the agricultural bloc and the Democrats who made the surtax on incomes of over \$100,000 50 per cent instead of 35 per cent, as it passed the House and was recommended by the Senate Finance Committee.

I have referred a number of times in the Senate to the great debt of gratitude the country owed the southern cotton farmers. Except for the export of cotton, which brings more gold to this country than any other product, more than both wheat and corn, we would not now have 40 per cent of the gold of the world in our Treasury, making us the richest country on earth.

In 1914, after war was declared in Europe, the West could ship wheat to Europe, and the price more than doubled. Cotton was difficult to handle and almost impossible to ship to countries at war who had always purchased our cotton. The price was less than half what it formerly sold for. The South suffered financially in 1914 and 1915 more than some of the countries at war, all because there was no market for our cotton. Many of our farmers and merchants were ruined because of this condition, while the wheat farmers were comfortable in wealth. When the cotton crop was almost gathered in 1918 and the price had advanced there was a demand from both Republicans and Democrats in the North for President Wilson to fix the price. Mr. Cox, a Democratic Congressman from Indiana, introduced a bill fixing the price of cotton at 15 cents per pound, when it had cost the farmers at least 35 cents that year to raise it. Others urged that the price be fixed at about this price. Had Congress or President Wilson fixed the price at anything like the low price provided by Mr. Cox's bill it would have ruined the South. The movement to fix the price in 1918 was shortly after the primary in which I was nominated for the Senate. When I learned of this movement I went to Washington on the first train to confer with President Wilson, calling his attention to the high cost of producing cotton and other facts I have just enumerated.

When you think of the difference in the price of cotton at 15 cents a pound, which the Republicans and northern Democrats urged President Wilson to fix, and the prices, up to 45 cents a pound, it sold for in a few months, the loss to the South would have been staggering. The difference between 15-cent cotton, which brings \$75 a bale, and 40-cent cotton, bringing \$200 a bale, is \$125. This would be a loss of more than \$200,000,000 on Georgia's nearly 2,000,000 bales which President Wilson saved the farmers of Georgia alone. Most of this cotton was sold in Europe, and the money was sent here. No President of the United States ever had such an opportunity to help or hurt the South. The North, East, and West were demanding that he do this great injustice. I had confidence in the justice of my side of the argument I made against fixing the price of cotton. While this saved the South financially, the Republicans made a campaign issue of it and charged that President Wilson had favored the South by not fixing the price of cotton after they had fixed the price of wheat and other products. It was on this issue principally that the Democrats lost both Houses of Congress in 1918; and for two years this Republican Congress instead of doing constructive work in readjusting great problems left after the war were trying to embarrass and harass President Wilson, often denouncing him when he was hovering near death's door.

When the armistice was signed hundreds of parents, sisters, and wives of soldiers in France begged me to get their loved ones home, some of them to go to school, others to the farms or factories. I decided it was as little as I could do to take these letters and at my own expense go to General Pershing's headquarters in France and urge him to let these men go home. I am glad to say that I was shown

every courtesy, and my request was granted in nearly every instance. I am, so far as I know, the only Senator who went to this expense and performed this service for the soldiers. Except for this work I believe hundreds of Georgia soldiers would have been kept in France many months longer.

As long as I am a Member of the Senate, regardless of criticism, I shall do everything I can to help these young men who served our country. Congress has not done its duty by them. A great injustice was about to be done the veterans of our State and section when a bill passed the House, over the opposition of all the Members from our section, providing for hospitals, and the wording of the bill deprived Georgia and the Southeast from receiving one of these hospitals. When the House bill came to the Senate I started the fight in the Senate to amend the bill, and one of the large hospitals was placed at Augusta, Ga. As the bill came from the House Augusta and the Southeast could not have had one of the large hospitals, and our veterans could not have secured hospital facilities near home and their loved ones.

On account of the high cost of living our Government is now, and has for several years, been paying many thousand civil employees a \$240 annual bonus, but we have done little for the boys who gave up their positions and offered their lives for their country. The bonus to civil employees has amounted to \$1,080. After the war the Government readjusted the payments to railroads and war contractors. Why not the World War veterans? My office is a clearing bureau for claims of all ex-service men, and their claims are never neglected.

I aided in locating Camp Benning at Columbus, which brings several million dollars a year to Georgia. It is the largest Infantry training school not only in the United States but in the world. The present Congress appropriated \$400,000 for buildings alone at Benning. I was with Congressman Wiser and the committee when the Secretary of War assured us he would establish Camp Wheeler at Macon. I aided in getting Camp Hancock at Augusta.

The headquarters of the Army for the Southeast were located at Charleston, S. C. One of the first things I did after entering the Senate was to urge the War Department to move the headquarters to Atlanta, Ga., which every Army officer knew was the logical place because of its location and railroad facilities. The headquarters were moved to Atlanta, and I believe they will continue there. This brings a large amount of money to Georgia.

Henry Lincoln Johnson was appointed by President Harding recorder of deeds for the District of Columbia. Serving in that office are many splendid white women and several from Georgia. When the nomination came before the Senate Senator Watson and I objected, and he was defeated.

Since the war was over there has been a propaganda in this country urging the cancellation of all debts of foreign countries. The greatest amount was due the United States, amounting to \$9,000,000,000. Some Senators announced in favor of canceling these debts. I offered a resolution, which was the first, declaring it to be the sense of the Senate that none should be canceled by the United States. When the law was passed providing commissioners to confer with European countries and giving them authority to act, the law stated that no part of these debts should be canceled.

There are two great dangers to our Government, the first the election of men to office by the large expenditures of money who will serve the big interests as against the people, and the second is the danger of the demagogue who plays on the prejudice of the people in order to serve his selfish ambition. Because of the \$200,000 spent to elect Senator Newberry I voted to unseat him. When a senatorship can be purchased our Government is in danger.

During the Democratic administration I was consulted in the appointment of all United States judges in Georgia. There is no greater responsibility than the selection of men for these lifetime positions. The names of the men I indorsed need no praise from me; they are known to all of you—Alex C. King, Beverly D. Evans, Wallace Lambdin, Samuel H. Sibley, U. V. Whipple, and William E. Thomas. The last two were nominated, but the Senate refused confirmation because of objections by the Georgia Senators.

When I was made Director of the Census the age limit set by the bureau kept any Confederate soldiers from employment. I immediately raised this age limit and gave preference to Confederate soldiers in my appointments in the South, and I appointed more Confederate soldiers to Federal office than any man in the South.

I am the author of many other bills and resolution in the interest of our people which I shall not have the time to discuss to-day. Among them: Authorizing loan of tents and other equipment to Confederate soldiers; investigation of department handling foreign trade; to build pontoon bridge at West Point after the flood which swept the bridge away; author of bill appropriating \$1,000,000 for eradication of malaria in the South; appropriating \$25,000 for development of peanut industry; resolution requiring Secretary of the Treasury to give Senate data on excess profits during war so as to tax war profiteers; resolution calling on Civil Service Commission to give preference to soldiers in appointments.

I shall oppose the Dyer antilynching bill, which was introduced to play cheap politics with the negro.

I supported the constitutional amendment for Woman suffrage and the legislation to enforce the prohibition amendment. I have always been on the moral side of public questions. I supported the Sheppard-Towner maternity bill and Federal aid to the States for road building, voting for the bill to improve all the roads instead of only the automobile highways. I strongly supported the Borah resolution for naval disarmament by agreement with other governments and voted to ratify the treaties to bring about disarmament.

STATEMENT OF GENERAL SUKHOMLINOFF

Mr. OWEN. Mr. President, I ask to have printed in the Record a statement by General Sukhomlinoff as an addendum to an address which I made in the Senate some time ago.

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

The statement referred to is as follows:

[From the American Monthly]

SUKHOMLINOFF TELLS HOW THE GRAND DUKE AND POINCARÉ STARTED THE WORLD WAR—THE CZAR'S OWN WAR MINISTER GIVES THE FULL HISTORY OF THOSE FIVE DAYS OF AGONY, JULY 25 TO JULY 30, 1914 (By Gen. Vladimir Alexandrovitch Sukhomlinoff, adjutant general to His Majesty, the late Nicholas II, Czar of all the Russias, and formerly Minister of War at St. Petersburg)

PERSONS IN GENERAL SUKHOMLINOFF'S AMAZING REVELATIONS

Paleologue: French ambassador to the Czar's court and a man with a genius for romance in the style of Monte Cristo. This genius ran away with Paleologue and caused him to mistake his own fantastic inventions for matter-of-fact realities.

Jannschkevitch: Chief of the general staff of the Russian Army; a tool of the Grand Duke Nicholas, with whom he plotted on the back stairs and behind drawn curtains.

Nicholas Nicholasievitch: The grand duke, with the long legs, who was uncle to the Czar and had the Czar under his thumb.

Nicholas II: Czar of all the Russias, but a henpecked husband, a submissive nephew, a smiling and polite and sweet sovereign without a backbone and incapable of distinguishing good advice from bad.

Poincaré: Then President of the French Republic; he is in the background of events like the ghost of Banquo in Macbeth. Poincaré leaves behind him the trace of a fatal visit to the Czar on the eve of the war.

Hohenlohe: A gloomy Austrian prince.

William II: His telegrams alone figure here.

Bark: Russian Finance Minister with a bite.

Sazonoff: Russian Foreign Minister; sly, sleek, slippery. He enjoyed the confidence of the Czar's uncle, and that proves how deep he must have been.

Goremykin: An aged, aged man more like the senile simpleton in Alice in Wonderland than the Prime Minister of a powerful potentate, which last—alas!—he was.

Pourtales: A count who was German ambassador to Russia. He spent his time in desperate efforts to find out what was transpiring on the back stairs, in the boudoirs, and behind the curtains. When he did learn a thing or two he was assured that he had discovered another mare's nest.

Krivosschein: Minister of Agriculture in the Czar's cabinet; an intense nature, disposed to duels.

Grigorevitch: Minister of Marine; a typical sea dog.

Svverbleeff: Russian ambassador at Berlin with a touching faith in telegrams and a peculiar ignorance of the true state of affairs. He has since passed away, and of the dead we may say what is good—if we wish and if we can. Poor Svverbleeff!

Schtscheglovitoff: Russian Minister of Justice, a perfect professor profoundly versed in history and what we would now call a "high brow," although he might as accurately be described as a walking encyclopedia that wouldn't walk, preferring an automobile.

Isvolsky: Russian ambassador at Paris, who pulled Poincaré's strings so that Poincaré might pull the Czar's leg.

Time: July 25 to August 2, 1914.

Place: Summer palace of the Czar, Nicholas II.

I. WAR? NO! NO!

It was July, 1914. With my wife, just returned from Egypt, I made one in a gathering at the beautiful country home of the Countess Kleinmichel.

The Austrian-Serbian clash had then attained the loftiest peak of its fire and fury. It was altogether inevitable that the diplomatic and political situation should afford the theme of the talk. This was the more natural, indeed, since—or so everyone assumed—the countess herself, in all that related to Germany, was an eager diplomat whose functions were not exactly limited within the atmosphere of salon conversations.

Among the guests of the countess happened to be a diplomatist who—if my memory serves me faithfully—was not connected with the embassy of a great power. He was of opinion that no serious prospect of war loomed on the horizon of events; that the conflict must settle itself. The great powers had ample facilities, according to him, for putting out the sparks!

The prevailing view among the members of this gay party took on a hopeful tone. There was faith that the matter would really turn out well.

The countess was otherwise impressed.

She deemed it important to emphasize the fact that fire must not be played with; that the strings of the lyre of diplomacy were not to be stretched too taut.

As soon as we had dined a guest suddenly made his appearance with the news—direct from Vienna—that the Hapsburg monarchy was undeniably bent upon a final settlement with Serbia, a trial of strength, perhaps, upon the material plane.

The countess, accordingly, seemed to be in the right.

II. THE CHEERFUL CZAR

The grand climax of the military maneuvers in each recurring season arrived only with the first coming of the Czar, Nicholas II, to Krassnoie Selo. The ceremonies included a round in state of the whole camp, a sounding of "taps" with many a flourish, and a performance in the local theater.

On the appropriate days of that storm-charged summer of 1914 an incredibly pressing throng of the most fashionable people streamed into town. These people utilized the most varied modes of conveyance. Automobiles, jaunting carts with steeds going tandem, stage coaches, horses—all hurried along the closely trimmed paths bordered with grass plots and flower beds. They all arrived by rail from Peterhof, Oranienbaum, Strelina, Ligo, Zarskoie Selo, Sergieffskaia, and Gatschina.

What a mood of carnival dominated that throng of men from the diplomatic corps, military attachés, courtiers, officers, exalted officials, their uniforms set off by the elegance of the women who pervaded the scene in effects of color no less varied!

The Czar himself arrived from Peterhof in an automobile.

At the summer palace in Kolomenskaja he reviewed the guard of honor, recruited from some crack regiment or other in the St. Petersburg barracks unless, indeed, it came from some military district boasting even finer troops. When the guard had been duly dismissed the Czar mounted a horse and rode, a glittering suite trailing after him, the full length of the columns of soldiers standing erectly in full formation. At Krassnoie Selo were stationed the cavalry, and just beyond, deployed the length of their great camp, were the infantry and the artillery. At the extreme right of this vast encampment, in the zone of operations of the first infantry division, were the imperial headquarters, established in a palatial tent. There, where more than one regimental band was stationed, the Czar got down from his horse. There was a grand flourish of trumpets.

There, too, thronging the space about headquarters, were the great ones of the land, making up the most fashionable and the most magnificent of "publics." The flattest of floors was afforded by the greenest of grass. Conversation was of the liveliest kind—bits of news, bits of gossip, twaddle more or less piquant because it dealt with personalities as well as with politics. The sauce of this talk was derived from the spice of diplomacy and the note everywhere was one of crisis. It was truly all St. Petersburg that thrilled now with the tingling of the sensation of this year of 1914 and caught the sheer exhilaration of it. Of things to talk about there was enough and to spare. The open challenge in the defiant attitude of the Austrians, the sea trip of President Poincaré to St. Petersburg, the journey of the German Emperor, William II, to Norway, and the agitated comments in the newspapers regarding the possibility of war—these things yielded themes for conjectures of every sort.

Speaking metaphorically, the air reeked with gunpowder. Optimism seemed to have vanished. And yet scarcely one of all those present there and then could have surmised that the very last of all the peaceful "taps"—sounded in those circumstances of pomp and parade—was ringing in the ear of an "all-highest" war lord.

There was a fixing of every eye upon the Czar himself, as if to gather from his deportment some hint of the mood of the man. No one seemed to have penetrated his reserve, to have reached the secret of his soul. His Majesty seemed what he was always—friendly, calm, composed. With those immediately about him His Majesty talked in the friendliest fashion, the smile never leaving his countenance.

The only shadow in that pleasing prospect was afforded by the Austrian military attaché, Prince Hohenlohe. My attention was directed to him particularly by Count Apraxin, a gentleman in waiting upon the Czar, or, rather, just then filling the post of chamberlain. The moody, not to say oppressed, aspect of the Austrian drew attention to him at once. In complete abstraction from all that went on under his eyes, he stood apart, a solitary figure in that press of people. He was resting his head against one hand, or, rather, against a clenched fist, and

his elbow rested against a tree. He stepped forward to greet no one. He talked with nobody. His appearance was that of a man taken ill or oppressed by a thought that through its weight of woe had robbed him completely of self-command.

The orchestras meanwhile, undisturbed by the moods or the miseries of their auditors, discoursed the sweetest strains of a magnificent concert program.

Then the captain of the guard on service at that hour made his obeisance to the Czar and besought permission to sound the evening taps. A trumpeter and a bugleman stood forth and gave the signal. There was a moment of breathless silence. The orchestral strains had died away. There was a burst of three great rockets into the heavens. The beating of the "tattoo" proper had begun. The roar of the artillery came across the camp. A rushing din of some hundreds of drummers obliterated every other sound. Then the combined orchestras sent forth the strains of the famous hymn "How Great is the Glory of God Almighty!" Its melody was borne aloft on the waves of sound from the drums. The hurricane symphony lasted several minutes. Then ensued some seconds of absolute silence followed by the abrupt, grim command: "Caps off!" The master of the horns, who had stationed himself in front of the Czar, repeated in a voice loud and clear: "Our Father, Who art in Heaven!"

During this recitation of the Lord's prayer and all through the reverential stillness that prevailed I gazed steadfastly at the Czar.

Not for an instant was he conscious—of this I am sure—of being the leader in battle. Never even in a dream did his thought take that turn. Not once did he suspect that this sounding of the retreat to rest and slumber amid such ceremony and with all that careless magnificence was to signify the end of an era.

What invested us then was the calm before the storm.

There was no such thing this time as getting out of the path that led us to war. A whole series of accidents and misunderstandings, explicable in part by the anomalies in the position of the house of Romanoff, brought on a world conflict. The origins of that war lay deeper, indeed, profoundly involved and imbedded in all the given conditions of Europe's political setting.

III. IN THE RUSSIAN WAR MINISTRY

Many able men have beaten their brains in the effort to establish the immediate cause of the outbreak of the war.

After the sincerest efforts on my part to get at the truth regarding the tremendous catastrophe, I must throw up my hands.

Exalted as was my position in the Russia of the Czars, I was able to observe directly and at first hand but a minute and decreasing part of the activity that brought on the war. This part I can outline and this I will describe with no desire to extenuate what is past and with no regard whatever for myself.

In the early months of the year 1914 there was no expectation whatever in the Russian War Ministry of anything in the nature of a clash of arms. In the higher administration of the general staff of the army throughout the winter of 1913-14 all arrangements for the military maneuvers proceeded in the usual way. Some detachments of troops from the remoter districts—among them a few from the western frontier—were to come to the imperial post of Krassnoie Selo. Again, as was quite the usual course, upon the coming of May the troops quitted their barracks and the artillery began gun practice. In July there was a general activity by way of preparation for the maneuvers in contemplation since the previous winter.

In marked contrast with this feeling of peace throughout the army, the newspapers painted the diplomatic horizon in tints ever darker and darker. The slaying of the heir to the Austro-Hungarian throne and the establishment of an Austro-Serbian conflict operated like distant lightning flashes. The trip of the President of the French Republic to St. Petersburg seemed to bring with it a piling of one storm cloud above another over the waters of the Neva. An oppressive, well-nigh intolerable feeling of gloom dominated everyone and prevailed everywhere.

After the departure of Poincaré on the 24th of July—when the Austrian ultimatum to Serbia had become widely known—the military maneuvers at Krassnoie Selo were in full swing. In accordance with plans made in advance, we had, under the command of the Grand Duke Nicholas Nicholasievitch, not only the troops of the guard and those of the St. Petersburg district but a number of crack regiments from other military districts and even some from the frontiers.

IV. A MOMENTOUS GATHERING

Not altogether unexpectedly, although there was an element of surprise in it, too, I received in the course of my summer's labors for the army a command to participate in a crown council on the 25th of July at Krassnoie Selo.

I well remember that while on the trip to the meeting of the council I had not even the least premonition of the impending catastrophe. I was aware of the love of peace that was so characteristic of the Czar's personality. I had received no special or particular communication

with regard to the occasion or the cause of the conference to be held. Hence it was that I attached so little importance to the trip I made to Krassnoie Selo that I went alone without taking the chief of the general staff with me and without even having the adjutants on duty along. The subject of the gathering must be, I assumed, some matter of routine connected with the military district of St. Petersburg or with the exercises of the troops in the field.

In the little summer palace of the Grand Duke Nicholas Nikolaevitch I encountered as soon as I arrived various cabinet ministers who were already on hand, among these the minister for foreign affairs and some exalted personages in the higher ranks of the military establishment.

A goodly number of them seemed to be in total darkness regarding the occasion of the Crown conference soon to be held. The presence of Sazonoff, the minister for foreign affairs, was duly remarked and led to inferences from the diplomatic crisis that some political consideration was responsible for everything.

The Czar entered the hall in which the meeting was to be held, but when he did so he was accompanied by his uncle, Nicholas II were the white summer uniform of his personal bodyguard, the Hussars. Smiling in the friendly fashion that was habitual with him, manifesting no mood of anxiety, he greeted the persons there assembled in a somewhat general bow, and without further ceremony he took his seat. Goremeykin, head of the ministry just then, was on the Czar's right hand and the Grand Duke Nicholas Nikolaevitch was on his left.

The apartment in which we were now assembled was a great dining-room furnished somewhat primitively. Great glass doors led across a terrace or veranda into the park. In the center of this imposingly large room was a dining table laid now with a green cloth, and about this table when the Czar had given the signal we proceeded to sit.

Facing the Czar was Sazonoff. I sat several seats away from Sazonoff on the same side, while next me or very near me, if my memory plays me no trick, was Finance Minister Bark. The minister of marine I saw nowhere at that gathering.

Without any sort of introduction the Czar gave the minister of foreign affairs a signal to speak. He used up something like half an hour in painting a word picture of the international scene as it had developed from a Russian point of view through the Austrian-Serbian conflict.

What Sazonoff laid before us as a report or speech was in reality a serious indictment of all Austro-Hungarian diplomacy. His auditors there derived from it all the profound impression that they were concerned now with a deliberate challenge. In the face of this challenge would be found united the powers of the triple alliance—the "entente cordiale"—France and Great Britain standing closely beside Russia if she refused to tolerate any oppression of her Slav brother effected by violence.

Sazonoff achieved a powerful effect in rousing our soldierly sentiments.

He assured us that displays of arrogance, in view of the impotence exhibited by every purely diplomatic agency, could be met only with military measures. He concluded with the suggestion that a case had arisen in which results could be obtained against the powerful and efficient diplomacy of Austria only by means of a partial mobilization. In terms of technical military science this signified that the next step would be to decree the so-called period of preparation for war. Of the probability or even of the possibility of an actual declaration of war nothing at all was said.

The Czar displayed the utmost calmness of demeanor.

It was subsequently established beyond all doubt that on the day preceding this Crown council he had held a long private conference with his uncle, the Grand Duke Nicholas Nikolaevitch.

The latter now sat in grim gravity and silence, smoking his cigarette, beside the Czar. Having had opportunities in the course of long years to observe the relations subsisting between this pair, it became obvious to me that the uncle had already influenced the nephew, the grand duke had already brought over the Czar, when no witnesses other than themselves were by. Hence the elder had no occasion to say a word at the meeting. He had the Czar where he wanted him for a long time now.

Although Austria-Hungary had already crossed the Rubicon, many who took part in this gathering cherished still the hope of an auspicious issue from this crisis. The Czar himself, in a concluding word or two, gave expression to that very hope. He did not, for all that, modify his view that a stern admonition to Austria would be in order. Austria, as Sazonoff had declared, was now so far along her fatal path that she would not deign to reply to our diplomatic representations, the one object of which was the maintenance of peace.

V. TRAP SET FOR THE CZAR

Taking all these considerations into account, the Czar explained to us that in accordance with the suggestions of the diplomatists he would adopt the expedient reserved for such occasions—a partial mobilization.

This would show, the Czar declared, too, that so far as concerned ourselves, no hostile demonstration against Germany was planned at all.

The thing was accordingly determined. For the 26th of July the beginning of the period of preparation for war was ordained.

If, as a consequence of this expedient, negotiation was discernible, there must ensue a second step—partial mobilization against Austria-Hungary.

My own part in these decisions, as I have intimated before, was in reality quite circumscribed.

In my capacity as minister of war faced by such a decision, which was really a move on the chessboard of world politics, I had no right whatever to make any objection, not even if a threat of actual war was being made. Politics was not my business, not my affair. Still less was it my business in my capacity as minister of war to warn the Czar against any war as such. I was a soldier. I had to obey when the army was summoned to the defense of the fatherland. It was not for me to urge considerations one way or the other.

I could have been accused—and with justice—of downright cowardice had I, after enjoying the power and prestige of a minister of war in time of peace, permitted myself to issue warnings against war merely as war. In my opinion, moreover, and according to all human insight, there was no reason whatever why Russian diplomacy should permit itself to be overawed by the proceedings of Austria-Hungary. That had passed in 1909, to be sure.

Besides all these considerations, which did not blind me in the least to the difficulties of the task that lay ahead of us, there was one further impression derived by myself and some of the other ministers from the exposition made us by the competent chief of the European section of the foreign office. According to this there was no other issue from the dilemma but war, and hence any word I spoke against war would have been useless. Through the medium of any protest on the 25th of July I would simply have questioned, or even have rendered difficult the possibility as well as the adoption of, an armed neutrality. In the state of the case as it was put before us the decision of the foreign minister must determine our own.

But he called for a partial mobilization. In harmony with this idea, the line of procedure was determined. Nevertheless I was an opponent of partial mobilization. My views on this subject had never been withheld from anyone or concealed behind a mask. But it was my business to keep the army in readiness for any move on the chessboard of world politics which to Sazonoff seemed expedient, since he was playing the game. Hence in this matter of detail, too, it was for me to obey. It might have been somewhat different if, to repeat, I found myself in 1914 in the situation in which Roediger, former war minister, was placed in 1909.

In the year 1914 the training and the equipment of the army were so far advanced that Russia seemed justified in contemplating a war with equanimity. Never before was Russia better organized for war than she was in 1914. Moreover, the representations of Sazonoff regarding the position and the attitude of both France and England in the conflict were of a kind to justify no want of ardor in ourselves. Even his communications with reference to Italy and Rumania confirmed the other details he laid before us and worked to the same end.

On the basis of the conference held at Krassnoie Selo and in accordance with the order then issued, the "period of preparation for war" began on the day after the gathering—that is to say, on the 26th of July.

The military maneuvers were interrupted. The troops returned to their garrisons or to their barracks.

VI. "PRESSING THE BUTTON"

After this gathering I did not see the Czar again on the 25th of July, nor even on the 26th or the 27th. What happened on those days in the ministry of foreign affairs did not come to my knowledge.

From Sazonoff I did not receive the least bit of information.

In consequence of the reports that flew about the city to the effect that our army was to be mobilized, the German ambassador, Count Pourtales, sent the German military attaché, Major von Eggeling, to interview me. I informed him with sufficient accuracy of the immediate posture of affairs. I assured him that a general mobilization had not been ordered and that on the German frontier no preparations for any march into a field of action were under way.

Throughout all the regiments of the garrison at St. Petersburg there now took place inspections of field equipment, inquiries into baggage, examinations of weapons. The Pavlovsky Regiment of the Guard had in pursuance of this program transported its entire campaign equipment to the Field of Mars. A report spread at once that the guard was mutinous. I enjoined Jansschkevitch to hold a discreet conference with the military staff of the district and to take steps in concert with them to avoid for the future all demonstrations of a kind to precipitate such rumors. He was to give absolute orders for the suppression of whatever procedures might tend to

alarming misinterpretations and the spread of false reports that a declaration of war was, in fact, already issued.

Januschkevitch at once expressed to me his anxiety lest the Grand Duke Nicholas Nicolaievitch, as supreme commander of the district, might feel himself slighted at such an order or, rather, such interference. He might feel all the more affronted since the measures I was thus objecting to did not exceed the limits of peaceful routine in the usual course of military duty, such as mustering in, inspection of the details of mobilization, and so on. I did not on that account urge him any less eagerly to see to the execution of my order. I have no idea how or in what form it was carried out, for I received no further report respecting it.

Among ourselves the procedure in mobilization was this: The Czar signed the order, which went at once to the senate. With the signatures of the ministers of war, navy, and interior added, telegrams to the various military districts, giving the date of the first mobilization day, were prepared for transmission as soon as the "all-highest" command had been issued. Not until this stage was reached came the so-called pressing of the button.

This whole proceeding was exclusively the function of the supreme administration of the general staff, so far as the technical aspects of the business were involved. It comprised a continuation of policy with military means—a going from words to deeds. The political part of the game was played solely by the minister for foreign affairs. He it was, too, who on the 28th of July transmitted to the chief of the general staff the "all-highest" command to make two orders ready. One of these was for the partial mobilization. The other was for an eventual general mobilization.

All mobilization documents were naturally, as is the case in every army, previously prepared.

According to the development of the diplomatic and "world-political" situation, one or the other of these telegrams or "all-highest" commands, signed by the Czar and countersigned by the war and marine ministers, would, again upon the personal indication of the Czar, be actually issued. This anticipatory order of mobilization was thus by a very special arrangement insured against any evasion by the minister of war.

It was General Januschkevitch who laid these two orders before the Czar for the imperial signature. The orders signed thus by His Majesty had the countersignature of the directing senate by the time they made their way into the portfolio of the general staff. Upon the basis of these orders and in accordance with them were the corresponding telegrams prepared and these were signed likewise by the three ministers.

VII. MOBILIZATION OF ALL THE RUSSIANS

On Tuesday, the 28th of July, I made a final report to the Czar at Peterhof.

From the calmness, or rather from the repose with which the Czar took my exposition of the affairs that were now proceeding, one might have inferred that there was nothing whatever that then threatened the peaceful life of Russia. I was amazed at the reserve and the scant sympathy accorded my report by His Majesty. I could think of no explanation of it all that satisfied me.

After my return to St. Petersburg on this same 28th of July, in the latter portion of the afternoon, Januschkevitch told me that through Sazonoff he had received the "all-highest" command to mobilize the districts of Kiev, Moscow, Kasan, and Odessa—to go forward; that is, to a partial mobilization.

This was the counterstroke to the general mobilization of the Austro-Hungarian forces, already announced to us as complete by our ambassador at Vienna, Schebeko.

This partial mobilization, which we were now to undertake, was in reality unpalatable to the military element. From considerations of a technical nature, it might happen that a partial mobilization would create difficulties and confusions. These must become actually perilous if, immediately after such a step had been taken, it became necessary later to proceed to an actual general mobilization. This was clear to every officer in the ministry of war and to no one was it clearer than to the general staff.

Nevertheless, I was obliged on the 28th of July to press the button for a general mobilization.

VIII. RUSSIA IN THE FRENCH TRAP

On the 30th of July a meeting of the cabinet was held in the palace of Our Lady.

Reflected in our procedure was the agitated mood of the capital. Reflected in it, too, was the tense state of the nerves of the members of that ministry. Upon the turn of a hair seemed to depend whether or not a duel should take place between Makiakoff and Krivoschein.

In the foreground of all discussion at this sitting naturally stood the needs of the armed forces. These had to be met in the event—now apparently highly probable—that diplomacy failed to avoid a war.

From Sazonoff's elucidations at this cabinet conference it grew clear to us all that actual war was now scarcely to be escaped. It certainly could not be avoided if our menace through the medium of

armed neutrality by means of our partial mobilization in the southern districts in reply to the challenging course of the dual monarchy remained without effect.

I made reference, naturally, to the dangerous situation in which we found ourselves as a result of the partial mobilization.

By myself as well as by Admiral Gaigorovitch certain details connected with measures of preparation for war were now brought forward. These could not be urged with due prominence before. They entailed also energetic attack and the use of ample funds. With the closing of the frontiers immediate measures must be adopted to provide for the manufacture of munitions and weapons at home. These had hitherto been obtained from abroad. The industrial life of Russia based upon private business establishments and enterprises was not equipped for the task. Its development in this direction, in view of the scant resources placed at the disposal of the war ministry during the period of peace, could not be begun even. In this connection I was reminded by the minister of agriculture, Krivoschein, who sat near me, of the talks and dealings we had in 1910 with the finance minister. At that time Kokovtseff had declared that after a declaration of war the thing needful for the actual campaign was money, money, and more money yet. I had replied at the time that we could not even after the actual entrance upon a campaign shoot money at the enemy, and that our accumulations of gold would merely fall into the hands of the enemy if we had at home no industrial plants that could manufacture munitions and weapons.

IX. UNDER UNCLE'S THUMB

Even the incorrigible optimists could now no longer deny that we were on the eve of war.

In the general staff a feverish activity prevailed. Thanks to the interference of the grand duke in a fashion that set precedence and order at defiance, the chief of staff now enjoyed direct access to the Czar. The minister for foreign affairs likewise transacted business unknown to me with the chief of staff. It was no wonder that with such irregularities gross blunders were perpetrated.

In the agitating days immediately preceding the breach with Germany zeal was displayed by the German ambassador, Count Pourtales, in frustrating the possibility of a mobilization of our forces. He importuned Sazonoff not to rush into military measures that might prove prejudicial to the work of peace preceeding still in diplomatic circles.

With the solution of the diplomatic problem I was not involved. Nicholas Nicolaievitch had known how to spare the Czar the "presence" of all inconvenient advisers and that signified my "presence" conspicuously. The Czar in those days just prior to the war was entirely under the influence of his uncle.

If it now develops that behind my back General Januschkevitch sought to substitute and set in motion instead of the partial mobilization a general mobilization, I can only say this is news to me—an undertaking that at the time was cleverly concealed from me. Januschkevitch was an able and farseeing man. Of his own motion he could not have formed any plan for this criminal deed. There can be no doubt whatever that he was guided throughout by a person whose influence with the Czar was so great that Januschkevitch himself ran not the slightest risk whatever.

We know now that instead of the partial mobilization determined on the 28th of July, almost a complete mobilization was declared on the 29th of July.

Behind my back some one had evidently undertaken to extract from the Czar authority for a general mobilization. Manifestly, Nicholas Nicolaievitch had constrained the assent of the Czar to this. But His Majesty, after the arrival of the letter from Emperor William, had thereupon once more modified his command.

When he transmitted this ultimate decision of the Czar to the general staff, General Januschkevitch added that the Kaiser (thus in the original. The Czar is meant) took full responsibility upon himself for the partial mobilization.

X. TALKS BY TELEPHONE

After the arrival of the letter from Emperor William the subsequent progress of events took a rapid course.

About midnight of the 29th–30th of July the Czar called me on the telephone from Peterhof and communicated to me the contents of a telegram received from Emperor William. The Kaiser therein implored the Czar to suspend our partial mobilization, but said not a word about the suspension of any mobilization in Austria. Nor did he promise that this power, which had been the first to have recourse to such an expedient, would abandon it.

As I had not myself seen the Czar since the 28th day of July, I was, as may readily be understood, somewhat staggered by this telephone talk. The Czar, it became at once clear to me, must be somewhat shaken in the confidence he had reposed in the advice he received behind the curtains or on the back stairs. If the Czar was now firmly resolved to meet the wishes of the German Emperor, a direct order would have to be given to suspend the mobilization. For any such step the Czar did not find sufficient strength of purpose. In my opinion the reason was that such a step would not accord with the

point of view of his trusted adviser, from whose influence he would indeed gladly have been freed, but whose influence he could not of himself shake off. In his position, between hammer and anvil, the Czar chose a middle course, whereby responsibility, as he thought, was shifted to other shoulders.

"Is it not possible," he asked me, "to stop the mobilization?"

Over the telephone I replied that the mobilization was not a mechanism that at one's mere will could be halted and then set in motion again, like a wagon. As regards the partial mobilization, I deemed it my duty, if a command on this point were to be issued, to say that subsequently much time would be necessary to restore normal conditions for a fresh mobilization throughout the military districts. I begged the Czar for that reason, in view of the importance of the subject, to ask further advice upon it from the chief of the general staff. With that our talk ended.

After some little time, but on this same night, Januschkevitch called me on the telephone and informed me of a talk with the Czar, in the course of which his answer harmonized with that I had likewise given His Majesty.

Thus it transpires that neither Januschkevitch nor myself received any order for a suspension of the partial mobilization. We had not the right to undertake any arrangements of any kind with reference to it; we were still less justified in such a thing from the additional detail that the partial mobilization against Austria was determined not by the Czar alone but by the crown council of the 25th of July. Under such circumstances Nicholas II did not find strength of purpose to countermand his order without the support of the minister for foreign affairs, who had received the mandate from the crown council. The decision of this matter lay in the hands of those who conducted foreign affairs and with those forces which were effective on the back stairs, the control of which was impossible to me.

XI. SNUBBED

On the morning of the 30th of July I begged an audience of the Czar for the sake of making my report to him.

I received no reply.

Can the Czar have been then so busy that in those critical hours he could not receive the minister of war with his report?

Between the hours of 1 and 2 on that same afternoon Januschkevitch informed me by telephone that he had received from Sazonoff the "all-highest" command to publish a general mobilization order for both army and fleet.

This decision had been reached in consequence of the latest intelligence received from Berlin.

When Januschkevitch informed me of this it was already at the latest 2 o'clock in the afternoon. It was subsequently established that the questionable telegram from Berlin of our Ambassador Sverbleff could not have been received until the evening of that 30th of July.

This ambassador died not long ago. It has been granted me to make an examination of some notes left by him. In the course of these records of his he makes mention of the telegram of the 30th of July. It may be of interest to observe what Sverbleff himself said of these things on August 28, 1920, in Athens:

"I was put in a position to inspect some diplomatic documents of the Berlin cabinet (published by M. Kautsky), and among them I found two papers.

"One was a telegram from Herr Bethmann-Hollweg to the Count Pourtales. I no longer recall the date. Another was a dispatch from the Bavarian minister to his Government on July 31. In these I am censured for having at least hastened, if not actually helped along, the outbreak of the war because I am alleged to have sent on to St. Petersburg without previous verification the false news of a German mobilization.

"As for the denial with which I followed up my telegram, that would not, according to the Berlin cabinet, prove sufficient, seeing that I did not decide to confess my error candidly.

"Now, here is an exact account of what happened.

"As I have already narrated elsewhere, the Lokalanzeiger, official organ of the Government, had on the day previous, the 29th of July (Sukhomlinoff says the 30th is really meant), through the medium of an extra edition, spread the news that Germany was mobilizing. I was informed of it by telephone by the representative of the St. Petersburg agency at 2.25 p. m. (I remember the hour exactly.) I had barely time to send a telegram when the same agent telephoned me that the editors of the Lokalanzeiger denied the news it had previously published. It accounted for the origin of the error with an explanation only slightly plausible.

"Without delay I sent a second telegram to Monsieur Sazonoff, in which I begged him to consider the previous one as null, void, and not received.

"A quarter of an hour later—it was now 2.40 p. m.—the counselor of the embassy, Monsieur Bronevsky, came and told that, besides presenting his apologies, the Secretary of State had asked him over the telephone to tell me the news of the mobilization was

false and that all the issues which had been made ready by the publishers for all eventualities and put in circulation at 1 o'clock in the afternoon were already confiscated.

"Without losing an instant I sent a third telegram giving the purport of the communication from the Secretary of State. Hence all my three telegrams had been sent, and I had every reason to hope that they would reach their destination one after another at short intervals.

"On reaching St. Petersburg I learned that matters had turned out differently. The first was received at about 4 o'clock in the afternoon, while the two others were decidedly delayed. The official denial had not reached its destination until about 9 o'clock in the evening.

"What may have been the reason of this delay, I do not know. I have been told by competent persons who were involved at Berlin in the events preceding the war that the German Government—eager that the denial above mentioned should not be known too soon in St. Petersburg—had held back my last two telegrams.

"Not being able to guarantee the authenticity of this information, I have persisted merely in giving the exact details of the episode that brought down upon me the unjust censure of the Berlin cabinet. (Note by G. Cleinow to the German edition of Sukhomlinoff's memoirs: The actual facts of this matter have since been documentarily established without prejudice one way or the other. The suspicion (that the telegrams were delayed by the Berlin Government) is wholly unfounded. The detail is moreover immaterial, since through the revelation of General Sukhomlinoff, as well as that of Ambassador Sverbleff, it is clear that Sazonoff had put through the general mobilization with the Czar even before the news of any mobilization came in from Berlin. General Sukhomlinoff says plainly: 'It was at the latest 2 p. m.' when Januschkevitch gave out the Czar's order for a general mobilization, whereas Sverbleff's telegram from Berlin 'could have been received only in the evening of July 30.' Sverbleff says specifically, 'the first telegram was received in St. Petersburg toward 4 o'clock in the afternoon.')"

"It is due to the editors of the journal (the Lokalanzeiger) to say that the Secretary of State explained the mistake to me in this way: On Wednesday, July 28, was held at Potsdam a council of war and it had been expected that the mobilization would then and there be decreed. The Lokalanzeiger had accordingly prepared copies for the purpose of giving the news to the public—copies which were circulated in the street by office boys."

XII. THE CZAR ASKED TO STAY AT HOME

My next report to the Czar was to be made personally on the 1st of August.

Meanwhile I was informed from Peterhof that the Czar wished to receive the Minister of War with his report on the 2d of August in the Winter Palace after the court ceremonies.

This "court" took place on a Sunday.

After the church ceremonies the Czar delivered an address to the assembled representatives of the army. To more than 4,000 officers were the inspirational words of imperial greeting then addressed.

When later I was received to make my report, His Majesty was most gracious. He thanked me for the brilliant and orderly execution of all mobilization details, employing the warmest words and embracing me as well.

Our Emperor was not so fortunate as to avoid war. As it was decided, apparently, that he would himself take command of the army in the field, the cabinet meeting, in view of the impending departure of His Majesty for the front, was held in Peterhof at the so-called "Ferma."

To this ministry His Majesty meant to give due powers and authority during his absence from the capital and he was now to signify and verify their nature and extent. The "Ferma" was really a pavilion in the park, a hall with small antechambers of the oddest construction, furnished fantastically. In the middle of the great hall stood a table around which some 20 or 25 persons could find seats. The furniture dated from the reign of Catherine. On the walls were equally ancient etchings, pictures of old castles, hunting scenes, representing the life of the seventeenth century. Portraits of individuals in high pompadour wigs, ruffles, frills, and tremendous encircling collars looked down upon the gathering.

To this "Ferma" the Czar came afoot, with no escort whatever and with no sword, just as if he had to do with an ordinary everyday gathering.

Now, as I set down these lines, nearly nine years after those days, when the critical, history-making question of whether the Czar should head the fighting army, was decided—to-day, when facts are at hand permitting a judgment regarding it all—I can indeed absolve the sovereign from the guilt of failing to show strength of will when he gave up his intention on the ground that I had made the necessary preparations for the war and for the conduct of the armed forces.

Better indeed would it have been if clearness had prevailed on this point before. Then the swapping of horses while crossing a stream would not have been necessary.

XII. HE DID NOT GO

Kicking a dead lion is not a sport I ever liked. Our unfortunate Czar has now to answer before the highest throne of all for his doings. Yet I should like to make clear how guilty I must feel in my own eyes had I not protested energetically against the opinion of all others there gathered for the cabinet conference—had I not affirmed that His Majesty ought not—confronted now, as he was, by the actual catastrophe—to abandon the purpose he had previously formed of personally taking the field with his troops.

During the meeting at the "Ferma" there sat on the right of the Czar, who presided, Goremekin in his capacity as prime minister. To the left of His Majesty I myself, as minister of war, was established. The declaration of the Czar was that he, before he took the field with the army, wished to confer certain powers upon the cabinet so that decisions could be taken efficiently during his absence without delay and without bureaucratic interference. Thereupon Goremekin was besought by His Majesty to express an opinion.

The mere framing of this entreaty made it apparent to me that on the part of the civil power nothing whatever had been thought out in justification of the original wish of the Czar. The aged prime minister indeed, almost with tears in his eyes, implored the Czar in view of the political situation not to leave the capital. He dwelt upon the peril to the country involved in the absence from its seat of government in Russia's difficult crisis of the official head of the realm. The address was in truth moving and made a tremendous impression upon the Czar.

These representations were warmly indorsed by the minister of agriculture and lands, Krivoschein, who vehemently affirmed that the Czar ought to stay in the administrative center of the vast state machine. He urged his point with such feeling that a powerful impression was produced upon the mind of the Czar. Then spoke up Schtscheglovitoff, the experienced professor. With his calm and quiet exposition, which he enforced by means of historical parallels, bringing in Peter the Great and conditions in the Prussian camp of those days, he persuaded us all that there was good reason why the Czar should remain at the helm of the administration. After Schtscheglovitoff other participants in this meeting spoke to the same effect.

Then it was my turn to speak.

His Majesty turned to me and remarked:

"Now, let us see what our minister of war has to say to this."

"As minister of war," I declared, "I must say that the army would be delighted to see its all-highest commander in its midst—all the more so since I know this to be also the eager desire of your Majesty. Upon this assumption the general staff laid its plans and it has taken it for granted in its scheme of operations in the field. Yet as a member of the ministry I stand alone now in my opinion. In the face of so united a front on the side of my colleagues I have no moral right to stand alone as the only one in opposition."

"This means," concluded the Czar, "that even the minister of war is against me."

He persisted no further in his contemplated departure to the army.

XIV. BEHIND THE CURTAINS

Whoever wishes to be well grounded in the backstage history of the war should give particular attention to the days covering the period in which Poincaré's visit to the Czar occurred as well as to the days of that next series—from, say, the 24th to the 28th of July, 1914.

I am firmly persuaded that during this interval the decision regarding peace or war was made in the light of the understanding arrived at by Grand Duke Nicholas Nikolaievitch, Sazonoff, and Poincaré to frustrate every effort at a peaceful solution under all circumstances.

During and after the visit of Poincaré I was cut off from the Czar until the 2d of August when the war machine had already been set in motion by diplomacy. A stop or a halt was possible only through a breach of the pledge given by the Czar to the ally.

During all those days I was systematically hindered from being alone with the Czar. I was likewise systematically prevented from gaining an insight into the existing political situation.

Sazonoff and the Grand Duke, until the departure of the President of the French Republic, acted behind closed doors or on the back stairs. After the crown council of the 25th of July, sustained by the resolution taken therein and by the mandate from the foreign minister, they acted wholly without contact with the minister of war.

The Grand Duke had then chiefly to play the part of the one who inspired the mood of the Czar with a warlike spirit and to retain him in that state of mind. Sazonoff conducted himself in the fashion and worked in the direction suggested from Paris by Isvolsky, whereby, as may be seen from the treatment accorded Syverbieleff's telegram from Berlin, all information likely to leave an open door for peace was held back.

Sazonoff in all these doings was not the dominant personality. He was indebted for his post as foreign minister chiefly to his family connections and to the harmony between his conceptions of eastern policy with those of Isvolsky, the Grand Duke Nicholas Nikolaievitch, and the two Montenegrin princesses. Without having any fundamental experience in the field of diplomacy, Sazonoff was a man of culture and cleverness above the average, although very dependent upon such of his fellow workers as, like Count Tatistcheff, were more experienced politically than himself. In the sessions of the cabinet he defended the propositions brought forth by his department with energy. In the discussion of questions that concerned only other ministers he took no part.

I never had any difference with the foreign minister. Our rigidly correct intercourse was determined chiefly by the relations established for us through our official posts. The nature of our official intercourse was reflected even in unofficial ways. There were between us no enduring points of contact, since I had little concern with diplomacy, and Sazonoff did not interest himself in military affairs. His plan for the landing on the shores of the Bosphorus showed me how little he understood military matters.

Januschkevitch, the pliant creature of the grand duke, acted under his direct guidance. The extent to which this took place I had no means of controlling. As a result I knew nothing of the fact that the general subordinate to myself was dally with the Czar and reported behind my back. I thought I had arranged with the Czar that the chief of the general staff was to be asked to make reports only in the presence of the minister of war. It seems, however, that the Czar as early as the 25th of July, felt himself to be acting in the capacity of commander in chief, and for that reason believed—quite in the manner of the precedent set by his talks with Kuropatkin during the Japanese War—he could deal directly with the chief of staff by going over the head of the war minister and still not affront the latter. * * *

The grand duke, as well as Sazonoff, knew that I could advance powerful considerations in favor of the maintenance of peace in that summer of 1914. For that very reason they prevented me from advancing them at the most timely moment.

They were only too successful.

XV. A MASTER OF MENBACITY

No worthy representative of his government in St. Petersburg was the French ambassador—Paleologue.

Instead of working earnestly, he gave himself up to teas and empty chatter; he was influenced by gossip, and he did not disdain the acquaintance of even Gregory Rasputin. In his volume of recollections dealing with his stay amongst us, he contrives to tell many a fable. Anyone with even a casual acquaintance with the character of the Czar Nicholas II and his mode of speech would not believe a word of Paleologue's.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the amendment of the Senate No. 19 to the bill (H. R. 8350) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1925, and for other purposes, which was, in lieu of the matter proposed to be inserted, to insert the following:

expenses and per diem in lieu of subsistence (and the Secretary of State may allow per diem in lieu of subsistence for foreign travel at not to exceed \$8).

Mr. JONES of Washington. Mr. President, I desire to make a request which I think will take but a minute. In agreeing to the conference report on the appropriation bill for the Departments of State and Justice and Commerce and Labor the House agreed to one amendment with an amendment. I desire to move that the Senate concur in the amendment of the House to the amendment of the Senate.

The PRESIDENT pro tempore. The Senator from Washington moves that the Senate concur in the amendment of the House to the amendment of the Senate. The question is on that motion.

The motion was agreed to.

SETTLEMENT OF INDEBTEDNESS OF HUNGARY

Mr. SMOOT. Will the Senator from Nevada yield to me? I desire to report a bill from the Committee on Finance and to ask for its immediate consideration.

Mr. PITTMAN. I will yield, reserving the right, if debate occurs on the bill, to object.

Mr. SMOOT. If the bill leads to any debate at all, I will withdraw it.

From the Committee on Commerce I report back favorably without amendment the bill (H. R. 8005) to authorize the settlement of the indebtedness of the Kingdom of Hungary

to the United States of America. I ask unanimous consent for the present consideration of the bill.

The PRESIDENT pro tempore. Is there objection?

Mr. SMOOT. I wish to say to the Senate that the settlement that is made with Hungary is exactly the same as the settlement which we have made with England and with Finland.

Mr. WALSH of Montana. Reserving the right to object, I ask that the bill be read.

Mr. PITTMAN. Then I shall have to object, because I can not consent, in view of the circumstances, to have the time taken up now.

Mr. SMOOT. The bill is to settle the debt to us from Hungary in the sum of \$1,939,000.

Mr. PITTMAN. I am sorry that I can not yield.

The PRESIDENT pro tempore. Objection is made by the Senator from Nevada to the consideration of the bill.

WAR DEPARTMENT APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7877) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1925, and for other purposes, the pending question being on Mr. PITTMAN's amendment, on page 96, after line 6, to insert:

That paragraph (1) of section 4 of the interstate commerce act, as amended, is amended to read as follows:

"(1) That it shall be unlawful for any common carrier subject to the provisions of this act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this act, but this shall not be construed as authorizing any common carrier within the terms of this act to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the commission a common carrier may, after public hearing, be authorized by the commission to charge less for longer than for shorter distances for the transportation of passengers or property only in a case where the route via the applicant carrier or carriers is longer than via the route of some rail carrier or rail carriers between the same points; but in exercising the authority conferred upon it in this proviso the commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and if a circuitous rail line or route is granted authority to meet the charges of a more direct rail line or rail route to or from competitive points and to maintain higher charges to or from intermediate points on its line, the authority shall not include intermediate points as to which the haul of the petitioning line or route is not longer than that of the direct line or route between competitive points: *Provided further*, That the commission may, with or without hearing, upon its own motion or upon application of carrier or shippers, in cases of emergency, such as drought or disaster, authorize during the continuance of said emergency any common carrier or carriers to charge or receive a greater compensation for a shorter than for a longer distance.

"Where any common carrier has, or common carriers have, in effect any rate, fare, or charge which is less for the longer than for the shorter distance between two points (the shorter being included within the longer distance), and which has been authorized by the commission or as to which application was filed with the commission on or before February 17, 1911, and not yet acted upon by it, such rate, fare, or charge shall not become unlawful (except by order of the commission) until after 12 months following the passage of this amendatory act; nor shall such rate, fare, or charge in effect via circuitous rail carrier or rail carriers become unlawful if it shall have been authorized by order of the commission, after public hearings based on no less a showing than that upon which the commission is herein authorized to grant relief: *Provided*, That nothing in this section contained shall prevent the commission from authorizing or approving departures from the provisions of this section in so far as applicable to import or export rates, including rates applicable to traffic coming from or destined to a possession or dependency of the United States, or to a block system of express rates established by order or with the approval of the commission, or permitted by it to be filed."

Paragraph 2 of section 4 of the interstate commerce act, as amended, is hereby repealed.

Mr. PITTMAN. Mr. President, under the rules there may be presented at 1 o'clock—and that is the understanding—two points of order against my amendment. One of those points of order is on the ground that the amendment is not germane and relevant to the subject matter of the bill under consideration. If that point of order be made at 1 o'clock, then it will be the duty of the Chair, under paragraph 3, Rule XVI, to submit

the question without debate. It is therefore very material, in order to have an understanding as to how we are going to vote on the matter, to consider the question whether or not the amendment is germane.

There is another point of order that may be made under the rules, and that is that the amendment is general legislation to a general appropriation bill. I desire to discuss those two questions.

In determining whether the amendment is germane it is necessary, in the first place, to ascertain the purpose of the bill; and, in the second place, to ascertain the purpose of the amendment. The object of the bill—at least, of that portion of it which I seek to amend—is to appropriate money for the improvement of and making navigable our inland waterways and for the improvement of the Panama Canal. The amendment which I offer has for its purpose the prevention of acts by the Interstate Commerce Commission that will make futile those appropriations.

The purpose of the appropriation for harbors and inland waterways and for the Panama Canal is to place them in a condition where they will encourage and make possible transportation by water. If one of the departments of this Government is conducting its affairs contrary to law and in a manner that will make navigation on the inland waterways impossible, then it is certainly germane and relevant to place some safeguards around the appropriation.

At the start I charge that there is no water transportation on inland waterways, and I charge that the evidence discloses that there never can be any transportation on the inland waterways if the construction now given to the law and the practices being followed by the Interstate Commerce Commission shall continue. In other words, unless there is some qualification placed in this bill with regard to the manner of the use of these appropriations, they will be wasted and useless. That is the whole situation.

Now what is the existing law, which I contend that the Interstate Commerce Commission are violating to the destruction of water transportation? It will be found in the transportation act of 1920, commonly known as the Esch-Cummings law.

Section 4 of that act, which has been on the statute books since 1887, provides that no common carrier shall charge more for a short haul than a long haul, or, reversing the language, that the Interstate Commerce Commission shall not grant authority to a railroad to charge less for the long haul than for the short haul. They may charge exactly the same amount; they may charge as much, if they please, under the policy of Congress, to haul freight from New York to St. Louis as they do from New York to San Francisco; that is permissible under the fixed law of this country; but they can not charge more for hauling freight from New York to St. Louis than they charge for hauling it from New York to San Francisco.

Mind you, Mr. President, Congress attempted to relieve from that stringent rule, and how did they attempt to do so? They put a proviso in that act. It was not the first proviso; there have been several of them; but in the act of 1920, when we were trying permanently to regulate the commerce of this country, when Congress desired to treat transportation as a national system, they put in this proviso:

Provided, That upon application to the commission such common carrier may in special cases, after investigation, be authorized by the commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the commission may from time to time prescribe the extent to which such designated common carrier may be relieved of the operation of this section; but in exercising the authority conferred upon it in this proviso the commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed.

Now, let us see what the construction is that is placed upon the act. I will first read the construction which Congress itself placed upon the act. By turning to page 141 of the interstate commerce act we find this language:

SEC. 500. It is hereby declared to be the policy of Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States, and to foster and preserve in full vigor both rail and water transportation.

Congress so declared again in the transportation act of 1920, where the provision is included which I have just read.

When the chairman of the Senate Committee on Interstate Commerce presented to the Senate the transportation act of 1920 he explained to the Congress the meaning of this new provision in section 4 of the interstate commerce act. What did

he say? Remember, Mr. President, he was speaking for the committee and he was speaking as the author of the bill. This is what the Senator from Iowa [Mr. CUMMINS] had to say at that time:

We have said in this bill that the Interstate Commerce Commission can give the authority to charge more for the shorter than the longer haul, but in giving the authority it must find that the rate which is charged by the railway company for the longer distance is a compensatory rate as distinguished from an out-of-pocket cost rate. There is a great difference between those two things.

The Senator from Iowa continued as follows:

A compensatory rate, I assume, means a rate which will enable the railway company charging it to defray the cost of maintenance and operation and that will also bear its just share of the return upon capital.

I wish to say that I am not presenting this question here purely as a perfunctory matter. I consider it one of the most important questions that we have had before the Senate, and I know that a good majority of Senators recognize the outrage that is being perpetrated by the action taken by the Interstate Commerce Commission and desire to change it. There are many Senators here, however, who do not believe that they have a right to consider this amendment by reason of it being offered to an appropriation bill, and that is the question which I am now discussing.

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

Mr. PITTMAN. Yes.

Mr. SPENCER. I am very much interested in what the Senator is saying. I am inclined very much to agree with him, but I should like to ask whether, before he concludes, he intends to discuss the statement he has just made, for it is in that regard that I have my greatest doubt?

Mr. PITTMAN. That is exactly what I am moving to now.

I wish to read again what the Senator from Iowa [Mr. CUMMINS] said in presenting the bill which became the transportation act of 1920:

A compensatory rate, I assume, means a rate which will enable the railway company charging it to defray the cost of maintenance and operation and that will also bear its just share of the return upon capital. I take it that the word "compensatory" is used in that sense. Therefore, in the case put by the Senator from North Carolina, if the charge for the longer distance was not a compensatory charge, the Interstate Commerce Commission would have no authority to grant the right to charge more for transporting the sugar, or whatever it may have been, over the shorter distance than it charged for transporting it over the longer distance. I think this amendment will go very far toward correcting the manifest abuses which have crept into the law. I think that the Interstate Commerce Commission could have prevented very many of those abuses by proper and correct rulings upon the law as it is, although I do not criticize it in that respect, for its work has been very difficult.

Mr. BORAH. Mr. President, I did not understand what the Senator is reading from.

Mr. PITTMAN. I am reading from the speech of the Senator from Iowa [Mr. CUMMINS], the chairman of the Interstate Commerce Commission, at the time he presented to the Senate the transportation act of 1920, and when he was explaining the meaning of the proviso to section 4, which required that where the charge to the more distant point was less than to the intermediate point it, at least, had to be compensatory, and in which he stated that it was different from an out-of-pocket cost; that it had to earn more than that.

Now, let us see, for instance, what Mr. Justice Brewer's opinion was on this very matter. I refer to page 9 of the hearings, in the statement made by Mr. Campbell, of the Interstate Commerce Commission. Here is what Mr. Justice Brewer had to say in the case of the Morgan Grain Co. v. Atlantic Coast Line Railroad Co. (19 I. C. C. 460, p. 470):

Compensation implies three things: Payment of cost of service, interest on bonds, and then some dividend.

The Supreme Court of the United States, in Northern Pacific Railway Co. v. North Dakota (236 U. S. p. 585), quotes that definition of compensation as correct.

Now, let us see what the definition is that is given to this by the Interstate Commerce Commission. Here is the criterion laid down by the Interstate Commerce Commission; and notice how different it is from that laid down by the Supreme Court of the United States and laid down by the Senator from Iowa, the chairman of that great committee, when he presented this amendment. Here is the criterion laid down by the Interstate

Commerce Commission, upon which they decide these applications for departure:

A rate properly so described must (1) cover and more than cover the extra or additional expenses incurred in handling the traffic to which it applies.

There is quite a difference in that; but, mind you, if that language is not sufficiently definite, I want to turn to the testimony of Mr. Hall, the chairman of the Interstate Commerce Commission, who testified before our committee on this very act a few weeks ago. He is speaking for the majority of the commission. He is speaking, in fact, for every member of it except one member, and that is Mr. Campbell, who dissented. Now, remember, it was only a week or two ago that the chairman of the Interstate Commerce Commission gave his construction of "reasonably compensatory"; and what did he say? Here is what he said:

Senator PITTMAN. But right now you are not prepared to say on a shipment of steel, for instance, what part of the compensation is a fair return on those roads, are you?

Commissioner HALL. No; I don't know how you could get at it. Perhaps some of the gentlemen representing the carriers can, but I don't know.

Now, listen to this, Senators:

Senator PITTMAN. How do you get at the question as to whether the charges at the distant point are reasonably compensatory?

Commissioner HALL. I have said to you, sir, that while I am not satisfied with the answer, the nearest I have gotten to an answer in my own mind is that if, as the net result of getting the additional traffic at the lower rate, the carrier has an increased net revenue, then it may be said that that additional traffic has been reasonably compensatory under the circumstances.

Look at the difference between those things. If it pays anything over and above the cost, it is reasonably compensatory; and yet the Supreme Court of the United States says "compensation" means sufficient not only to pay costs and maintenance but to pay interest on bonds and some dividends. That is the same attitude that was taken by the Senator from Iowa when, as chairman of the committee, he presented this very provision. Mind you, it had the construction of Congress before the act was passed, while it was being considered; and in spite of that the Interstate Commerce Commission up until this very hour is refusing to accept that interpretation of it, and continuing to construe "compensation" to mean "out of pocket costs."

Now, let us see what the railroad construction is of this provision.

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

Mr. PITTMAN. I yield.

Mr. OVERMAN. This great contest has been going on here for 15 years. We had a debate on it for two weeks 10 years ago and thought we were arranging this matter so that the people would be protected against unjust discriminations. Then we had it again later on. The Interstate Commerce Commission differed with the intention of Congress, it seemed, and we passed another amendment, and still the law is construed against the will of Congress so as to permit discriminations. If the Senator's amendment should be adopted, what assurance have we that the Interstate Commerce Commission will not construe the law so that the relief the Senator asks for will not be obtained? That has been my experience for 15 years.

Mr. PITTMAN. The Senator is entirely right; and the only way we can possibly remedy the situation is to state that they shall have no discretion whatever in varying from section 4 to meet water competition.

Now let me read to you what the railroad construction of this proviso of section 4 is. I take it from the hearings recently had before our committee at page 426:

The CHAIRMAN. Mr. Spence, in asking for relief, what are the main reasons that prompt that request?

Mr. SPENCE. The sole reason, Mr. Chairman, is that the rail carriers may obtain, or recover, I might say, a share of the traffic that is going by sea or by water.

The CHAIRMAN. Is that tonnage that you desire to recover profitable to your carrying by rails?

Mr. SPENCE. It is profitable in the sense that it yields a return of about what it costs to handle the extra traffic.

The CHAIRMAN. It yields a return above the cost?

Mr. SPENCE. Yes, sir.

That is the railroad construction of it; that is the Interstate Commerce Commission construction of it; and that is diametrically opposed to the construction placed upon the provision by Congress when they were debating it here and by the

Supreme Court of the United States in defining what "compensation" means.

Now, let us see. What do the water shippers of the country have to say about this proposition?

Here is a statement by Mr. Lyon, representing a great number of water shippers, in the hearings before the committee a few weeks ago, when we were discussing this matter. At page 626 he says this:

The granting of the application would practically destroy the water lines, or at least certainly reduce their ships to one-half the number they now have.

Senator GOODING. The granting of this application?

Mr. LYON. Yes; and there is no reason why they should not take all the business if they can do it on a rate which is something over their 40-cent rate, using that to illustrate; if they can get 50 per cent of our business, I see no reason why they should not get 99 per cent of it.

Now, let us see. What hope is there that the Interstate Commerce Commission will change their attitude on this subject? Is there any? As the Senator from North Carolina [Mr. OVERMAN] says, have we not tried it out for 30 years? Has not the chairman of the commission come before the Interstate Commerce Committee in the last few weeks and given his testimony as to how he will continue to construe it? Even though his attention was called to the speech of the Senator from Iowa, he still maintains his position.

Now, I want to see what chance there is to change this matter. I want to read from the testimony of Mr. Campbell, of the Interstate Commerce Commission. He testified before us a few days ago. He is in favor of the construction given by the Senator from Iowa and by the Supreme Court of the United States, and when a case came up on departure he so voted; but he was the only one of the whole commission who voted for that construction. The others voted for the construction given it by Mr. Hall, the chairman of the commission.

Now, listen to what took place:

Senator PITTMAN. I also understand from your statement that it is your opinion, or your view as a commissioner, that the commission has not carried out the intent of Congress in the administration of this act.

Commissioner CAMPBELL. Well, I would not put it that broad. I would say that they have not carried out what I think Congress intended. Of course, the majority think they have, and they may be right.

Senator PITTMAN. But that is your opinion?

Commissioner CAMPBELL. Yes; that is my opinion.

Senator PITTMAN. You have referred to a particular dissenting opinion there. How many members of the commission joined you in that dissenting opinion?

Commissioner CAMPBELL. Which one was that?

Senator PITTMAN. It was in regard to 1922.

Commissioner CAMPBELL. About the reasonably compensatory rates?

Senator PITTMAN. Yes.

Commissioner CAMPBELL. I think none.

Senator PITTMAN. How many of the commissioners were there then and participated in that?

Commissioner CAMPBELL. I think all of the commissioners participated in that.

Senator PITTMAN. That is, there were 11 commissioners, were there not?

Commissioner CAMPBELL. Yes.

Senator PITTMAN. And there were 10 against it?

Commissioner CAMPBELL. I think so.

Senator PITTMAN. Is there any way of changing that policy of those 10 men, in your opinion, if Congress thinks that policy should be changed, except by direct legislation?

Commissioner CAMPBELL. No; I tried my persuasive powers, and I was not successful; so I think it is up to Congress.

Senator PITTMAN. And if Congress should agree with you, then, in your opinion, there is but one way of enforcing that policy on the part of the commission, and that is by mandatory legislation?

Commissioner CAMPBELL. I think so.

So, Mr. President, we have come down to the position where we know definitely what the attitude of the Interstate Commerce Commission is, and will continue to be if we do not enforce the construction of this proviso as intended by Congress what will be the result? The Interstate Commerce Commission must grant the applications now pending by the western roads for an out-of-pocket cost rate in competition with intercoastal water transportation, and subsequent applications to meet water competition on our inland waterways. Is not that true? How can they refuse an application to meet water competition when they have said to the rail carriers: "If it is essential to meet water competition, we will let you

haul goods in competition at cost." That is their rule; that is their interpretation of "reasonably compensatory," so they will continue to do it.

What would be the result of such action? Now, mind you, every western road has made application for departures from the fourth section.

Every western road is asking to have put into effect rates at the seaboard towns that are out-of-pocket cost. What will be the result? We have established a Shipping Board here in this country for the purpose of trying to encourage shipping, and what is said by the Shipping Board? We ought to take the advice of the Shipping Board on some matters, at least, or we ought to abolish it. I have already read the whole resolution adopted by the board, and I will not read it all again, but just a part of it. It is as follows:

Whereas it is believed by the United States Shipping Board that the application of the rail carriers is made in contemplation that it will drive the ocean carriers from this competitive trade through diversion of the commerce now being so carried in fair competition; and

Whereas any destruction of the favorable and economical competitive transportation of commerce from the Pacific to the Atlantic seaboard through the Panama Canal would be injurious to the public interest: Now, therefore, be it

Resolved, That the United States Shipping Board convey to the Interstate Commerce Commission the protest of the United States Shipping Board against granting the application designated as fourth section application No. 12436.

What good does that protest do? They have been making that kind of protest for years. You can not protest against a court administering a law under the construction which it has already given to the law. The commission are simply violating the instructions of Congress; and, as Mr. Campbell said, there is no remedy except to take away from them the discretion to allow railroads to charge just the cost of transportation so as to put water carriers out of business.

Let us see what the Merchants' Association of New York has to say about this thing, and I am sorry the junior Senator from New York [Mr. COPELAND] is not here. He was very much interested in the matter the other day. This is what they said:

We believe the rates proposed by the applicants are lower than are necessary to meet legitimate water competition, and if they are permitted to become effective, will eliminate legitimate competition by the water lines. This situation will be most detrimental to New York and shippers in Atlantic seaboard territory, in that they will be deprived of rates, service, and markets to which, by reason of their geographical location, they are lawfully entitled.

To extend this territory of origin and to reduce the rates therefrom so materially as the carrier proposes in this application will create so great a disadvantage to the producers in Atlantic seaboard territory as to preclude their entering the Pacific coast markets in competition with middle western shippers.

For these reasons, therefore, the Merchants' Association of New York protests against granting the rail carriers' application, and respectfully requests that authority to establish the proposed rates be denied.

So this commercial body is opposing these rates, and they have always opposed them. But what good does it do? They know that under the rule established by the Interstate Commerce Commission they must grant them. They should know there is only one way to stop them from granting them, and that is to divest them of their authority to allow railroads to charge these confiscatory rates to put the water competition out of business. That is all this amendment does. This amendment has nothing to do with the regulating of railroads. It has nothing on earth to do with the long-and-short-haul departures as between direct and circuitous rail rates. It does not affect anything of that kind. It affects only these rates which these men are protesting against.

I see the junior Senator from New York has just entered the Chamber. I will say to him that I have just read a protest by the Merchants' Association of New York against this application of the western roads for relief under this provision of section 4. They say that it will destroy coastwise trade. They say that it will be unfair to New York, with its natural location on the water.

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

Mr. PITTMAN. I yield.

Mr. COPELAND. I would like to say to the Senator from Nevada that I am not only a Senator of the United States but I am a Senator from the State of New York, and live in the city. I have had protests that the passage of this amendment would militate against the business of the city of New York; that under the present arrangement we can get rapid railroad

transportation from New York to the Pacific coast, but if this amendment were to be enacted it would mean that the only way the New York merchant could send his stuff to the coast at the low rate would be actually by shipping it by the long water routes, which would involve weeks of time; that if the direct route were to be taken the price would be materially increased. I would like to ask the Senator from Nevada what the answer is to that criticism?

Mr. PITTMAN. I am sorry I have only 10 minutes and can not go over the argument I have just made. I have read what your merchants' association says, that the rates are too low from Chicago west, because they are cost rates; and yet that is in accordance with the rule laid down by the Interstate Commerce Commission, and they will follow it. If they give cost rates from Chicago to the Pacific coast and give cost rates from New York to the Pacific coast, the rates from Chicago will be lower. There is no question about that, because it costs less. If they give cost rates to the coast on all lines, the actual cost of the transportation, which is what their application asks for, Chicago, Toledo, and all points west of New York will have a lower rate to San Francisco, because the cost will be lower for hauling any commodity 2,000 miles than for hauling it 3,000 miles. Your commercial bodies oppose the granting of this relief, and yet they do not understand that it is going to be granted if the power is not taken away from the Interstate Commerce Commission. They think we are dealing with circuitous and direct rail routes. We have nothing to do with them. We deal only with water competition.

Mr. GOODING. Mr. President, may I say to the Senator from New York that there is no violation between New York and Chicago at the present time, and never has been. So your people, as far as that is concerned, are not interested in that feature. The great interests between New York and Chicago would not permit violations. Pittsburgh would not permit a violation. No point in the State of Ohio or any other point, where there are great industries strong enough, would permit violations. The railroads would not ask for them.

Mr. BORAH. Mr. President, the Senator from Nevada has only a few minutes left, as I understand the agreement, and I wish he would dwell somewhat upon the question of the point of order more directly, because that is troubling some more than the other question is troubling them.

Mr. PITTMAN. Very well; I will do that now. I have only gone so far into this matter for the purpose of showing that at least this amendment is germane to the legislation providing these appropriations. There is no question about that. That is why I went into it. It is germane, because the appropriations are futile unless there is some such provision in the law. I wanted to show that there must be a law to change the attitude of these people or they would not change it.

This amendment simply reaffirms existing law, and denies the authority of the Interstate Commerce Commission to violate it.

It simply restates every power the Interstate Commerce Commission was intended to have under section 4.

It simply adds provisions to protect the appropriation and insure the accomplishment of its purpose under existing law.

It is to direct the Interstate Commerce Commission not to obstruct or interfere with the encouragement and development of water transportation, which is provided for in section 500 of the interstate commerce act.

Similar provisions in the Panama Canal act were not only deemed germane but relevant and necessary. I refer to the provisions of that act which prevented the railroad companies from operating ships through the Panama Canal in competition with other ships. It was known that you had to do that or the railroad companies would not permit any privately owned ships to operate through the Panama Canal.

This is just as important to the Panama Canal as was the provision that railroad companies should not operate ships through the canal. It is just as germane, it is just as relevant, it is just as necessary. That shows, beyond question, the germaneness of the matter.

As to the other proposition, that it is general legislation, when there was pending in the Senate recently the celebrated Howard University dispute the junior Senator from Wisconsin [Mr. LENROOT] presented the following amendment to an appropriation bill:

For additional medical school, \$370,000.

A point of order was made against that on the ground that it was general legislation. What was the result? I read from the Record:

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Chair overrules the point of order so far as it relates to general legislation, because the Chair is of the opinion that it is not general legislation. In accordance with the rule, the Chair submits to the Senate the question of whether or not the amendment is germane.

The Senator from Wisconsin, in trying to avoid the argument made by different Senators that it was general legislation, said:

The question often came up whether a given item or given language was general legislation or special legislation, and so the word "new" was used to cover them both, not items of appropriation, necessarily, but whether it was general or special legislation.

In the Howard University matter the amendment authorized the erection of a building for the benefit of a private institution, not a public institution, because the Howard University is not a public institution. If the authorizing of a building not provided for in general existing law was not new legislation, then certainly a reaffirmation of the existing law can not be held to be new legislation. This is nothing but a reaffirmation of existing law. It does not change a single thing in the law as understood by the Senator from Iowa, and as the Supreme Court held it to be. There is not a change in it. It is a reaffirmation of existing law.

If that is any different in principle from legislation authorizing the erection of a building, I do not understand it. As a matter of fact, I took the ground on the floor at that time that the Lenroot amendment was general legislation. I stated at that time that if the Senate sustained the Chair in that proposition, I would accept it as a rule, as I accept the construction of a law by the Supreme Court of the United States, although I may differ from it.

This is the situation: We made a rule. The amendment before us was subject to two constructions. The Senate of the United States construed it in that case. I stand on that construction, that the legislation authorizing the erection of a new building was not, in the interpretation of the rule, general legislation. Why was that ruling made? Because in the past there had been appropriations made for that purpose, and because those appropriation bills were existing law, or something of that kind.

This appropriation bill which comes before us to-day has new legislation in it. The committee amendments have legislation in them. The House has provided in an appropriation bill for the building of a new power plant at the Panama Canal. If it is understood that an appropriation bill is nothing but a supply bill, that it will do nothing but furnish money to carry out existing law, I stand by it, but if an appropriation bill is to be used as the medium of the legislative ideas of appropriation committees, and then the Senate, when it gets the bill before it, can not amend it to protect the appropriations in it, I am against it.

But I say now that the situation as it stands is simply that the Senate has held that it is only a question as to whether the amendment offered is germane and material. They have wiped out that provision of the rule requiring that no legislation shall be offered to an appropriation bill by the ruling in the Howard University case. They passed through this body an appropriation for the erection of a building for a private institution with regard to which there was no former legislation. We can not have a rule that applies to one case and does not apply to another similar case.

There is only one point involved in the proposition. Here is an appropriation to accomplish navigation by water. Here is an amendment that is admittedly essential to make that appropriation available. If we can put a limitation on an appropriation, at the same time we ought to be allowed to put safeguards on the appropriation. If we can not, then the appropriation is perfectly futile. That is my position in the matter. I contend that under the ruling in the Howard University case they wiped out the provision with regard to general legislation and narrowed it down solely to the question of whether or not it was in aid of carrying out a policy contained in a bill, and whether or not, having appropriated money for the university in the past, we could continue where it was necessary to make the formal appropriations available. That is the rule we have come down to, and if we are not going to enforce that rule then we are going to give to appropriation committees the right to use their great power of appropriation not for the purpose of supplying money to carry out existing laws, but for the purpose of using that committee for the purpose of initiating bills that will develop into law.

It seems to me, Mr. President, that the case is on all fours with the Howard University case. It seems to me the supreme court of this body, which is the Senate itself, has given its construction to a rule and it can not go back on the construction. It certainly should not go back on the construction in a case that is as vital as this case.

I have gone into the evidence during the last 15 or 20 minutes to show the absolute necessity for this kind of legislation, and to show that the appropriations are wasted, that they will be unavailing and useless without this kind of legislation. It is not general legislation in the sense that the Senate had in mind. It is not new legislation in the sense that the Senate had in mind. It is legislation which reaffirms existing law, which says to the Interstate Commerce Commission, "We will rewrite this law, although we do not change it from what we originally intended, but we do want to say to you that we grant this appropriation through the rivers and harbors act with the understanding that you shall not make futile these appropriations by a violation of the law." If that can not be done, then we have no method of adequately preventing a constant misconstruction of the law by one of our agents. This is not misconstruction by the courts. It is a misconstruction by the Interstate Commerce Commission, which is an agent of this body. This is special legislation with regard to rivers and harbors and intercoastal waterways. The amendment is not general legislation. It is special in that we are throwing a protection around this particular special subject.

Mr. WADSWORTH obtained the floor.

Mr. WARREN. Mr. President, I think there should be a quorum present before the point of order is made and discussed. Therefore I suggest the absence of a quorum.

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

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

Adams	Fletcher	McKellar	Shipstead
Ashurst	Frazier	McKinley	Shortridge
Bayard	George	McLean	Simmons
Borah	Gerry	McNary	Smith
Brandegee	Gooding	Moses	Smoot
Brookhart	Hale	Neely	Spencer
Broussard	Harrell	Norbeck	Stanfield
Bursum	Harris	Norris	Stephens
Cameron	Harrison	Oddie	Sterling
Capper	Healin	Overman	Swanson
Caraway	Howell	Owen	Trammell
Coit	Johnson, Calif.	Pepper	Wadsworth
Copeland	Johnson, Minn.	Phipps	Walsh, Mass.
Cummins	Jones, N. Mex.	Pittman	Walsh, Mont.
Curtis	Jones, Wash.	Ralston	Warren
Dale	Kendrick	Randell	Watson
Dill	Keyes	Reed, Pa.	Wheeler
Edwards	King	Robinson	Willis
Ferris	Ladd	Sheppard	
Fess	Lodge	Shields	

Mr. SMITH. I wish to announce that my colleague, the junior Senator from South Carolina [Mr. DIAL], is absent on account of illness.

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

Mr. BORAH. Mr. President, will the Senator from Nevada yield to enable me to have something inserted in the Record?

Mr. WADSWORTH. I yield for that purpose.

Mr. BORAH. I have a communication from Mr. J. F. Shaughnessy, of Nevada. I do not know whether it has been put in the Record or not. May I ask the Senator from Nevada if it has been put in the Record?

Mr. PITTMAN. I think not.

Mr. BORAH. I ask permission to insert in the Record a statement by Mr. J. F. Shaughnessy, chairman of the Nevada Railroad and Public Service Commission, being a discussion of the merits of the pending amendment.

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

MAY 16, 1924.

Hon. WILLIAM E. BORAH,

United States Senate.

MY DEAR SENATOR: I desire to express appreciation for your kindness in allowing me a few moments out of your busy day and also your consideration in granting me the privilege of confirming by letter the few thoughts I am anxious to leave with you in support of the amendment for the correction of long and short haul rate abuses, which Senator PITTMAN has given notice he will offer to the rivers and harbors appropriation bill.

I am here in the interest of the people of Nevada, as one of their State officers, being the chairman of the Public Service Commission of Nevada, and we, with other Intermountain States, are petitioning the Congress for the aforesaid relief in order that we may have at least an equal opportunity from a transportation standpoint with the heretofore more favored Pacific coast terminal points.

As illustrative of the long and short haul rate situation which I brought to your attention, I beg to set forth the following examples, which you will note are in contravention of the declaration of Congress set forth in section 500 of the transportation act that—

"It is the policy of Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation."

WOOL RATES

For a haul of 3,200 miles from San Francisco to Boston the rate is \$30 per ton, whereas for a haul of 2,800 miles from Battle Mountain, Nev., to Boston (directly intermediate) "the shorter being included within the longer haul," the rate is \$60 per ton.

HIDES

For an average haul of approximately 3,200 miles from San Francisco to New York and Boston the Pacific coast jobber or broker may ship at a rate of \$30 per ton, whereas the actual producer, 800 miles inland, say, from Ogden or Salt Lake City, Utah, to New York City and Boston, the rate is \$40 per ton.

At the present time the transcontinental carriers have an application pending before the Interstate Commerce Commission for authority to establish long-and-short-haul rates on 43 commodities from Chicago to the Pacific coast terminals—San Francisco, San Diego, Los Angeles, Portland, Tacoma, and Seattle—while maintaining higher rates intermediate throughout Western and intermountain States, and the railroads operating south from Chicago likewise have an application before the Interstate Commerce Commission seeking authority to establish long-and-short-haul rates from Chicago to New Orleans, while maintaining higher rates at intermediate points. These discriminations I will illustrate by dry goods on the west bound application and by iron and steel articles on the southbound application.

DRY GOODS

For a haul of 2,300 miles from Chicago to San Francisco, for example, and intermediate Mountain-State points 800 miles inland, the rate is \$31.60 per ton. The railroads propose to maintain this rate at intermediate Mountain-State points and reduce the rate to \$22 per ton at the aforesaid Pacific coast terminals.

In this connection it is interesting to note that for a haul of 375 miles from Chicago to Scranton, Iowa, the rate is \$22.20 per ton. This rate the carriers propose to maintain and graduate the rates upward to a peak of \$31.68 per ton at all intermountain-State points, and then abruptly dropping the rate down to \$22 per ton to Pacific coast terminals on the plea of meeting water competition. In this behalf it may be stated, for your information, that the commercial tonnage handled by the intercoastal-water lines from the Atlantic coast to the Pacific coast terminals during the year 1923 was 3,277,000 tons, and the total commercial tonnage both east and west bound, exclusive of oil, was but 5,600,000, compared with which the all-rail tonnage handled by the transcontinental lines reaching the Pacific coast aggregated 248,000,000 tons for the year 1923, which was an increase of 25,000,000 tons over the previous year. In other words, of this all-rail tonnage the westbound intercoastal tonnage through the canal was but 1.3 per cent, and if the total coast to coast tonnage, including Gulf ports, amounting to 5,800,000 tons aforesaid, is contrasted with the all-rail tonnage of 248,000,000 tons, it will be noted that it is less than 2 per cent. There is about 5,500,000 or 6,000,000 tons of domestic traffic which the traffic managers of the transcontinental railroads estimate they can compete for and which if long-and-short-haul rates are granted on the basis of the application aforesaid, will enable them to take half of the tonnage away from the intercoastal transportation lines operating through the canal.

These traffic managers estimate there will be moving through the canal 6,000,000 tons, and that they should therefore secure 3,000,000 tons, but, of course, do not undertake to show, because it can not be done, how much more or less than this amount they may secure. It is admitted by some of them in testimony that they will take it all if they can get it. Others recognize that the reduction of their rail rates to the Pacific coast terminals may precipitate a rate war between the rail and intercoastal carriers which would require very much lower rail rates if they are to get any considerable amount of traffic. (Note how small the water traffic is, relatively.)

In any event the question is not only beset with great and unjustifiable selfishness, but the startling fact remains that the carriers are now attempting to voluntarily throw off a large amount of revenue for the purpose of taking a substantial volume of traffic away from the intercoastal lines, or of destroying them if then can. There are 141 ocean vessels in the canal trade from coast to coast with an investment of \$75,000,000, and the general counsel, Mr. Frank Lyons, of these intercoastal lines, testifying before the Senate Committee on Interstate Commerce, confirms the railroad traffic manager's estimate that the granting of the long-and-short haul rates will take away one-half the traffic and cut down their boats and investment one-half.

IRON AND STEEL ARTICLES

For a haul of 912 miles from Chicago to New Orleans the present rate is \$11.40 per ton, while to Meridian, Miss., for a haul of 712 miles, the rate is \$10.60 per ton, or graduated in proportion to distance. The railroads now propose to reverse this and to maintain said rate of \$10.60 at Meridian for the short haul and reduce the long haul rate at New Orleans to \$8.60 per ton.

As illustrative of their underlying motive here exemplified, Congressman CLEVELAND A. NEWTON of Missouri, testifying before the House Committee on Interstate and Foreign Commerce, February 26, 1924, on House bills 6647 and 8209, to create an inland waterways corporation for the promotion and protection of the Government-owned barge lines on the Mississippi River, and which bills have been favorably reported (see H. Rept. No. 875), shows at page 6 of the printed hearings that—

"The Mississippi barge line rate (between St. Louis and New Orleans) is 80 per cent of the rail rates that parallel the river, but the rail rates that parallel the river are but 58 per cent of the average rail rate of the country, so that the barge rate is not more than 50 per cent of the average rail rates of the whole United States."

Of course, the difference between the 58 per cent rate factor maintained by the railroads paralleling the river and the full 100 per cent rate basis is made up by the railroads charging higher rates at all interior points where river transportation is not available.

The Interstate Commerce Commission, in section 6 of the interstate commerce act as amended, 1920, is given authority to fix the minimum rate or rates at such a level in a case of this kind as to properly preserve and protect water transportation and to see that "both rail and water transportation shall be fostered and preserved in full vigor," as provided in section 500 of the transportation act; but, of course, as long as section 4 confers discretion upon the Interstate Commerce Commission to authorize the railroads to charge long-and-short-haul rates there is such a direct contradiction in terms that said section 500 will doubtless continue to be a dead letter.

Further illustrating, Congressman NEWTON, at page 8 of said printed hearings shows that the first-class rate for a haul of 494 miles from New Orleans to Fort Smith is \$38.80 per ton, while between St. Louis and New Orleans the rate is \$34.60 for a 700-mile haul, and from Dallas, Tex., to New Orleans, for a 515-mile haul, where there is no water transportation, the rate is \$41.70 per ton; that from Portland, Me., to New Orleans, for a haul of 1,085 miles, the rate is \$45.20 per ton on first-class freight, whereas from Kansas City to New Orleans, for a haul of 879 miles, the rate is \$44.50 per ton. Further, from St. Louis to New Orleans the first-class rate is \$35.80 per ton, whereas from St. Louis to Texarkana the rate is \$37.80, and from St. Louis to Dallas the rate is \$44.50.

STRUCTURAL STEEL

Further, the rate on structural steel from Pittsburgh to Galveston, or Houston is \$17.50 per ton, whereas from Pittsburgh to Dallas, for a 350-mile less haul, the rate is \$20.40 per ton.

CEMENT

On cement, from St. Louis to Galveston, for a thousand-mile haul, the rate is \$7.40 per ton, whereas for a 350-mile less haul to Dallas the rate is \$9 per ton.

AGRICULTURAL IMPLEMENTS

On agricultural implements from Fort Madison, Iowa, to Houston, for a haul of 1,160 miles, the rate is \$24 per ton, whereas for a 300-mile less haul to Dallas the rate is \$25.60.

MOLASSES

On molasses, from New Orleans to Memphis, for a haul of 400 miles, the rate is \$5 per ton, whereas from New Orleans to Longview, Tex., for a haul of 391 miles, the rate is \$13.40 per ton; for a haul of 458 miles from New Orleans to Little Rock, Ark., the rate is \$9.40 per ton; for a haul of but 183 miles, from New Orleans to Jackson, Miss., the rate is \$5.90 per ton. For a haul of 1,093 miles, from New Orleans to Norfolk, Va., the rate is \$9 per ton, whereas for a haul of 737 miles to Asheville, N. C., the rate is \$12.70, and for a haul of 688 miles to Spartanburg, S. C., the rate is \$11.70 per ton.

This is illustrative of the long-and-short haul rates between water competitive points from the Gulf of Mexico to Norfolk on the Atlantic Ocean, with the higher long-and-short haul rates at intermediate North and South Carolina points. Other points could be named but these are fairly representative of the situation, and if the amendment here under consideration is passed, it will have the effect of correcting the highly preferential rail rates named to these Atlantic coast and Gulf ports, while at the same time preventing the prejudicially higher rates at North and South Carolina points. Likewise, it will correct the present prejudicial rates applied in Mississippi, Louisiana, Texas, Arkansas, and Oklahoma.

The long-and-short haul situation as affecting Louisiana may be illustrated by the table set forth below:

From—	Miles	Agricultural implements, rate per ton	Soap rate, per ton	Packing house products, rate per ton
St. Louis to—				
Alexandria, La.....	692	\$16.00	\$12.80	\$15.20
New Orleans.....	835	12.80	8.55	11.20

FERTILIZER

The injustice of the railroad long-and-short-haul rates may be further illustrated by referring to the movement of fertilizer from Savannah and New Orleans to various points reached by water, compared with the higher rates for shorter hauls to intermediate points that do not have the benefit of water transportation.

On fertilizer for a haul of 678 miles from Savannah to Memphis, Tenn., the rate is \$5.29 per ton, whereas for a haul of 588 miles to Corinth, Miss. (directly intermediate), the rate is \$6.64 per ton; for a haul of 632 miles from Savannah to Vicksburg, Miss., \$4.95 per ton, whereas for a haul of 588 miles from Savannah to Jackson, Miss., the rate is \$5.63 per ton; for a haul of 718 miles from New Orleans to St. Louis the rate is \$5.20 per ton, and likewise for a haul of 776 miles to Louisville, Ky., is \$5.20;—whereas for a haul of 889 miles from New Orleans to Longview, Tex., and for a haul of 471 miles to Little Rock, Ark., the rates are \$5.50 per ton, and for a haul of 523 miles from New Orleans to Bonham, Tex., the rate is \$6.10 per ton.

These illustrations are self-explanatory. Many others could be given; but these will suffice, I believe, to show that the Western and Southern States are vitally interested in having the long-and-short-haul rate situation, now in effect for the purpose of meeting water competition, eliminated for the future. The Railroad Administration refused to authorize long-and-short-haul rates during its existence, and while since 1918, or for the past six years, we have been in a large part free from discrimination, we find the carriers setting the stage for a return to the old indefensible discriminations covering large sections of the country. The bill under way does not undertake to interfere with competition as between rail carriers and will only put a stop to the practice of carrying artificial rates to and from water transportation points, the burden of which must be carried by the intermediate States and communities. Further, by thus stabilizing the rate base, the policy of Congress may be carried out which provides that "both rail and water transportation shall be fostered and preserved in full vigor." It will eliminate the present uncertainty under which the intermediate sections labor at present; it will enable them to establish industries and manufacture raw products, of which the interior abounds; it will prevent the interior from being exploited, as at present, by being compelled to ship raw products long distances, leaving nothing at the point of production in the way of increased population and taxable property; and it will enable the people of the intermediate sections to gather and safely invest their own capital as well as bid for and secure outside capital for investment and development purposes, all of which can not be accomplished under the present plan of operation.

Finally, what the intermediate sections of our country need is a stable rate base before they can go forward in full development of their enormous resources. Under the act as it now stands—authorizing as it does (as shown by the examples herein) the charging of a higher rate for a shorter than for a longer haul, and the rates being subject to change from a uniform or a graduated basis to a long-and-short-haul scheme, there can, of course, be no certainty at intermediate points upon which we can bid for new capital and population, nor can we prevent the railroads from parceling our country into producing and industrial sections in the interest of long and double hauling of traffic. The exercise of such uncalled for power results in the railroads throwing off millions in earnings to the large water ports, not so much on the relatively small scheme of water traffic to be secured but on the large volume of traffic that is already moving to the water ports by rail which, of course, must be made up by higher rates at all intermediate points of the country—thus destroying or neutralizing water competition. On the other hand, we, of the interior, are taxed to build canals and improve rivers and harbors and by this railroad policy we are burdened with an additional tax; or, in other words, double taxation which, of course, is unjust and indefensible.

The National Association of Railroad Commissioners at its annual conventions at Atlanta, Ga., in 1921, and at Miami, Fla., in 1923, adopted resolutions memorializing Congress to amend the fourth section of the interstate commerce act in order to make the rule absolute and to establish a wise and equitable policy for the future. These resolutions were put in evidence before the Senate Committee

on Interstate Commerce on S. 2327 (p. 332 printed hearings) and were read into Senate record by Senator GOODING May 16, 1924.

Respectfully yours,

J. F. SHAUGHNESSY,
Chairman Nevada Railroad and
Public Service Commission.

Mr. WADSWORTH. Mr. President, the point of order which I am about to make against the amendment offered by the Senator from Nevada is based upon certain language contained in Rule XVI. Let me say at the outset—and I shall be exceedingly brief—that I do not intend to raise a point of order against the amendment on the ground that it is not germane or relevant, but upon another and separate ground.

The first sentence of paragraph 3 of Rule XVI reads as follows:

No amendment which proposes general legislation shall be received to any general appropriation bill.

The measure before us is the War Department appropriation bill. It is not a special appropriation bill. It bears no resemblance to appropriations for the settlement of private claims. It is indeed nothing more nor less than a general appropriation bill for the support of the War Department in its military and nonmilitary activities. I think that assertion can not be denied.

It is proposed to insert in this general appropriation bill an amendment, to be inserted on page 96, after line 6, the first sentence of which reads as follows:

That paragraph (1) of section 4 of the interstate commerce act, as amended, is amended to read as follows:

The interstate commerce act is not a special act. It is a general law. The pending amendment is an amendment to a general law of the land. Its provisions affect the whole country with respect to railroad transportation and rates. It is general legislation. There is nothing special or private or limited about it. It is general in every conceivable fashion and way.

The rule forbids the reception of amendments contemplating general legislation on a general appropriation bill; therefore, this being a general appropriation bill and the amendment that is proposed being general legislation, I submit that the amendment is out of order, and I make the point of order against the reception of the amendment on that ground.

Mr. WALSH of Montana. Mr. President, I had hoped the Senator from New York would be constrained not to urge the point of order against the amendment proposed by the Senator from Nevada. The situation is a peculiar one. By virtue of some rules of the House of Representatives and of this body the ordinary rivers and harbors bill becomes a part of the Army appropriation bill, a reprehensible logrolling arrangement under which the ardent supporters of large appropriations for rivers and harbors are constrained to support the Army appropriation bill, whatever it may contain, and the advocates of liberal appropriations for the Army are in a way forced to support unjustifiable appropriations for rivers and harbors. I shall feel obliged to support the point of order made by the Senator from New York if it is pressed.

I regret exceedingly to be driven to this position. I wish to see enacted the legislation embodied in the amendment offered by the Senator from Nevada [Mr. PITTMAN]. The whole intermountain country has been discriminated against for years by the legislation which it is sought to correct, and, as has been shown, every effort to relieve ourselves from the unjust burden that has been imposed upon us has been in some way or other frustrated, contrary to the pronounced views of Congress.

The Senator from New York will accomplish nothing by his point of order, because if it shall be sustained I shall submit another amendment, to which I am confident no objection whatever can be taken, that will accomplish exactly the same result.

So we are going to get a vote on this question regardless of the point of order. If the point of order be sustained, I shall offer the following amendment to the bill: After line 15, on page 95, where the language reads:

RIVERS AND HARBORS

To be immediately available and to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers.

I shall offer to amend as follows:

Provided, however, That no part of the sum hereby appropriated shall be available until Senate bill 2327 shall have been considered and finally disposed of by the Senate, and, if passed by the Senate, until it shall have been considered and finally disposed of by the House of Representatives.

That amendment will be entirely relevant and germane to the bill, and it will not be general legislation of any character what-

ever. Now, I appeal to the Senator from New York to let us have a vote on this question; let us have a vote on the merits of it. Why should the Senator object to doing so?

Mr. WADSWORTH. Mr. President, my raising the point of order is not due to hostility to the amendment itself.

Mr. WALSH of Montana. I assume as much.

Mr. WADSWORTH. It is due to two reasons: First, the Committee on Appropriations has delegated to me in a sense, as chairman of a subcommittee, the charge of the bill on the floor. In that capacity I assume that it is my duty to protect the bill against infractions of the rules of the Senate.

I am not authorized by the Committee on Appropriations to refrain from raising points of order in one direction and to raise them in others. The Committee on Appropriations will not tolerate for a moment my "playing favorites" in connection with legislative amendments that may be offered.

The second reason, Mr. President, as I have said to the Senator from Nevada and to the Senator from Idaho in the colloquy here the other afternoon, is that I have believed, and still believe, that the process of attempting to put this legislative amendment on the Army appropriation bill will not gain the advantage which its supporters desire for it, even if it be successful here in the Senate, for the simple reason that the House conferees almost invariably have taken the position that when the House has sent an appropriation bill to the Senate and the Senate proceeds, as they term it, to load it up with legislative amendments, they simply will not discuss those amendments.

Mr. JONES of Washington. Mr. President, will the Senator from New York yield?

Mr. WADSWORTH. I yield.

Mr. JONES of Washington. The House of Representatives has a rule which controls them and prevents such action on their part.

Mr. WADSWORTH. Yes; they have a rule which controls them. I anticipate that if an amendment of this sort be placed upon the bill, the Senate conferees will find themselves confronted by three absolutely adamant Members of the House forbidden by their own rules to accept the amendment.

The attitude of the other House, I think I can say, is just this: They object to the Senate, through the channel of a conference report, forcing legislation on the House which the House has had no opportunity to pass upon or even to amend.

Mr. WARREN. Their rules forbid it.

Mr. WADSWORTH. And their rules are especially framed to prevent the Senate dictating legislation on appropriation bills. I believe now, as I said the other day, that the supporters of this measure are taking the poorest course, the most unwise course, if they really wish to attain the object they have in mind.

Mr. BORAH. Mr. President, there seems to be some difference as to whether or not the House has established rules on the subject or whether its conferees simply act under specific instructions with reference to particular matters.

Mr. WADSWORTH. They have rules.

Mr. BORAH. They have rules that cover this matter so that it would have to go back to the House?

Mr. WADSWORTH. Yes; it would. Their conferees are not allowed to accept such amendments. I think I may say that, regardless of its merits, when such a proposal as this comes before the House many Members object to not having any right to perfect or amend the legislation; and I must say I think that, if we are fair about it, we must admit that the House has a good deal of right on its side in making that contention.

Mr. WALSH of Montana. As I understand the Senator, two reasons are urged by him why he ought to press the point of order. The first is that he speaks for the Committee on Appropriations and that he ought not to play favorites, and the second is the difficulty that will be encountered by the conferees on the part of the Senate in considering the matter with the House of Representatives.

In the first place, I do not understand that the Senator in raising this point of order is speaking for the Committee on Appropriations. I understood the point of order was made by the Senator from New York and not for the Committee on Appropriations. Of course, he is acting in his individual capacity with reference to this point of order, and any other Member may raise a point of order against any other amendment, and the Senate will determine whether it ought to go on or ought not to go on.

Mr. WADSWORTH. May I say that before the point of order was raised by me I consulted the members of the Committee on Appropriations who collaborated in the preparation of this bill?

Mr. WALSH of Montana. I dare say the Senator did, but that does not mean that the action is that of the Committee on Appropriations.

Mr. WARREN. Mr. President, I wish to say to the Senator from Montana that the Senator from New York is a member of the Committee on Appropriations under our rules.

Mr. WALSH of Montana. Undoubtedly.

Mr. WARREN. And is charged with the duty of conducting this particular bill on the floor of the Senate.

Mr. WALSH of Montana. I appreciate that the Senator from New York is a member of the Committee on Appropriations under the rules.

Now, Mr. President, as to the attitude of the House of Representatives with respect to this matter, the House of Representatives sends over to this body an Army appropriation bill and has tacked onto it provisions in relation to appropriations for rivers and harbors.

The two have no sort of relation to each other; none whatever. The one, the appropriation for the support of the Army, is made under one provision of the Constitution, while the other, the appropriation for rivers and harbors, is made under an entirely different provision of the Constitution, namely, that which gives to Congress the power to regulate commerce between the several States and with foreign nations. When the House sends over to us a bill containing appropriations of that character, in relation to two entirely separate and distinct subjects, it then says, "You must not put anything else on; we have tied two entirely irrelevant and incongruous things together, but you must not put on a third."

Let me say that, as everybody knows, the only possible connection between the two is that the river and harbor work is conducted under the supervision of the engineers of the War Department.

Mr. FLETCHER. Mr. President, if the Senator will allow me to interrupt him, the bill itself is not merely an Army appropriation bill but it is a bill for the whole War Department, including both the military and the nonmilitary activities of the War Department.

Mr. WALSH of Montana. Oh, yes.

Mr. FLETCHER. And river and harbor expenditures are under the engineers of the War Department.

Mr. WALSH of Montana. The river and harbor expenditures are under the engineers of the War Department, but they have no relation whatever to the national defense. River and harbor appropriations are made for the promotion of commerce, as everybody perfectly understands.

Mr. President, the appropriateness of this proposed amendment to the appropriation for rivers and harbors has been so fully demonstrated by the Senator from Nevada and the Senator from Idaho that there can remain, it seems to me, no doubt in the mind of any Senator that the appropriations for the improvement of rivers and harbors are utterly useless, so far, at least, as the interior of the country is concerned, if the policy at which the amendment is aimed is to continue. As has been said, to make appropriations for the improvement of the Mississippi River is like pouring money into a rat hole so long as we allow the railroads to fix rates to river points that will drive navigation off the river. It is a waste of public funds. The main purpose of the legislation proposed by the amendment is to make useful the enormous appropriation that we make annually, great portions of which are absolutely lost by this policy.

As I have stated, the Senator from New York will avail himself nothing by a point of order, because I shall offer the amendment which I have suggested, and, if the Senate agrees to it, it will accomplish practically the same result as that sought to be accomplished by the amendment of the Senator from Nevada. I feel constrained, however, to support the point, for I can not reconcile myself to the view that the amendment does not propose general legislation on a general appropriation bill.

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

Mr. WALSH of Montana. I yield to the Senator from Nevada.

Mr. PITTMAN. Does the Senator see any difference as regards general legislation between this amendment and the amendment offered by the Senator from Wisconsin [Mr. LENROOT] to construct a building for a private institution?

Mr. WALSH of Montana. Yes; I have considered that, and I have not been able to satisfy myself, I will say to the Senator from Nevada, that the Howard University case is a just precedent for this amendment. I wish I could stand with him on that question; but I can not do so.

The PRESIDENT pro tempore. In view of the relations of the Chair to this subject, it may not be improper for him to state that as a Senator he is in favor of the proposed amendment, but as Presiding Officer of the Senate it is his duty to

interpret and apply the rules which the Senate has adopted for its guidance. The Chair has no doubt whatsoever that the amendment submitted by the Senator from Nevada proposes general legislation, and, therefore, the point of order made by the Senator from New York is sustained.

Mr. PITTMAN. Mr. President, as I have contended, I consider the decision recently rendered in the Howard University case as having changed the former understanding of the rule, and in order to have an opportunity of ascertaining whether there are other Senators who take the same view of it that I do, I respectfully appeal from the decision of the Chair.

The PRESIDENT pro tempore. The Senator from Nevada appeals from the decision of the Chair.

Mr. PITTMAN. And on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PITTMAN. Mr. President, a parliamentary inquiry. In what form will the question be put?

The PRESIDENT pro tempore. The question is, Shall the ruling of the Chair stand as the judgment of the Senate? Upon that question the yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. He is absent, but I am informed that he would vote as I expect to vote on this question. I vote "yea."

Mr. LODGE (when his name was called). I transfer my pair with the Senator from Alabama [Mr. UNDERWOOD] to the Senator from Vermont [Mr. GREENE] and will vote. I vote "yea."

Mr. McLEAN (when his name was called). I transfer my pair with the Senator from Virginia [Mr. GLASS] to the Senator from New Jersey [Mr. EDGE] and will vote. I vote "yea."

The roll call was concluded.

Mr. PHIPPS. I have a pair with the junior Senator from South Carolina [Mr. DIAL], which I transfer to the senior Senator from Delaware [Mr. BALL], and will vote. I vote "yea."

Mr. SMITH. I desire to state that my colleague [Mr. DIAL] is absent on account of illness. He is paired with the Senator from Colorado [Mr. PHIPPS]. If my colleague were present and voting, he would vote "nay."

Mr. CURTIS. I desire to announce that the junior Senator from Kentucky [Mr. ERNST] is paired with the senior Senator from Kentucky [Mr. STANLEY].

Mr. PITTMAN. I wish to announce that the Senator from Missouri [Mr. REED] is paired with the Senator from Maryland [Mr. BRUCE]. If those Senators were present and voting, the Senator from Missouri would vote "nay," and the Senator from Maryland would vote "yea" on this question.

The result was announced—yeas 49, nays 25, as follows:

YEAS—49

Adams	Hale	Owen	Stephens
Bayard	Harrell	Pepper	Sterling
Brandegge	Harris	Phipps	Swanson
Cameron	Harrison	Ralston	Trammell
Capper	Jones, Wash.	Ransdell	Wadsworth
Coff	Keyes	Reed, Pa.	Walsh, Mass.
Curtis	Lodge	Sheppard	Walsh, Mont.
Dale	McKellar	Shields	Warren
Edwards	McKinley	Shortridge	Watson
Fernald	McLean	Simmons	Willis
Fess	McNary	Smoot	
Fletcher	Moses	Spencer	
George	Overman	Stanfield	

NAYS—25

Ashurst	Ferris	Jones, N. Mex.	Robinson
Borah	Frazier	Kendrick	Shipstead
Brookhart	Gooding	King	Smith
Broussard	Heflin	Ladd	Wheeler
Bursum	Howell	Neely	
Caraway	Johnson, Calif.	Oddie	
Dill	Johnson, Minn.	Pittman	

NOT VOTING—22

Ball	Edge	La Follette	Reed, Mo.
Bruce	Elkins	Lenroot	Stanley
Copeland	Ernst	McCormick	Underwood
Couzens	Gerry	Mayfield	Weller
Cummins	Glass	Norbeck	
Dial	Greene	Norris	

So the Senate decided that the decision of the Chair should stand as the judgment of the Senate.

The PRESIDENT pro tempore. The point of order is sustained.

Mr. GOODING. Mr. President, I give notice that as soon as the bill which is now before the Senate is disposed of, I shall move to take up Senate bill 2327.

Mr. WALSH of Montana. Mr. President, I desire to offer an amendment. After line 15, on page 95, I move to insert:

Provided, however, That no part of the sum hereby appropriated shall be available until Senate bill 2327 shall have been considered and

finally disposed of by the Senate, and, if passed by the Senate, until it shall have been considered and finally disposed of by the House of Representatives.

The PRESIDENT pro tempore. The Secretary will state the proposed amendment.

The READING CLERK. On page 95, after line 15, it is proposed to insert the following proviso:

Provided, however, That no part of the sum hereby appropriated shall be available until Senate bill 2327 shall have been considered and finally disposed of by the Senate, and, if passed by the Senate, until it shall have been considered and finally disposed of by the House of Representatives.

Mr. WALSH of Montana. Mr. President, I was very glad to hear the Senator from New York say a few days ago, in the course of this debate, that he would be glad to aid in securing consideration for Senate bill 2327, introduced by the Senator from Idaho [Mr. GOODING], and in substance like the amendment now offered by the Senator from Nevada [Mr. PITTMAN]. I think it eminently advisable that before any part of this appropriation for the improvement of rivers and harbors shall become available at all the Congress shall declare its policy with reference to this subject of the long-and-short-haul clause, which is so intimately and so vitally connected with the appropriations for the improvement of rivers and harbors.

Mr. BORAH. Mr. President, this is a limitation upon the appropriation with reference to rivers and harbors alone?

Mr. WALSH of Montana. Yes; it applies only to the appropriation for rivers and harbors. As I said a little while ago, it has been demonstrated beyond controversy in the debate upon the amendment offered by the Senator from Nevada [Mr. PITTMAN] that to a very large extent the appropriations for the improvement of our interior rivers at least are entirely wasted if the policy of giving rates to river points lower than to interior points a less distance from the point of shipment is tolerated at all. No other factor and no other agency is so potent in the destruction of river carriage as that policy.

Mr. OVERMAN. Mr. President, I am heartily in favor of this amendment to this bill, as the Senator knows; but the Senator from Idaho [Mr. GOODING] has given notice that when this bill is disposed of he is going to call up his bill, and I think two-thirds of the Senate are for it. Why can we not legislate in the regular way upon that bill, instead of putting an amendment on this appropriation bill?

Mr. WALSH of Montana. That is what I ask. My amendment does not affect the appropriation at all. It simply provides that we shall not do any more of the wasteful expenditure of money that we have been doing in the past.

Mr. OVERMAN. I agree with the Senator, and I think that bill ought to pass and will pass; but why hamper this bill and send it to conference and never get it heard over in the House of Representatives by a threat of this kind to hold it up? Let us pass the other bill in the regular way and send it to the House, and they will pass it. We can notify the House that we will pass none of their bills unless they pass that bill. I am willing to do that; but to put it on an appropriation bill as an amendment is not the way to legislate.

Mr. WALSH of Montana. Mr. President, I take an entirely different view of the matter from the Senator. This is not anything in the nature of a threat, either to this body or to the House of Representatives. It is a declaration on the part of those who so believe that we will appropriate no money for the improvement of our interior rivers and allow no money to be expended so long as that policy is pursued.

Mr. President, I said that that is the view, I think, of the Senate; but some feeble voices have been heard in favor of this policy. Very well.

If it is the policy of Congress to allow discrimination of that character, and to build up the terminal points at the expense of the interior of the country, we can make appropriations for the improvement of rivers and harbors in view of that policy; but to go on in this way seems to me entirely useless, if not senseless. Accordingly, I think this amendment should be agreed to.

Mr. SWANSON. To what appropriations in the bill does the limitation offered by the Senator from Montana apply?

Mr. WALSH of Montana. It affects nothing except the appropriations for rivers and harbors.

Mr. SWANSON. Harbors, too?

Mr. WALSH of Montana. Yes; because it is impossible to make it any other way, as the appropriation is in a lump sum, \$37,250,000.

Mr. SWANSON. Under the Senator's amendment that would apply entirely to the policy in reference to freight rates and passenger rates throughout the country.

Mr. WALSH of Montana. Not necessarily. The appropriation is made, as a matter of course, for the harbors at the terminal points, as well as for the improvement of the interior rivers. The policy, of course, affects all of them, both the interior rivers and the coast points.

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WALSH of Montana. I yield.

Mr. BROUSSARD. Does not the Senator understand that the policy of all the transcontinental railways, and all of the railways at the water points, is to develop the harbors, in which case they disagree with the Senator from Montana; but, on the other hand, that they are aggressively opposed to the development of the river navigation in this country, and as the amendment of the Senator, if adopted, would have the effect of preventing the development of such streams as the Ohio, a project which is nearly completed, and the development of the Mississippi and other great river systems, to that extent the railroads thoroughly agree with the Senator from Montana?

The harbors themselves have been properly looked after, but we are just now beginning to see the coming of the time when we may have river competition with the railroads, and the result of it will be that the people whom the Senator from Montana and other Senators on this floor represent, people living in the interior of the country, will agree exactly with the views of the railroad systems that want to prevent water competition.

Mr. FLETCHER. May I suggest to the Senator that the only effect, of course, would not be, as the Senator from Louisiana has said, to play into the hands of the railroads. It would amuse the railroads very much if Congress should say that it will do nothing further in the way of improving and developing the rivers and harbors of the country; but the effect would be to tie up all operations now going on, to tie up the Government plants. This work is continually going on upon projects which are under way, and it would just stop all improvements unless both Houses should happen to pass the bill. If they should fail to pass the bill which the Senator desires to have passed, then all work of this nature under way now, under contract, or ready to be let to contract, would be discontinued, because there would be no money to pay for the work.

Mr. WALSH of Montana. The Senator has not understood the amendment. It would not suspend the work until the bill was passed. It would simply suspend it until the Congress declared its policy, either one way or the other; that is all. If the bill should be defeated in the Senate, that would end the limitation, and all of the money would be available. If it should pass the Senate and go to the House, and pass the House, then the limitation would be ended. If it went to the House and was considered in the House and defeated in the House, then the limitation would cease and all the money would be available. The only purpose is to provide that it shall not be available until the Congress shall have passed on this other question, that is all, and it seems to me that is eminently fair and just.

Mr. WADSWORTH. Mr. President, I confess this amendment now offered by the Senator from Montana is of a new kind if it is to be classed among amendments placing restrictions or limitations upon appropriations. It proposes that this appropriation shall not become available until the Congress legislates in a certain fashion. I assume that in its essence it is still legislation, although the Senate has upon occasion taken a very broad view of its powers under the rules to restrict or limit appropriations. But before making any further observation let me point out one or two things which will happen if this amendment is adopted.

The appropriation on which it is supposed to be a limitation provides, among other things, for the maintenance of all the river and harbor work thus far completed. If this amendment goes through, the Army engineers will be forbidden, in effect, to maintain any channel in a river or harbor until the Congress takes certain action with respect to legislation now pending. Certainly no Senator wants to tie up the maintenance work. There are some projects completed years since which require certain expenses for maintenance every year. If those expenses are not met and that maintenance work not carried on the channels will become useless.

Mr. WALSH of Montana. I suppose we made an appropriation last year that was intended to carry the work over until the end of the present fiscal year, June 30?

Mr. WADSWORTH. Yes.

Mr. WALSH of Montana. That will all be available, will it not?

Mr. WADSWORTH. Yes; but this amendment will not terminate in its effect, as I read it, on the adjournment of this session of Congress. If the legislation urged by the Senator from Idaho does not go through both Houses at this session, the money appropriated for rivers and harbors for next year can not be used. And all through the next session of this Congress, during which the Gooding bill will have life, nothing can be done by the Army engineers in carrying on new projects or maintaining old ones. I think I am right in that if I read this correctly.

Mr. BROUSSARD. Mr. President, are they not continuing contracts which go beyond this period?

Mr. WADSWORTH. Oh, yes.

Mr. BROUSSARD. Which must be cared for?

Mr. WADSWORTH. Yes.

Mr. BROUSSARD. What will become of them if we adopt this amendment?

Mr. WADSWORTH. They would be canceled, and the Government would lose millions of dollars by having to enter into new contracts at some future time after the contractors' equipment had been taken off the field and dispersed.

Mr. WALSH of Montana. I say to the Senator that that is the very purpose of this amendment, so that not a dollar shall be spent for the present current year—

Mr. WADSWORTH. The present current year?

Mr. WALSH of Montana. That is the purpose of this amendment—that not a dollar shall be spent until Congress declares its policy with respect to this matter, either one way or the other.

Mr. WADSWORTH. Does the Senator contend that we should not even maintain what we have?

Mr. WALSH of Montana. No; we should get a declaration from Congress about the matter.

Mr. WADSWORTH. I notice that while by this amendment a certain notice is served upon the House of Representatives, the Senator has not served notice on the President of the United States, who is part of the legislative machinery in that without his signature the new legislation under discussion can not become a law.

Mr. WALSH of Montana. That signifies the extent of our confidence in the good judgment and wisdom of the President of the United States.

Mr. WADSWORTH. The absence, however, of notice to the President, who must sign this measure, is significant.

Mr. President, it seems to me to be so utterly impracticable and likely to inflict such severe injury on public works already long since completed, and the continuance of public works which the Congress has authorized by statute, that I can not conceive that the Senate will put such a limitation upon this appropriation. I confess I am somewhat puzzled as to whether it is a proper limitation or an improper one. At least it is an extraordinary one.

Mr. SWANSON. Mr. President, I desire to make a point of order against this amendment. I do not think it is a limitation on an expenditure. It makes an appropriation available upon the occurrence of certain events, and I think there is a difference between a limitation and a provision making an appropriation available provided certain things occur. I make the point of order that this is not a limitation directing how this money shall be spent. It simply is to make it available on the happening of certain conditions.

Mr. WALSH of Montana. Mr. President, I have a precedent before me which seems to indicate that the question now raised by the Senator from Virginia has already been passed upon by the Senate. It is found in volume 2 of Gilfry's Precedents.

The PRESIDING OFFICER (Mr. Jones of Washington in the chair). The Chair will say to the Senator from Montana that it is ready to rule.

The Chair remembers that the Senate has taken different positions with reference to limitations on appropriations, but that the later attitude of the Senate has been to hold such limitations in order. Therefore the Chair overrules the point of order.

Mr. TRAMMELL. Mr. President, regardless of the question of whether this amendment is in order or not, it occurs to me that it is a most extraordinary amendment to be proposed to any bill, and that the adoption of such an amendment would

be setting a precedent which would plague the Senate for the remainder of time. If one Senator or any group of Senators succeed in having an amendment of this character agreed to, which would force legislation dealing with some other subject on any measure, then any other Senator or any other group of Senators could do likewise, and we would possibly have this kind of practice to contend with in all the future, because I dare say that Senators who are not able to get certain measures to which they were favorable called up in the regular order will not sit supinely by and allow others to go ahead with their legislation, when the Senate has once established a precedent that limitations may be placed upon some measure that is being considered which will force subsequent action upon the measure which they are favoring.

That is what this means. It is not only an attempt to force the Senate at this time in considering this measure to agree to act upon another measure, but it also attempts to force the House also to consider the measure.

Mr. PITTMAN. Mr. President—

Mr. TRAMMELL. I yield.

Mr. PITTMAN. The Senate could not force any limitation on it unless a majority of Senators were in favor of it, and if a majority were in favor of it, they could defeat it just as well as limit it.

Mr. TRAMMELL. That is very true, and for that reason I am voicing my opposition to any such action as the one proposed, just as the proponents of the amendment are voicing their sentiment in favor of it. I say that, regardless of the question of the merits of the bill which this contemplates bringing before the Senate, it sets a bad precedent, and a precedent that will rise to plague the Senate in the future, if adopted, regardless of the merits of the bill the Senators are seeking to force upon the Senate and force upon the House in an irregular way, although it may be in order under parliamentary rules.

Mr. BROOKHART. Mr. President—

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

Mr. TRAMMELL. Certainly.

Mr. BROOKHART. I would like to ask the Senator if the provision on page 82 in reference to the stop-watch business is not of exactly the same character as the amendment proposed by the Senator from Montana?

Mr. TRAMMELL. I have not the bill before me, and I do not know exactly what that provision is.

Mr. WADSWORTH. May I answer the Senator from Iowa?

Mr. TRAMMELL. I yield to the Senator from New York.

Mr. WADSWORTH. That legislation was inserted by the House and not by the Senate. We have no jurisdiction over it, so far as our parliamentary rules are concerned.

Mr. BROOKHART. That matter could be decided on a point of order.

Mr. WADSWORTH. It was inserted by the House.

Mr. BROOKHART. The question now is as to the character of the amendment offered by the Senator from Montana, and there is a provision in the bill of identically the same character, which was passed without objection in either House.

Mr. WADSWORTH. A point of order against House language does not lie in the Senate.

Mr. WALSH of Montana. I wish to inquire of the Senator from New York if he takes the position that the House may put any kind of a limitation upon an appropriation which it sees fit to put, but that the Senate can not do it?

Mr. WADSWORTH. No, Mr. President, I took no such position.

Mr. WALSH of Montana. But in answer to the Senator from Iowa the Senator from New York said, "Oh, but that limitation was put on by the House."

Mr. WADSWORTH. I made that observation—

Mr. WALSH of Montana. Therefore, though the House puts a limitation upon an appropriation which it makes, it is the position of the Senator that the Senate can not do the same thing.

Mr. WADSWORTH. No; I did not take any such attitude. I am quite sure the Senator misunderstood me.

Mr. WALSH of Montana. I certainly misunderstood the Senator then.

Mr. WADSWORTH. I made my statement with respect to the so-called "stop-watch" provision which appears in the bill as it was agreed to in the House, and therefore is not subject to a point of order in the Senate.

Mr. WALSH of Montana. Certainly, but the Senator from Florida, as I understand, is not raising a point of order.

Mr. WADSWORTH. I was answering the Senator from Iowa.

Mr. WALSH of Montana. And the Senator from Iowa was commenting upon the remarks of the Senator from Florida. Now, that part of the bill reads as follows:

No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch—

And so forth.

The House put that kind of limitation on its appropriation. Why should not the Senate put this limitation upon another appropriation?

Mr. TRAMMELL. That, it seems to me, is much more pertinent as a limitation than an attempt to write into the pending bill a provision that we must first consider another certain measure and that the House must consider that measure if it passes the Senate before the provisions of this bill will become operative so far as the appropriations are concerned for rivers and harbors. I never heard of such procedure in all of my observation and experience in connection with legislative bodies, covering a period of probably 20 years. Perhaps some Senator who has served here for 25 or 30 years, or even with an experience of half a century, may have heard of such procedure, but I fancy no such effort was ever before recorded. I do not like the idea of trying to write into a law that the provisions of that law shall not become operative until the Senate takes up and considers some other measure. If we are going to establish that kind of precedent, then every time that any other Senator may have some measure which he may not have been able to bring before the Senate in an orderly way, all we will have to do will be to try to tack it on as an amendment to an appropriation bill, and if it is not adopted as an amendment we can have a prolonged debate for two or three or four days trying to tack it on under this kind of procedure, and we would have that process followed daily or weekly. I think the amendment ought to be defeated as a matter of the orderly conduct of the business of the Senate, if for no other reason.

Mr. SWANSON. Mr. President, I would suggest to our friends who favor the McNary-Haugen bill that possibly they could offer as an amendment to this bill a provision that no appropriation in the bill shall be available until the McNary-Haugen bill is considered and passed. I would suggest that every Senator who has any legislation pending might offer it as an amendment to an appropriation bill, and, failing in that, offer an amendment providing that none of the money appropriated in the bill shall be available until that certain legislation in which the Senator is interested shall have been acted upon.

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

Mr. SWANSON. Certainly.

Mr. FESS. If there are those who would like to defeat all the appropriations for rivers and harbors, that would be a pretty good way to do it, would it not?

Mr. SWANSON. It would be a fine way. The time has come when the Committee on Rules must report an amendment with regard to the limitation of appropriations which are to continue from year to year. I am not criticizing the Senator from Montana [Mr. WALSH]. Since the rule has been adopted by which any kind of legislation in the world is not permissible on a general appropriation bill, but can be put on an appropriation bill covering a period of only one year and then continued from year to year, that seems to be the favorite method of getting legislation enacted. But this is the first time it has ever been attempted in the history of the Senate to make money appropriated unavailable until certain legislation has been enacted.

I believe that President Coolidge, when he was Vice President, concurred in a decision rendered by Vice President Marshall which was not identical with this, but the Senate overruled him in that decision. I have not had an opportunity to look it up, but I have the impression that Vice President Coolidge made a ruling similar to this, and the Senate overruled him. However, I may be mistaken. This would mean that all the harbors of the country could not be improved if the House should get impatient and adjourn without considering a certain measure; that the rivers and improvements now in operation must cease unless the House and the Senate shall consider certain legislation. If they consider it at this session, that is not fixing a policy. They could change it next year or they could change it the year afterwards.

Mr. KING. Mr. President—

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

Mr. SWANSON. I yield.

Mr. KING. What is the good of improving rivers and harbors and spending the \$40,000,000 or \$50,000,000 appropriated in this bill, plus any appropriation still unexpended, if we are going to pursue a policy which in the end must be destructive of rivers and harbors as freight carriers?

Mr. SWANSON. I think the Senator and those who are cooperating with him in the support of this amendment were frightened when they ought not to have been frightened. Do not Senators want the entrances to all these harbors, which have cost millions and millions of dollars, not to be dredged, to be kept open, to let foreign and other ships enter and leave? What would be the condition of our agriculture if that situation arose? A great many of the harbors of the United States must be dredged annually, and there must be expenditures made for that purpose. We can not stop dredging a few months without increasing, doubling, and trebling the expenditures that would have to be made thereafter. Is it the idea that if the long-and-short haul principle prevails one way or the other, we do not need harbors to export wheat and other grain, and to bring in goods? The mere statement of the fact shows the folly of it, whether we have high freight rates or low freight rates. At the ports of entry and export it means a great deal in the matter of the importing and exporting business of this country.

If I understand it aright, a vast majority of the appropriations are used for harbor improvements rather than river improvements, but we must keep the harbors in condition whether we have high or low freight rates. Whether we have competition of one harbor with another harbor in the United States, we are bound to have import and export business. This proposition would hamper the entire river and harbor improvement of the United States. It seems to me it is a bad policy to start, and I regret that the Chair did not hold that the amendment was subject to a point of order.

Mr. WADSWORTH. Mr. President, an incident very much like this occurred on January 23, 1923. At that time the District of Columbia appropriation bill was before the Senate and the Senator from Tennessee [Mr. McKellar] offered an amendment to an item of the appropriation bill which appropriated money for the salaries of the Public Utility Commissioners of the District of Columbia. His amendment and the subsequent proceedings read as follows:

Provided, That the appropriation in this section shall not become available until the Public Utilities Commission shall fix rates of fare for the street-railway companies in the District of Columbia at rates not in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress—

And so forth.

The question being on the point of order yesterday made by Mr. PHIPPS that the amendment proposed general legislation to a general appropriation bill.

The Vice President overruled the question of order and held the amendment to be in order.

From the decision of the Chair Mr. WADSWORTH appealed to the Senate.

The Vice President stated the question to be, Shall the decision of the Chair stand as the judgment of the Senate?

It was determined in the negative—yeas 32, nays 36.

So the Senate has already created a precedent almost exactly on all fours with the situation confronting us to-day.

The PRESIDING OFFICER. The present occupant of the chair has a very distinct recollection with reference to different rulings on the proposition by the Senate. The present occupant of the chair himself has made a point of order against limitations, and they have been held in order. The personal opinion of the present occupant of the chair is in accordance with the latter ruling; but in view of the fact that the Senate has taken a different attitude with reference to the matter the Chair overruled the point of order.

Mr. ROBINSON. Mr. President, of course the question raising the point of order has been determined, and there is no occasion for a further discussion of it. I take this opportunity, however, to say that the Senate has nullified its own rule by the interpretation placed upon it by a vote of the Senate. I recall that on one occasion an amendment was submitted to a general appropriation bill—I think the Senator from Nevada [Mr. PITTMAN] referred to the distance—which was plainly out of order under the rule which has been invoked to-day. The point of order was submitted to the Senate; and the Senate, because

it favored the legislative provision involved in the amendment, placed an interpretation on the rule which it reversed just a few minutes ago.

I thought the ruling in the Howard University case was clearly wrong, but I followed the precedent set by the Senate in my vote upon the point of order raised to the amendment proposed by the Senator from Nevada [Mr. PITTMAN]. The Senate saw fit to reverse its decision in the Howard University case just a few minutes ago on the amendment submitted by the Senator from Nevada, so that the effect of the rule is to restrain the Senate from legislating on general appropriation bills when the Senate is willing to be restrained and to accomplish nothing whatever when the Senate wants to violate its own rules. That is a plain statement of the effect of the precedent which the Senate itself has written on this general rule.

But with respect to the amendment I feel it my duty to make a statement in explanation of my vote. I am in sympathy with the proposal of the Senator from Nevada and feel that an opportunity should be afforded to vote on his proposal. I can not, however, support the pending amendment for the reasons stated by the Senator from Florida [Mr. TRAMMELL] and suggestions made by the Senator from Virginia [Mr. SWANSON], and for other reasons.

We hear occasionally in the Senate references to the practice of logrolling, which of course means the process of trading votes and influence. This is usually censured and justly censured. I do not know of a precedent which would be better calculated to invite logrolling in legislation than the adoption of the pending amendment. It declares that the appropriation for rivers and harbors shall not be available until Senate bill 2327 shall have been finally disposed of in the Senate and, if the Senate passes it, until it shall have been finally disposed of in the House of Representatives, which means, if it means anything, if it is adopted that all who favor river and harbor improvement will be expected to get behind Senate bill 2327 and help secure its passage in order to secure their desires in connection with river and harbor improvements.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. WALSH of Montana. Admitting that the idea is sound, and I do admit it, does not the Senator find exactly the same vice in the bill as it comes to us with the appropriation for the improvement of rivers and harbors tacked on to the bill making appropriations for the War Department?

Mr. ROBINSON. Oh, no. Under the rule of the Senate the War Department appropriation bill properly incorporates appropriations for rivers and harbors.

Mr. WALSH of Montana. I do not controvert that it is in accordance with the rule, but I want to go back of that.

Is it not a fact that combining these two, those who are not interested in the appropriations for the Army at all but are very deeply interested in the appropriation for rivers and harbors will be constrained or in a measure induced to support the appropriations for the Army, and those who are not interested in river and harbors appropriations but are interested in the appropriations for the Army will be induced to support the other? In other words, is it not a logrolling bill, to start with?

Mr. ROBINSON. I think not. I do not think such a statement is justified. The Senate has determined that certain general appropriation bills shall embrace appropriations to carry out authorizations by the Congress; and, in pursuance to its decision upon that question, the appropriations for rivers and harbors are carried in the Army appropriation bill, probably for the reason that the Army engineers have jurisdiction of certain investigations and reports upon which the appropriations are based. It is perfectly proper under those circumstances to embrace river and harbor appropriations in the Army appropriation bill, because they can not otherwise be provided for under the rules of the Senate as they now exist. That, however, is a very different thing, both in theory and in practice, from adopting an amendment which prevents an appropriation from being expended until affirmative legislation relating to another subject has been disposed of by both Houses of Congress. I can not conceive of a worse parliamentary procedure than that contemplated in the pending amendment, according to my view of it. Everything that the Senator from Florida has said regarding it is justified.

I make this statement in order to explain why I shall vote against the amendment. It is unfortunate for the proposal which has been advanced here, touching the subject of the long and short haul and the rates applicable thereto, that it should be coupled with an attempt to establish a precedent of this character. I should like to support the amendment of the Senator from Nevada, but I can not support the proposal

in the form in which it is presented by my friend, the Senator from Montana.

Mr. NORRIS. Mr. President, it is, of course, desirable that any legislative body should proceed in matters of legislation in an orderly way. The rule that prohibits legislation on an appropriation bill, while it has two sides to it, I think is justified. We must remember, however, that desperate conditions warrant desperate remedies. Our forefathers confronted such a condition when they rebelled against the mother country. It was not because they wanted to isolate themselves, but the desperate remedy of revolution was resorted to in order to protect their own liberties and their own rights.

It will be observed that the amendment suggested by the Senator from Montana does not require the passage of the bill therein referred to, either by the Senate or by the other House; but merely provides that the bill must be disposed of, and, if in such disposition it shall be passed by the Senate, then it must be disposed of by the other House before the appropriation for rivers and harbors shall become effective.

If that bill were defeated in the Senate, the money would immediately be available so far as this amendment is concerned. If it were passed by the Senate and defeated in the House, again it would be true that the money provided for in the bill for river and harbor appropriations would at once be available.

I wish that the Senator from Montana had not included the entire appropriation, but that he had included only the portion of the appropriation providing for the improvement of rivers. That would entirely meet the argument made by the Senator from Virginia [Mr. SWANSON] that our ports must be kept open in order that products may come in and go out.

Mr. President, why should the money appropriated for rivers be held back until some provision similar to that now proposed shall be enacted into law? The money which we appropriate for rivers is practically thrown away so long as we permit the railroads to put out of business the boats that would ply up and down upon the rivers after we shall have spent the money to provide for their dredging and improvement. So there is an intimate connection between the limitation in the amendment and the appropriation itself. Unless some such amendment shall be adopted we might just as well throw the money away. That is the principal reason why the river and harbor bill in the past has met with so much opposition in the Senate and in the House of Representatives, and has been so often condemned by the people of the country. We spend a hundred million dollars of the people's money dredging the rivers and then permit the railroads to drive all of the boats out of business as soon as they are put on the river which has thus been improved, and when the boats are driven off then up go the rates. That has been going on for 25 years. Is it any wonder that Members of Congress and people generally are getting tired of that kind of a misuse of the money of the taxpayers?

But that is not all; by virtue of the law permitting the railroads to charge a greater amount for a short haul than for a long haul when the short haul is included within the long haul, the people in the interior of the country are taxed in two ways: They are directly taxed by law to improve the rivers that do nobody any good, and, second, they are taxed by the railroad companies by means of higher rates in order to build up cities on the coast or at other points known technically as competitive points. They are getting tired of that kind of fleecing, and it is no wonder that a spirit, as it were, of revolution is growing up in the minds of men who have been paying taxes for 25 years to pay for the upbuilding of communities a thousand miles away from where they live, and who have been compelled to pay freight charges higher than other people must pay a thousand miles farther away from market. That injustice has been going on for generations. Time and time again it was supposed that it had been remedied by law, but some joker or some method of administration has always interfered, and relief has never come.

I want to tell you, Mr. President, I think we are justified in attaching to this bill, if we have the votes to do it, a limitation against the improvement of rivers until we have regulated the traffic both on the rivers and on the railroads so that our money will not be wasted and thrown away. I want to say to the Members of the Senate who are particularly interested in the improvement of the rivers that I believe I feel as deep an interest in their improvement as they do, but I am not so enthusiastic that I want to improve them when it will do nobody any good. I am willing that Senators should take public money with which to improve the rivers if the people in return may derive some benefit from lower freight rates, but the people are not getting such benefit now; we know they are not getting

it; and this bill will not give it to them. It is proposed to appropriate \$37,000,000 more of public funds to be thrown away on the improvement of rivers without bringing any return to the people who must toll to produce the money thus expended. If this proposed step surprises and annoys some Senators and makes them feel that the people are becoming revolutionary, just keep up the practice long enough, keep pushing down those who must pay taxes in the interior of the country to build up particularly favored cities and localities, and they will get a taste of something that is worse than this, and it will come naturally. I make no threat, Mr. President; I have no feeling of ill will against anyone, but a system is being perpetuated here that, carried to its logical limit, must result at some time in those who are already overburdened with taxation refusing to pay money to build up rival localities.

We ask nothing unfair; we are not asking that we be favored; we are not asking even that the charge for the short haul shall be less than the charge for the long haul. We are willing that those who have the long haul shall have their rates cut down as low as the rates of those who have only the short haul, but we are not willing to pay more for the short haul than for the long haul. We have been doing that for a lifetime, but we have come to a place where we feel that the injustice ought to end and we should be given some relief from that kind of a condition.

Talk about passing the bill as a separate measure! We have done that before, but it has not accomplished any good. Somewhere, at some place, somehow, somebody sidetracks it, pigeon-holes it, and no relief is afforded. What good does it do to spend millions of dollars every year on our rivers if we are not going to use the rivers? We are not justified in taking public funds out of the Treasury to improve and dredge the rivers and let them fill up in the natural course of events without boats plying on them. We are willing to appropriate public funds to dredge the rivers and to improve the harbors if there may be coupled with such appropriation a provision under which somebody will get some good out of it in addition to those who receive the money for doing the dredging.

We are not asking anything unreasonable or anything unfair, and there is no injustice in the proposal. We ought to have what is now demanded. We ought to provide before we spend a single dollar to dredge any river that boats when put upon it shall not be driven out of business by competition that is unfair and unjust, which always results in the rail rates going up immediately the boats are driven off. We in the interior ought not to be expected either to continue to toll and to pay taxes to build up rival cities and favored communities in some other localities. It seems to me, therefore, Mr. President, that if the amendment shall be modified as I have suggested there can be no injustice in it and it ought to be adopted.

GOVERNMENT INTEREST RATES

Mr. SHIPSTEAD addressed the Senate on Government interest rates.

After having spoken for some time, Mr. ROBINSON. Mr. President, will the Senator from Minnesota be good enough to yield until an effort is made to effect an arrangement about voting on the bonus bill?

Mr. SHIPSTEAD. Yes; I yield.

Mr. CURTIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. SHIPSTEAD. If it will not cause discussion I shall be delighted to yield.

Mr. CURTIS. The bonus bill has passed the House over the President's veto and will be presented here very soon.

Mr. ROBINSON. It is here now.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Page, its Clerk, announced that the President of the United States having returned to the House of Representatives, in which it originated, the bill (H. R. 7959) to provide adjusted compensation for veterans of the World War, and for other purposes, with his objections thereto, the House proceeded, in pursuance of the Constitution, to reconsider the same; and Resolved, That the bill pass, two-thirds of the House of Representatives agreeing to pass the same.

ADJUSTED COMPENSATION—VETO MESSAGE

Mr. CURTIS. Mr. President, some of the Senators on the other side desire to leave the city, and I desire to know if we can not reach an understanding as to when we will have a final vote upon this measure. So far as I am concerned, I am

ready to proceed now or on Monday or on any other day that is satisfactory to the different Senators.

Mr. NORRIS. Mr. President, it seems to me that Senators take an extraordinary course here, to break in right in the middle of a Senator's argument to take up something else.

Mr. ROBINSON. Mr. President, I suggest to the Senator from Nebraska that the Senator from Minnesota was good enough to yield.

Mr. NORRIS. I know he was, but—

Mr. ROBINSON. A number of Senators on both sides of the Chamber—some four or five on the other side and three on this side—have expressed a desire to leave the city. Many of them are leaving for the purpose of attending political conventions in their respective States. My impression is that if the arrangements can be effected a vote may be had next Monday. If that is not done, it may be necessary to defer the vote for several days.

I ask unanimous consent that immediately upon convening next Monday the Senate proceed to the consideration of the veto message, and that before the expiration of the calendar day of Monday the Senate vote finally upon it.

Mr. McKELLAR. That is day after to-morrow?

Mr. ROBINSON. Yes.

Mr. REED of Pennsylvania. Mr. President, I shall have to object to that, for the same reason that my friends on the other side object to making it two days later, Wednesday, as was suggested. We have in Pennsylvania a State committee meeting and a meeting of all our delegates to the Republican convention fixed for Tuesday morning, and it will be necessary for both my colleague [Mr. PERREA] and myself to leave here early Monday in preparation for that. Then there will be some debate on the matter of overriding the veto, and for that reason, it seems to me, that to fix a vote for Monday is a little too soon. I suggest to the Senator that he make it Wednesday or Thursday of next week.

Mr. ROBINSON. The difficulty about that, as the Senator knows, and as already stated, is that a number of Senators are leaving here Tuesday to be gone all the week, and the Senator from Indiana is leaving this afternoon.

Mr. REED of Pennsylvania. Then I suggest to the Senator that he make it a week from Monday—that would enable all of the absent Senators to get back—or next Saturday, a week from to-day, if that is preferable.

Mr. CURTIS. Why not a week from to-day?

Mr. McKELLAR. Mr. President, I have my doubts about whether we can get back. Our convention takes place on next Thursday, and we would have to leave early Thursday evening in order to get back here by Saturday morning.

Mr. REED of Pennsylvania. Would Monday be satisfactory to the Senator from Tennessee?

Mr. SHIELDS. Monday week? That would be only one day later than Saturday.

Mr. McKELLAR. That would be entirely satisfactory to me.

Mr. ROBINSON. I ask unanimous consent, then, that the Senate, on convening next Monday week, proceed to the consideration of the veto message on the adjusted compensation bill, and that not later than 10 o'clock p. m. of said day the Senate proceed to vote.

Mr. CURTIS. Mr. President, as the Senator having charge of the bill, I have no objection to that.

Mr. ROBINSON. That is May 26.

Mr. NORRIS. It will be necessary to have a roll call.

Mr. ROBINSON. We shall have to have a roll call, and, Mr. President, if no Senator who is present objects, I shall suggest the absence of a quorum.

Mr. SHIPSTEAD. Mr. President, I object to a roll call being had at the present time. When I yielded the floor—

Mr. ROBINSON. Will the Senator pardon me for another interruption? The Senator was good enough to yield for the purpose of submitting this request, and unless an arrangement is effected this afternoon for a final vote it will occasion considerable inconvenience to a number of Senators. I hope the Senator will be kind enough to permit this arrangement to be entered into now, and in order to do that it is necessary to have a roll call. If the Senator would prefer—

Mr. REED of Pennsylvania. Mr. President, I suggest that by unanimous consent these remarks about an agreement for a vote on the bonus bill be directed to appear in the Record apart from the remarks of the Senator from Minnesota, so as not to interrupt the sequence of his remarks as they will appear in the Record.

Mr. ROBINSON. Certainly. All proceedings on this subject. I think that is entirely proper.

The PRESIDENT pro tempore. Is there objection to the last request with respect to the continuity of the address of

the Senator from Minnesota? The Chair hears none, and it is so ordered.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. The Senator from Arkansas suggests the absence of a quorum in order to submit a request for unanimous consent.

Mr. SHIPSTEAD. Mr. President, I will say to the Senator from Arkansas that when I yielded—

Mr. ROBINSON. There is no intention of taking the Senator from Minnesota off the floor.

Mr. SHIPSTEAD. I am aware of that. I will say to the Senator that when I yielded the floor I did so with the understanding that there was to be no debate, and certainly I did not understand that there was to be a roll call or a vote; but in view of the fact that that is necessary now, since we have been interrupted so long, and in view of the fact that so many Senators want to leave the city, I will agree.

Mr. ROBINSON. I thank the Senator from Minnesota. That is very courteous of him.

Mr. McKELLAR. Mr. President, just one moment. I stated a while ago that I was willing to have a vote next Monday. Of course I should like to see this matter voted on at the earliest possible moment, and I am perfectly willing to vote to-day, if possible. I think the sooner we vote on it, the better.

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

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

Adams	Fess	Lodge	Sheppard
Ashurst	Fletcher	McKellar	Shields
Bayard	Frazier	McKinley	Shipstead
Borah	George	McLean	Simmons
Brandegge	Gerry	McNary	Smith
Brookhart	Gooding	Moses	Smoot
Broussard	Hale	Neely	Stanfield
Bursum	Harris	Norbeck	Stephens
Cameron	Harrison	Norris	Sterling
Capper	Hedlin	Oddie	Swanson
Caraway	Howell	Overman	Trammell
Colt	Johnson, Minn.	Pepper	Wadsworth
Copeland	Jones, N. Mex.	Phipps	Walsh, Mass.
Cummins	Jones, Wash.	Pittman	Walsh, Mont.
Curtis	Kendrick	Ralston	Warren
Edwards	Keyes	Ransdell	Watson
Fernald	King	Reed, Pa.	Weller
Ferris	Ladd	Robinson	Willis

The PRESIDENT pro tempore. Seventy-two Senators having answered to the roll call, there is a quorum present.

The Secretary will state the proposed unanimous-consent agreement.

The reading clerk read as follows:

I ask unanimous consent that the Senate, on convening next Monday a week, May 26, 1924, proceed to the reconsideration of the adjusted compensation bill, and that at not later than 10 o'clock p. m. on said day the Senate proceed to vote thereon.

Mr. ROBINSON. Mr. President, for the benefit of Senators who have come into the Chamber since the discussion that preceded the request for unanimous consent occurred, I desire to say that a number of Senators find it necessary to leave the city to attend political conventions in their home States. Some of them are leaving to-day, others will leave Monday, and still others upon days following:

I asked unanimous consent at first that the vote upon the reconsideration of the adjusted compensation bill be had next Monday. It developed that that agreement could not be secured, and that during the remainder of next week there would be absent a number of Senators who desire to be recorded upon the bill.

I therefore submitted the request for the earliest day when it appeared all Senators might be able to be present, namely, next Monday a week. I should like to see the vote had at an earlier time; I should like to see it had very promptly; but it does not appear possible to effect that arrangement, and Senators do not desire to leave with the question unsettled as to when the vote on the reconsideration of the bill will be had. I am merely submitting the request for the convenience of Senators on both sides of the Chamber who have advised that they are compelled to leave the city to attend political conventions.

The PRESIDENT pro tempore. Is there objection?

Mr. JONES of Washington. Mr. President, I desire to suggest that after a certain hour on that day the speeches be limited in time. Under this unanimous-consent agreement three or four Senators could take all the time.

Mr. ROBINSON. I have no objection to modifying the request in any particular with respect to a limitation of debate which the Senator desires to suggest.

Mr. JONES of Washington. I suggest that after the hour of 6 o'clock p. m. speeches be limited to 10 minutes.

Mr. ROBINSON. I have no objection to that modification. Indeed, I think it improves the agreement.

Mr. CURTIS. I have no objection to it.

The PRESIDENT pro tempore. Is there objection to the request as modified?

Mr. NEELY. Mr. President, reserving the right to object, I wish to announce that it will be impossible for me to be present on Monday, the 26th day of May, for the reason that our primary election is to be held in West Virginia on May 27. I desire to vote on this question, and purpose voting to pass the adjusted compensation bill over the President's veto. Unless the unanimous-consent agreement is modified so as to provide for the taking of the vote on some day other than the 26th or 27th of May, I shall be compelled to object to the request.

Mr. ROBINSON. I modify the request so as to make it a week from to-day, next Saturday, which would be the 24th, and I will move up the hour for the final vote, if no Senator objects, to 6 o'clock.

The PRESIDENT pro tempore. Is there objection to the request as now modified?

Mr. JONES of Washington. If that brings the final vote at 6 o'clock, we should modify the request so as to make the 10-minute limitation apply at 4 o'clock.

Mr. ROBINSON. Very well; let that be done.

The PRESIDENT pro tempore. Is there objection?

Mr. GEORGE. Mr. President, I am willing to vote on this matter this afternoon or any day early next week; but I can not possibly be here on next Saturday, and that is the situation of some other Senators, the Senator from Colorado [Mr. ADAMS] among others, on account of conditions similar to those in which the Senator from West Virginia [Mr. NEELY] finds himself.

Mr. ROBINSON. Mr. President, I have demonstrated that it is impossible to fix upon a day upon which every Senator will find it convenient to be present. Unless Senators want to be obstinate about the matter, and occasion great inconvenience to other Senators, I think some date ought to be fixed and notice given. Otherwise I shall move to proceed to the reconsideration of the bill next Monday upon the convening of the Senate. It is privileged, and I can do that.

Mr. CURTIS. The Senator ought to leave that to the Senator in charge of the bill. That Senator was going to serve the same kind of a notice.

Mr. ROBINSON. If the Senator will serve that notice, I will withdraw mine.

Mr. CURTIS. I am perfectly willing to handle the measure.

Mr. ROBINSON. I assure the Senator from Kansas that I have no intention of usurping his jurisdiction.

Mr. CURTIS. When I first made my statement I said to the Senate that I was willing to go on now, or to go on Monday, or at any time; but I am willing to consult the convenience of other Senators by having a day fixed.

Mr. BROOKHART. Is there any reason why we can not go on right now?

Mr. CURTIS. We could not go on now, with the Senator from Minnesota entitled to the floor, and Senators who are not here want to be heard.

The PRESIDENT pro tempore. The Chair understands that objection has been made.

SEVERAL SENATORS. No! No!

The PRESIDENT pro tempore. The Senator from Georgia [Mr. GEORGE] made an objection.

Mr. GEORGE. Mr. President, I did not make a formal objection, but it is simply a question of not wanting the Senate to decide on a day when I could not be here.

Mr. WATSON. I ask unanimous consent that we proceed to vote immediately upon the subject.

Mr. REED of Pennsylvania. I object, Mr. President.

Mr. CURTIS. Mr. President, I serve notice that upon Monday, immediately after the convening of the Senate, I will move that the Senate proceed with this privileged matter.

Mr. SHEPPARD. Mr. President, I call for the regular order.

Mr. CURTIS. Under the rule, until 2 o'clock on Monday the calendar will be the order. So I change my notice. I will call the adjusted compensation bill up immediately after 2 o'clock next Monday.

Mr. SHIPSTEAD. Mr. President, I will say this to the Senator, that if an agreement can be made to vote this afternoon I shall be willing to go on on Monday by unanimous consent, if it is agreeable that I continue my remarks on Monday. I shall not do anything to interfere with the Senate acting now, if the Senate will agree to act now. The fact that I have the floor need not stop the Senate from transacting this busi-

ness if the Senate will agree to do it now. I am willing to yield the floor for that purpose.

Mr. SMOOT. Mr. President, there are a number of Senators out of the city, and some will be leaving at 4 o'clock with the idea that we were not going to vote to-day. It would be unfair to them to take the matter up, and therefore I shall object.

Mr. SHIPSTEAD. If no agreement can be made, I shall refuse to yield the floor.

NAVAL APPROPRIATIONS—CONFERENCE REPORT (S. DOC. NO. 112)

Mr. HALE. Mr. President, I submit a conference report on the naval appropriation bill, and ask that it lie on the table and be printed. I give notice that I shall call it up at the earliest possible moment.

The report was ordered to lie on the table and to be printed, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6820) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1925, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 10, 18, 21, 32, 41, 46, 47, 49, and 64.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 7, 12, 13, 14, 15, 16, 17, 23, 26, 27, 33, 34, 35, 37, 38, 39, 42, and 61, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,550,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$3,409,826; for aviation material, equipment, fuel, and rental of hangars, \$320,174; in all, \$3,900,000, not more than \$1,242,289 of"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$62,500"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$17,550,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,100,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "Provided further, That no part of this or any other appropriation contained in this act shall be available for maintaining in commission, exclusive of vessels of other types, more than four cargo ships, two transports, and one ammunition ship, unless, in case of emergency, the President should otherwise direct. Nothing in this proviso shall be construed to hinder the return of any vessel to the port where it will be decommissioned"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "plant appliances as now defined by the 'Navy classification of accounts';"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "And provided further, That in computing for any purpose the length of service of any officer of the Navy, of the Marine Corps, of the Coast Guard, of the Coast and Geodetic Survey, or of the Public Health Service, who was appointed to the United States Naval Academy or to the United States Military

Academy after March 4, 1913, the time spent at either academy shall not be counted"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "in all, \$50,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "No officer of the Navy or Marine Corps, while on leave of absence engaged in a service other than that of the Government of the United States, shall be entitled to any pay or allowances for a period in excess of that for which he is entitled to full pay, unless the President otherwise directs"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,385,000"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$8,911,800"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and limiting the number of officers and enlisted men"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and that no part of the moneys herein appropriated for the Naval Establishment or herein made available therefor shall be used or expended under contracts hereafter made for the repair, purchase, or acquirement, by or from any private contractor, of any naval vessel, machinery, article or articles that at the time of the proposed repair, purchase, or acquirement can be repaired, manufactured, or produced in each or any of the Government navy yards or arsenals of the United States, when time and facilities permit, and when, in the judgment of the Secretary of the Navy, such repair, purchase, acquirement, or production would not involve an appreciable increase in cost to the Government"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 8, 25, 28, 30, 31, 40, 43, 44, 45, 48, 50, 51, 52, 53, 54, 55, 59, and 60.

FREDERICK HALE,
LAWRENCE C. PHIPPS,
CLAUDE A. SWANSON

(With exception of Senate amendment
No. 64, which I insist upon),
Managers on the part of the Senate.

BURTON L. FRENCH,
GUY U. HARDY,
JOHN TABER,
JAMES F. BYRNES

(Not in agreement on amendment No. 64),

W. B. OLIVER

(Not in agreement on amendment No. 64),
Managers on the part of the House.

Mr. SHIPSTEAD resumed and concluded his speech, which is entire as follows:

GOVERNMENT INTEREST RATES

Mr. SHIPSTEAD. Mr. President, the Senator from Nebraska [Mr. NORRIS] said something about being taxed for the purpose of raising funds to develop harbors and then being taxed again to pay railroad rates. There are more ways of taxing the people than by simply passing a tax bill requiring the citizen to go to the county treasurer, pay his county taxes and his State taxes, and pay his income and excise taxes to the Federal Government.

It is interesting to note that while we have been discussing the Army appropriation bill the President has vetoed the bill calling for adjusted compensation to the service men of the last war. For doing so he gives various reasons, the chief among which is his desire to lower taxes.

Mr. President, because the Senate, through various sources, has been led to believe and the country has been led to believe that the Secretary of the Treasury has been the chief financial adviser of the administration, and because of the fact that I myself and other Senators have been deluged with letters and telegrams asking the Congress to sign on the dotted line when it comes to passing tax measures or when it comes to acting upon questions of public finance that are proposed by the Secretary of the Treasury as the chief financial adviser of the administration, I want to discuss the conduct of the Government financing by the Secretary of the Treasury, and I want to discuss him as chief financial adviser of the administration; and I want to say that I do not intend to do it in a controversial spirit. I do not intend to do it in a partisan spirit. I want to confine myself to the facts, to the statements of the Secretary of the Treasury, and to the statements of his friends.

Mr. President, the President has vetoed the bonus bill. His message tells us that he has been actuated by various motives, chief among which is his desire for lower taxes and therefore easier economic burdens for the American people. A desire for lower taxation is a commendable one, upon which there can be no difference of opinion. I am firmly of the opinion, however, that the President is ill advised when he places the burden and cost of reducing taxes upon the soldiers. There are other ways whereby the burden of the people can be lightened and the taxes reduced without taking it out of the pockets of those who risked their lives at the request of the Government during the World War. There are many ways of placing unnecessary burdens upon the backs of the people, but the most universal manner is that of taxation. It is an axiom that "The power to tax is the power to destroy." It is also a recognized fact that the power to fix the interest rates is the power to tax, and therefore the power to destroy.

On February 1, during this session of Congress, I tried to impress upon the Senate the fact that this power had been so used and that it had resulted in an exorbitant rate of interest being charged on borrowings of all kinds in the United States to such an extent that it is conservative to say that the American people were paying an exorbitant interest charge of at least 1 per cent on borrowings of all kinds. That as a result of this exorbitant interest charge the American people were obliged to pay directly an unnecessary interest charge totaling \$1,000,000,000 per year, based on a total indebtedness, public and private, of \$100,000,000,000, which I know to be a very conservative estimate of the indebtedness of the people of the United States. At that time I also pointed out the law of economics—that each unnecessary cent that goes into the cost of production is multiplied five times when the article produced reaches the ultimate consumer, and that therefore, in accordance with that law, an exorbitant interest charge of \$1,000,000,000 entered into the cost of production of American products has been multiplied into \$5,000,000,000 when the products reach the ultimate consumer. I charge that this unnecessary burden of \$5,000,000,000 annually is the result of the extraordinary high interest rate paid by the Government, by commerce, public and private corporations, and private individuals. My remarks to the Senate on February 1 state that this high rate of interest was due to the high interest paid by the Federal Government upon its securities issued by the Secretary of the Treasury, the interest rate on which is fixed by the Secretary of the Treasury, and by the high rediscount rates of the Federal reserve banks; that these high rates serve as a peg on the money market of the United States and set the pace for high interest rates being charged on borrowings of all kinds. I called attention at that time to the fact that the Secretary of the Treasury is chairman of the Federal Reserve Board as well as Secretary of the Treasury, and therefore was to a large extent to blame for the high interest rates paid by the Government and high rate of discount charged by Federal reserve banks, and therefore for the high rate of interest being charged upon debts of all kinds in the United States.

Three months have passed by, and the matters I have referred to have been discussed in the financial journals all over the country, by bankers' conventions, and the Secretary of the Treasury has replied thereto in the public press in the April issue of the American Bankers' Association Journal, answering my remarks to the Senate of February 1.

Mr. President, I am sending to the desk a copy of that letter of the Secretary of the Treasury.

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator desire to have it read?

Mr. SHIPSTEAD. I will not take the time to have it read. I ask unanimous consent to have it printed in the Record with my remarks, without being read.

The PRESIDING OFFICER. Without objection the request will be granted.

The letter is as follows:

MARCH 17, 1924.

DEAR SIR: I received your letter of March 10, 1923, commenting on the address of Senator SHIPSTEAD of Minnesota on the floor of the Senate, February 1, 1924, in which he charged that the people of the United States are paying about 1 per cent too much interest on the public debt, and requesting a statement as to how the Treasury fixes the rate of interest on its borrowings.

The factors which the Treasury must always take into consideration in floating a new issue of securities are practically the same as those which must be considered by any investment banker in floating new issues for his clients. All Government offerings are made on a strict investment basis. The Treasury always aims to sell its securities at the lowest possible interest rate consistent with their successful distribution among investors, and with this in view it always gives close attention and consideration, in connection with the determination of the amount and terms of each issue, to the market quotations on outstanding securities and to prevailing money-market conditions. No one realizes better than the Treasury that the burden of paying the interest on the public debt falls on the country's taxpayers, and I can assure you that every effort is made to minimize this burden. On the other hand, it is necessary to meet market conditions in carrying on refunding operations and in securing funds to meet current activities. If Treasury certificates and notes should be offered at rates of interest lower than market conditions warrant, they would not prove sufficiently attractive to investors and the funds necessary to carry on the Government's activities would not be available. The Government can no longer appeal to the public to purchase its securities at less than market rates on grounds of patriotism.

In the Government financing which took place on December 15, 1923, the Treasury required, to meet maturing obligations and to carry it over the period to March 15, 1924, about \$350,000,000. One-third of this could be thrown into June 15, 1924, maturities, when maturing obligations were somewhat lower than expected receipts, and two-thirds placed in December 15, 1924, maturities, on which date there were no other maturing obligations. A summary of the market situation December 10, 1923, when the December 15 financing was announced, with the maturity dates, the amount of short-term issues then outstanding, and their return based on the market price, follows:

Maturity	Amount outstanding	Return
		Per cent
Mar. 15, 1924	\$570,946,500	3.85
June 15, 1924	\$11,088,600	4.04
Sept. 15, 1924	\$77,681,100	4.20
Dec. 15, 1924		
Mar. 15, 1925	\$98,355,900	4.39

Obviously the above market situation called for an interest rate of 4 per cent on the six months' certificates maturing June 15, 1924, and 4½ per cent on the certificates maturing December 15, 1924. That in spite of oversubscriptions the interest rate was correctly fixed is shown by the fact that in the week succeeding their issuance large amounts of the new issue of each series changed hands at par.

The March 15 certificates were offered Monday morning, March 10, and the previous Saturday the price of Government short-term obligations indicated the following returns on the maturity dates:

June 15, 1924	3.60
September 15, 1924	3.83
December 15, 1924	3.85
March 15, 1925	4.00
June 15, 1925	4.13
December 15, 1925	4.14

Faced with this market situation, a 3½ per cent rate was too low for a nine months' certificate. To have made this 3½ would have been to adopt an inconvenient rate. It was determined, therefore, to issue 12 months' certificates on a 4 per cent basis, which exactly hit the market.

It is possible, of course, that the Treasury might at times have issued its securities at a somewhat lower rate and have appealed to the Federal reserve banks to support the market through heavy purchases of such securities in case the proper distribution should not be effected. To pursue such a course in peace times, however, would seem to me to be inexcusable. It would create an artificial situation in the investment and money markets and tend to produce inflation. It may be noted in this connection that the Treasury has succeeded in borrowing on its certificates of indebtedness at a lower rate than even States and cities have been able to borrow on their fully tax-exempt short-term bills, though in substance the Treasury certificates are exempt only from the normal income tax. During the whole of February, for example, the city of New York paid 4½ and 4¾ per cent on its short-term bills, while the Treasury is now offering one-year certificates at 4 per cent. Moreover, the Treasury's long-term bonds not wholly tax exempt do not bear higher rates than the average on municipal bonds issued during and since the war, which are wholly tax exempt. The Treasury's wholly tax-exempt securities bear a rate

nearly 1 per cent lower than municipal tax-exempt securities. A glance at the public-debt statement will show that the great bulk of the outstanding public debt bears 4½ per cent or less. During the heavy refunding operations of 1921 and the early part of 1922, when the money market was tight and interest rates high, it was necessary, of course, to issue securities at somewhat higher rates, but it will be noted that none of these issues have long maturities. They all mature within the next few years and can soon be replaced by issues at lower rates according to the conditions of the market. In fact the two series of notes which bear the highest rates mature during the current calendar year and will be paid off or refunded at the market rates.

The principal evidence in support of the contention that the Treasury is paying too high rates seems to be that the various offerings were oversubscribed, but if one will take the trouble to examine the market it will be found that there are comparatively few successful offerings of securities of any kind which are not oversubscribed. In fact, if they are undersubscribed, the offering is in part a failure and reflects on the judgment of those who made it. The investment market is an exceedingly delicate affair, and a very small difference in rate will mean the difference between success and failure of the offering. Reference was made to the Treasury notes of January 15, 1923, bearing 4½ per cent and the notes of May 15, 1923, bearing 4¾ per cent. The daily quotations, which are, of course, the best index of what the market will take, show that soon after the issue of the 4½ per cent notes in January they dropped below par, and by May, when the next issue was due, they were selling at a yield of over 4.60. The May issue was an unusually large one, amounting to nearly \$700,000,000, and I do not believe anyone familiar with the market would contend that the issue would have been successful at a lower rate. You will recall the violent criticisms which were directed against the Treasury after the war when the Liberty bonds sold below par on the ground that the rates on the loans were too low.

In comparing the rates on acceptances with the various types of Government securities the differences in the nature of the issues in maturity dates, size of issues, changing market conditions, and other fundamental factors were wholly ignored. Rates on acceptances are for 90-day bills, and it might be noted that in December, 1923, the Treasury issued six-month securities at 4 per cent, and is now offering an issue of 12-month securities at 4 per cent, while the market rate on bills was 4½ to 4¾ on the former date and is now 4¾. A compilation of interest rates shows that the rate on 6-month certificates has conformed fairly closely to the rate on 90-day bills since 1921, and that the rate on commercial paper has run approximately three-quarters to 1 per cent higher.

Much of the criticism of the Treasury and the Federal reserve banks clearly betrays a lack of understanding of the fundamental economic principles which determine interest rates. The impression seems to prevail that conditions in the money market are due entirely to the rates paid on Government securities and to the discount rates of Federal reserve banks, and that these rates can be fixed arbitrarily at a higher or lower level, thus determining market conditions at will. On the contrary, both the rates paid on Government securities and the discount rates of Federal reserve banks reflect conditions in the money market rather than cause them. Fundamentally, interest rates are determined by the demand for and supply of capital. The comparatively high money rates which continue to prevail are the result of economic conditions which exist throughout the world.

The demand for capital everywhere following the destruction of the war is so great that high rates must be paid by those who wish to secure the limited supply. The return to normal rates must necessarily be a gradual process depending upon the rapidity with which the supply of capital is replenished. A scarcity of capital is something beyond the power of the Treasury or banks to prevent. It is a persistent fallacy that financial and credit institutions can create capital or make it cheap. They can manufacture credit, but only in a limited sense can credit take the place of capital. Capital can be created only by increased productivity and increased savings.

With reference to the effect of the Federal reserve bank rate on conditions in the Northwest, statistics show that in the Minneapolis district the average rate charged by member banks to customers on paper which they in turn rediscounted rose from 7.65 per cent in December, 1921, to 7.99 per cent in December, 1923, although the discount rate of the Federal Reserve Bank of Minneapolis declined from 5½ to 4½ per cent. On the latter date the spread between the discount rate and the rate charged by member banks to their customers was 3½ per cent. This would hardly bear out the contention that the plight of the banks in that district is due to the discount rate of the Federal reserve bank. A similar situation prevails in some of the other districts, particularly in the agricultural districts. Many banks have long been accustomed to charge the maximum rate allowed by the usury laws of the State, especially on the smaller loans. In some sections of the country these rates range from 6 to 10 per cent, and are still paid by many borrowers in spite of the discount rate of 4½ per cent. In many agricultural sections, moreover, a great majority of the commercial banks are not members of the Federal reserve system,

and under such conditions it would be difficult for the Federal reserve banks to exercise any great influence over the higher level of interest rates for these districts. In fact, the discount rates of none of the Federal reserve banks can be said to be effective at the present time in the sense that they are a controlling factor in the general level of interest rates. It should be noted in this connection that discount rates of Federal reserve banks are not fixed with the idea of enabling member banks to make a profit. Commercial banks are not primarily borrowing institutions; they are lenders, and for them to borrow in order to lend at a profit is universally recognized as unsound practice. The primary purpose of reserve institutions is to assist commercial banks in times of unusual or emergency demands rather than to extend a permanent line of credit on which member banks can make a profit. In connection with this whole question of discount rates and the function of reserve institutions, it is significant that in England and other European countries the bank rate is almost constantly higher than market rates on discountable paper. Since the entrance of the United States into the World War in 1917, however, the rates of Federal reserve banks have been lower than rates charged by member banks on practically all paper rediscounted.

While the Treasury welcomes any public discussion or suggestion with reference to its policies, I realize that much harm has been done by charges against the Federal reserve system by those who are neither familiar with the facts nor the fundamental economic principles involved. These charges have inflamed the minds of the public in certain sections with wholly imaginary evils and injustices, and any contribution that you can make toward the better understanding of our banking and financial systems will be a public service.

I fully appreciate the conditions in certain agricultural districts, but in my opinion the farmer's greatest enemies to-day are those who, posing as his champions, lead him into the belief that his ills can be cured by political measures rather than through the necessary economic adjustments, and who seek to divert him from facing the facts in the case by indiscriminate attacks on existing institutions. What the farmer needs above all else at this time is sound constructive statesmanship.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

Mr. JAMES E. CLARK,
Editor American Bankers' Association Journal,
110 East Forty-second Street, New York City.

Mr. SHIPSTEAD. Mr. President, in this letter the Secretary of the Treasury does not deny that the Treasury, through the Federal reserve banks, is outbidding banks for bank deposits on their savings certificates, paying a higher rate of interest than banks can afford to pay on savings. He does not deny my charge that there is an exorbitant rate of interest being charged on borrowings of all kinds. He does not say that the Treasury is not paying too high a rate of interest on several billion dollars of floating indebtedness. He does not deny that the rediscount rates of the Federal reserve banks are too high, but he says that the Secretary of the Treasury and Federal reserve banks are not to blame. He says that the high rate paid by the Secretary of the Treasury on Government issues and the high rediscount rate of the Federal reserve banks reflect the condition of the money market instead of causing those high rates.

In the article published in the American Bankers' Association Journal Secretary Mellon states:

Much of the criticism of the Treasury and the Federal reserve banks clearly betrays a lack of understanding of the fundamental economic principles which determine interest rates. The impression seems to prevail that conditions in the money market are due entirely to the rates paid on Government securities and to the discount rates of the Federal reserve banks, and that these rates can be fixed arbitrarily at a higher or lower level, thus determining market conditions at will. On the contrary, both the rates paid on Government securities and the discount rates of the Federal reserve banks reflect conditions in the money market rather than cause them. Fundamentally interest rates are determined by the demand for and supply of capital. The comparatively high money rates which continue to prevail are the result of economic conditions which exist throughout the world.

Then he goes on to say:

No one realizes better than the Treasury that the burden of paying the interest on the public debt falls on the country's taxpayers.

So he recognizes that fact.

Now I will quote another statement from a document bearing the name of the Secretary of the Treasury, in which he takes an entirely opposite point of view. This is from a document issued by the Federal Reserve Board, of which the Secretary of the Treasury is the chairman. This report is dated February 15. I believe it was not available until the first week in April,

which is the week in which his letter to the American Bankers' Association Journal was published.

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

Mr. SHIPSTEAD. I yield.

Mr. KING. Before proceeding to a consideration of the matter to which the Senator has just adverted, may I inquire if it is not a fact that the Secretary of the Treasury, in his borrowings, went into a number of the agricultural States—into Ohio and Illinois and Indiana and Iowa—and obtained from those States considerable money for these short-time certificates at a higher rate of interest than was then current in those respective localities?

Mr. SHIPSTEAD. Oh, yes.

Mr. KING. So that that would be a refutation of the statement which is contained in the letter which the Senator has just read.

Mr. SHIPSTEAD. Oh, yes. That drive was made for the sale of savings certificates drawing $4\frac{1}{2}$ per cent interest, compounded semiannually. I will say, however, that the newspapers record that on the 1st day of February that sale of savings certificates was stopped in the Northwest States.

I want to quote from this other document bearing the name of the Secretary of the Treasury. Here he gives an entirely different point of view on the question of whether or not the Federal reserve bank discount rate has anything to do with the rate of interest being charged on borrowings of all kinds. On page 10 he says:

The experience of the Federal reserve banks, notwithstanding that the brief period of their active operation on a considerable scale has been one of disturbed economic and financial conditions, is demonstrating that there is a sufficiently close connection between changes in Federal reserve bank rates and changes in interest rates charged their customers by member banks on a sufficiently large volume of customers' borrowings to make Federal reserve rates an important and at times a leading influence in money centers. In that sense the Federal reserve bank rates may be said to be effective. Its effectiveness and the range of its influence have been promoted in no inconsiderable degree in recent years by the increasing fluidity of the American credit system; that is, by the ease with which credit flows between the larger financial centers and the interior of the country.

Member bank customer rates have shown a tendency to move with Federal reserve bank rates. * * *

Are not these two statements entirely opposite and contradictory? In the first statement, Secretary Mellon states that the Federal reserve bank rates reflect conditions in the money market rather than cause them, but in the second statement he claims that there is a sufficiently close connection between changes in the Federal reserve bank rates and changes in rates charged their customers by member banks to make Federal reserve rates an important and at times a leading influence in money centers.

Which of the above statements is true? The letter to the American Bankers' Association Journal was written in reply to my address to the Senate of February 1, in which I charged that the Federal reserve rate kept up the interest rate on commercial borrowings, and Secretary Mellon's letter was not written until March 17, plenty of time for due deliberation. The report for 1923 by the Federal Reserve Board was made public the latter part of March or first part of April, so that the letter and report can be said to be simultaneous expressions from the Treasury Department.

There we have Mr. Mellon's view on the question of whether or not the high rate of interest being charged on borrowings of all kinds in the United States is caused by the Secretary of the Treasury setting the pace by offering an unnecessarily high rate of interest on Government securities, and rediscount rates charged by the Federal reserve banks. That seems to be the question in controversy.

The Secretary of the Treasury takes the position that the Federal reserve bank rediscount rates reflect the condition of the money market, and are not the cause of the high rate of interest. He admits that interest rates are high.

Since these statements were made some very interesting things have happened, because on the 1st day of May the Federal Reserve Bank of New York reduced its rediscount rate from $4\frac{1}{2}$ per cent to 4 per cent.

I want to call to the attention of the Senate the fact that on April 30, the day before that interest rate was reduced, call money on the New York market closed at $4\frac{1}{2}$ per cent.

I have an editorial from the Wall Street Journal which I send to the desk, and part of which I want to have printed. I do not care to have the whole editorial printed, but just enough to indicate the fact that the call-money rate at the close on April 29 was $4\frac{1}{2}$ per cent.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

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

[From the Wall Street Journal, May 1, 1924]

MONEY DEMAND IS SLOWING UP—RESERVE REDISCOUNT RATE REDUCED TO 4 PER CENT—BROKERS BORROWING LIGHTLY—COMMERCIAL PAPER STEADY

New York Federal Reserve Bank announced reduction on the rediscount rate from $4\frac{1}{2}$ per cent to 4 per cent Wednesday.

Last time the rediscount rate was changed was on February 23, 1923, when it was increased from 4 per cent to $4\frac{1}{2}$ per cent, when the Federal reserve banks of New York, Boston, and San Francisco all acted at once, so the same rate, $4\frac{1}{2}$ per cent, prevailed throughout the system.

It is believed that some of the stronger reserve banks, with high ratios, may follow the lead of the New York bank now. Each Federal reserve bank is free to take independent action on rediscount rate, subject to approval of the Federal Reserve Board.

Money market continues quiet. Tuesday's closing rate of $4\frac{1}{2}$ per cent brought a flood of out-of-town money to swell the already large local surplus so that the rate opened at $4\frac{1}{2}$ per cent.

Mr. SHIPSTEAD. Another editorial from the Wall Street Journal of April 30 read as follows:

Call money renewed at $3\frac{1}{2}$ per cent and gradually rose to $4\frac{1}{2}$ per cent in the afternoon without any particular demand for loans in the stock market or elsewhere.

The news that the New York Federal Reserve Bank had reduced its rate was not made known in the money market until after the close of business on May 1 of this year, and here we find in the editorial of the Wall Street Journal for May 1 this statement:

Money market continues quiet. Tuesday's closing rate of $4\frac{1}{2}$ per cent brought a flood of out-of-town money to swell the already large local surplus, so that the rate opened at $4\frac{1}{2}$.

Here is another editorial from the Wall Street Journal of May 1:

Liberty loans rally on rumors that Federal reserve rediscount rate will be cut.

When there was only a rumor in the money market that the Federal reserve bank intended to reduce its rediscount rate, Liberty loan bonds and other Government securities started to go up.

Rumors in the street yesterday to the effect that the Federal reserve bank would reduce the rediscount rate influenced activity in United States Government bonds and after early slight recessions most issues rallied above Tuesday's closing level. News of the cut in the bank rate did not come until after the close of the bond market so that the full effect of that constructive action was not reflected in yesterday's prices. Most of the surplus funds of banks and insurance has been placed lately in United States Government bonds and high-grade railroad issues. From now on, high-yielding bonds of the second grade should do better.

So we find that when it was only rumored that the Federal reserve rediscount rate would go down, bonds, and particularly Government issues, started to rise.

Mr. BROOKHART. Mr. President, I would like to ask the Senator if, conversely, at the time of the deflation in 1920, when the rediscount rates were raised, the prices of Government bonds were not depressed?

Mr. SHIPSTEAD. Certainly.

Mr. BROOKHART. And people who had bought those bonds for war purposes were forced to sell them at below par?

Mr. SHIPSTEAD. We know by bitter experience that that is true.

Mr. BROOKHART. Perhaps it might be reasoned from that that one of the big objects of deflation as talked at that secret meeting of May 18, 1920, was to depress the bonds and buy them in at the lower rates.

Mr. SHIPSTEAD. I do not see how any sane man can doubt that.

Mr. President, I have here an editorial from the Wall Street Journal of May 2, the day after the Federal Reserve Bank of New York lowered its rediscount rate, and I find this in large headlines:

United States 4½'s at record high. Reduction in Federal reserve rediscount rate and the decline of call loans to $3\frac{1}{2}$ per cent stimulates Government issues.

I want to call attention to the fact that the day after the Federal Reserve Bank of New York lowered its rediscount

rate from $4\frac{1}{2}$ per cent to 4 per cent, call money dropped to $3\frac{1}{2}$, and has never gone above that to this day. As a matter of fact, this morning's Wall Street Journal said that the money market last night closed at 3 per cent.

Here is what the Wall Street Journal said editorially as the effect of the reduction of the Federal reserve bank rediscount rate upon the money market:

Responding to the cut in the New York Federal Reserve Bank rediscount rate from $4\frac{1}{2}$ to 4 per cent and continued easy-call loans, which receded to $3\frac{1}{2}$ per cent in the afternoon, the bond market developed activity yesterday with attention centered chiefly on United States Government and other high-grade investment bonds. United States Treasury 4½'s established a record price of 102, and all the Liberty loan issues reached the highest prices for the year.

On May 2 there appeared in the North American of Philadelphia a communication from their correspondent in New York, which appears on page 23, in which he said:

Although bankers generally agree that the lowering of the local Federal reserve rate will result in easier money, its only effect to-day was in the call money market, which opened at $4\frac{1}{2}$ per cent, and then dropped successively to 4, $3\frac{1}{2}$, and $3\frac{1}{4}$.

Sharp rallies in Liberty bonds, which mounted in unusually active trading to the highest levels of the year, to-day measured the bond market's response to the reduction in the New York Federal Reserve Bank's rediscount rate. For the first time this year all active issues sold at par or higher, while the Treasury certificates reached a new price of 102, the highest ever recorded.

Mr. HEFLIN. Mr. President—

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

Mr. SHIPSTEAD. I yield.

Mr. HEFLIN. There is a Federal reserve bank also at Philadelphia. Does the Senator know the difference between the rediscount rate of the New York bank and of the bank at Philadelphia?

Mr. SHIPSTEAD. I will say to the Senator that up until May 1, when the New York Federal Reserve Bank lowered its rediscount rate to 4 per cent, the Federal reserve bank rediscount rates were uniform in all banks throughout the United States. Whether the Philadelphia bank has followed the action taken by the New York bank I do not know. I am quite sure it had not been done up to yesterday. But it is expected that it may be done. Whether they will do it or not we can not tell.

Mr. SMITH. Mr. President, I have not heard all of the Senator's speech; but has the contention been made that the rediscount rate at the regional or reserve banks has not affected the flow of money or the rates that were exacted in the member banks, and in the ordinary commercial and national banks?

Mr. SHIPSTEAD. I will say to the Senator that I made the charge on the floor of the Senate last winter that it affected borrowings of all kinds.

The Secretary of the Treasury, in a letter written to the American Bankers' Association Journal on March 17, and published in the April issue, made the statement that the Federal reserve discount rates reflected a condition in the money market and the interest rate in America instead of being the cause of those high rates. Does that answer the Senator's question?

Mr. SMITH. I was just wondering if, under an amendment offered on the floor of the Senate by the Senator from Connecticut [Mr. McLEAN], chairman of the Committee on Banking and Currency, and adopted by the Senate, which was known as an amendment to provide a progressive and graduated rate when the borrowings of the bank had reached a certain base line and above it, they were to be foreclosed by the progressive and graduated rates that were incorporated in the Federal reserve act.

Mr. SHIPSTEAD. That is correct.

Mr. SMITH. I have a statement from officials of the Federal reserve bank that under the operation of that amendment in some places the discount charges were 16 per cent, and in one case in Alabama 87½ per cent was charged, not because the security was not ample or perhaps was not safe, but simply because they wished to reduce operations and to bring about deflation, which they did amply succeed in doing.

Mr. SHIPSTEAD. I will say to the Senator that I think he is absolutely correct. It may seem presumptuous to take up the time of the Senate this afternoon with a discussion of a question so rudimentary as that, but because of the fact that the Secretary of the Treasury has not recognized the power of the Federal reserve bank through the control of the rediscount rate to control the interest rates, the high rates of interest being charged all over the country, and because of the fact

that the Senate and the people of America are asked to accept him as their official infallible adviser on questions of public finance, I am taking up the time of the Senate this afternoon to show what has actually taken place in the money market since the Federal Reserve Bank of New York reduced its rediscount rate on the 1st of May.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from North Carolina?

Mr. SHIPSTEAD. I yield.

Mr. SIMMONS. Am I to understand the Senator to say that the Secretary of the Treasury has stated that the Federal reserve system did not fix the rate of interest but, rather, followed the commercial rate? I was under the impression that one of the chief objects and purposes of the Congress in the establishment of the Federal reserve system was that it might act as a regulator, so to speak, of the interest charges made in ordinary commercial transactions, just as the Bank of England has always been supposed to regulate the interest charge prevailing in the Kingdom of Great Britain. It is news to me and rather a startling statement to come from the Secretary of the Treasury that the Federal reserve system is not performing that function at all but simply following in the wake of commercial enterprises and commercial investments in commercial enterprises.

Mr. SHIPSTEAD. I will say to the Senator that before he came into the Chamber I quoted the Secretary's point of view on that question contained in a letter to the American Bankers' Association Journal and published in their issue for April. For the benefit of the Senator and other Senators who were not in the Chamber when I quoted the Secretary previously, and because I do not want to misstate what he said, I will read the direct quotation again.

Mr. SIMMONS. I would like very much to hear it.

Mr. SHIPSTEAD. He said:

Much of the criticism of the Treasury and the Federal reserve banks clearly betrays a lack of understanding of the fundamental economic principles which determine interest rates. The impression seems to prevail that conditions in the money market are due entirely to the rates paid on Government securities and to the discount rates of Federal reserve banks, and that these rates can be fixed arbitrarily at a higher or lower level, thus determining market conditions at will. On the contrary, both the rates paid on Government securities and the discount rates of Federal reserve banks reflect conditions in the money market rather than cause them. Fundamentally, interest rates are determined by the demand for and supply of capital. The comparatively high money rates which continue to prevail are the result of economic conditions which exist throughout the world.

Mr. SIMMONS. Does the Senator understand that to mean that the Federal reserve banks can not in any way affect the rate of interest charged in the country, either to reduce that rate or to pursue a policy which would necessarily force down the rate?

Mr. SHIPSTEAD. I think the language is very plain when he says that those rates reflect conditions in the money market rather than cause them.

Mr. HEFLIN. Mr. President, will the Senator permit me to interrupt him?

Mr. SHIPSTEAD. Certainly.

Mr. HEFLIN. It was the purpose or one of the purposes in creating the Federal reserve system to control just such situations as he talks about, but those who are now in control are saying that conditions in the money market fix the rediscount rates and not the Federal Reserve Board.

Mr. SHIPSTEAD. That is what the Secretary said. I will say to the Senator from North Carolina that the Federal Reserve Board issued a report dated February 15, in which they took the opposite point of view, and because the Senator was not in the Chamber when I read it I will read it again.

The experience of Federal reserve banks, notwithstanding that the brief period of their active operations on a considerable scale has been one of disturbed economic and financial conditions, has demonstrated that there is a sufficiently close connection between changes in Federal reserve bank rates and changes in rates charged their customers by member banks on a sufficiently large volume of customers' borrowings to make the Federal reserve rates an important and at times leading influence in the money markets. In that sense the Federal reserve rate may be said to be effective.

Mr. SIMMONS. I never supposed the Federal reserve banks could absolutely fix the rate of interest in the United States, but I did suppose the Federal reserve banks might exercise a largely determining influence in the fixing of the rates of interest throughout the country. I thought that was the pur-

pose of the inauguration of the system. When the deflation policy was first inaugurated it was very well understood at that time that the Federal Reserve Board, in fixing the rate at that time, was fixing it for the purpose not only of influencing but to a very large extent controlling the rates of interest throughout the country.

Mr. SHIPSTEAD. Certainly.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Florida?

Mr. SHIPSTEAD. I yield.

Mr. FLETCHER. The Secretary seems to claim that the ample supply of capital—and by that he means the supply of money deposited in the banks, savings accounts, and elsewhere—has an influence in the matter of fixing the rediscount rates. In a statement issued by the Federal Reserve Board on April 30, 1924, it appears that in the various Federal reserve districts the savings deposited in the Federal reserve districts amounted on April 1, 1924, to \$7,307,062,000, as against \$6,740,410,000 on April 1, 1923. It appears also that the time deposits in all the national banks exceeded \$6,000,000,000. So we have savings deposits of over \$7,000,000,000 and time deposits of over \$6,000,000,000 in the banks. There would seem to be a supply of capital.

Mr. SHIPSTEAD. I have here an editorial from the Wall Street Journal of May 8, in which it is said:

Business has not receded nearly so far as some opinions indicate. Loans are still in demand, and liquidation of old business is hardly sufficient to keep down total loans outstanding. Total loans of reporting member banks in leading cities stood at \$12,062,136,000 on April 16. They were at \$12,066,813,000 on January 2, which was the high point since deflation in 1921.

This report is only from about one-third of the money markets of the United States, showing that there is a tremendous demand for capital, that capital is not unemployed, that there is plenty of capital in the country, and that there are more bank borrowings now than there have been since 1921.

Of course during the deflation period of 1920 the Federal reserve banks annihilated the credit which they had created during several years prior to the time when they put in that period of deflation by restricting the circulating medium of the country and thereby breaking the prices of agricultural products, causing the Liberty loan bonds to come out from the people who had bought them at par, and compelling them to sell at 80 and 85. It is very significant that they did not come back until after the revenue act of 1921 was passed putting them on the tax-exempt list when held by corporations.

It was not only the Liberty loan bonds that were shaken out of the hands and pockets of the American people during that period of deflation. The American people during that period were, by this power of the control of the money and credit and discount of interest rates, deflated out of many billions of dollars. The Secretary of Agriculture has said that the American farmer alone was deflated or dispossessed at \$18,000,000,000 in property. I had never claimed that he had been deflated out of more than \$12,000,000,000, but the Secretary of Agriculture claimed he was dispossessed of \$18,000,000,000. The Manufacturers' Journal, of Baltimore, makes the statement that the American farmer was dispossessed of \$32,000,000,000 of property. That is a very conservative journal and therefore very respectable, so I hope the Senate will take under consideration the statement which I have just quoted.

Mr. BROOKHART. Is it not true that this control of interest rate also has an effect upon prices?

Mr. SHIPSTEAD. From the editorials which I have read from financial journals that I have been quoting this afternoon it is evident that immediately upon the drop in the rediscount rate by the Federal Reserve Bank of New York on May 1 the market prices of all kinds of securities were affected and Government issues that the Secretary of the Treasury sold March 15, 1924, to yield 4 per cent, are now sold on the open market to yield about 3.59.

Mr. BROOKHART. Is it not then true that the greatest economic power in our country, and therefore the greatest in the world, is located in the administration of the Federal reserve system?

Mr. SHIPSTEAD. Oh, certainly. It controls all industries.

Mr. BROOKHART. Does it not behoove the Congress to find out and know more about how that institution is controlled?

Mr. SHIPSTEAD. I think Congress should. Here I have an editorial from the Wall Street Journal of May 14, wherein the editor said:

Commercial paper always shows a tendency to rule at one-half of 1 per cent above the reserve bank rediscount, and when shaded below this figure hardly represents the market. In any event, the rediscount rate practically "pegs" the rate at 4½ per cent as minimum.

Here we have the editor of the Wall Street Journal admitting that the Federal reserve bank rediscount rate "pegs" the money market at 4½ per cent on the open market.

The Wall Street Journal for May 16, speaking editorially, states:

Money market, while quiet, is remarkably steady at the new level recognized by the reduction in the New York Federal Reserve Bank rediscount rate on May 1. Call money rate has not moved from 3½ per cent since the close of the market on that day. It is as if pegged. Time money is extremely dull and readily available at 4 per cent for most dates.

In my address of February 1, I quoted from Wall Street Journal of January 25, 1924, the following:

Federal reserve rediscount rate serves as a peg, insuring paper from going lower.

In Wall Street Journal of April 26, 1924, the following statement appears:

Bankers do not look for any further softness in commercial paper while the Federal bank rediscount rate holds at 4½ per cent.

I quote further from the same issue of the Wall Street Journal, May 16, 1924:

Country banks show no inclination to loan their funds at anywhere near the present market. They are finding more profitable use for their money nearer home or turning to such short-term securities as Treasury certificates and notes, bankers' acceptances and commercial paper. In any event, brokers' borrowings are so light that no considerable amount of interior money could be absorbed even though it were offered.

So we find that as a result of the lowering of the rediscount rate of the Federal Reserve Bank of New York money is beginning to flow back into the country to finance the business of the interior of the country.

I have here the editorial page of the Literary Digest for May 17; that is to-day. I send it to the desk and ask that the two paragraphs marked in ink be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

For a year past the bank rate has been 4½ per cent for all the Federal reserve districts. Now that New York has lowered it to 4 per cent, other eastern reserve banks are expected to follow suit; and, of course, interest rates on loans and deposits will be correspondingly cut down.

For money has of late been cheap in New York, call money being quoted at 4½ per cent at the end of April. We are reminded in the New York Times that 4 per cent is the lowest rate that the reserve banks have fixed at any time since the system was established in 1914.

Mr. BROOKHART. Mr. President—

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

Mr. SHIPSTEAD. I yield.

Mr. BROOKHART. I should like to remind the Senator from Minnesota of a fact that I ascertained in reference to the co-operative banking system of England. In the panic of 1908 over there the Bank of England was forced for a while to raise its discount rate, as I remember, from 3½ to 7 per cent. At the same time the cooperative system, which was then a very large system, was able to go through, and did go through, that period with an interest rate of 3½ per cent, without change or modification. Is not that an indication that the cooperative idea of banking is sounder and safer and better in every way than is the competitive idea which we in this country follow?

Mr. SHIPSTEAD. I think the Senator from Iowa is correct; but I maintain that a comparison between the banking system of England and the banking system of the United States is not a fair comparison, because the Bank of England is controlled by the merchants who borrow the money and who are interested in a lower rate of interest on money with which to finance their business, while the banking system of the United States is in control of the bankers, who are interested in a high rate of interest.

Mr. BROOKHART. But the cooperative banking system of England is controlled by the cooperative merchants, and it is fair to compare the two systems in England. I do not mean

to compare the English system with that of the United States, but to compare the two systems in the same country.

Mr. SHIPSTEAD. Oh, yes.

Mr. BROOKHART. On that basis I think the comparison is fair.

Mr. SHIPSTEAD. A cooperative system of banking in the United States, if it were of such a character that it could control the volume of loans, I am confident would cut the interest rates on commercial borrowings.

Mr. BROOKHART. As well as on agricultural loans.

Mr. SHIPSTEAD. Absolutely. English commerce pays a much smaller rate of interest than does American commerce. The British Government sells its short-term treasury bills for 3 per cent and less, and sells them at competitive bidding to the highest bidder. The United States gives the power to fix the interest rate on Government securities to the Secretary of the Treasury.

Mr. HEFLIN. Mr. President, I should like to ask the Senator from Minnesota if the Bank of England has not recently reduced its interest rate?

Mr. SHIPSTEAD. That I can not tell the Senator.

Mr. HEFLIN. It has.

Mr. SHIPSTEAD. I have, however, heard rumors to the effect that it was going to raise its discount rate in the near future.

Mr. HEFLIN. I noticed some time ago—I think a month or more ago—that the Bank of England had reduced its discount or interest rate, and my recollection is that it was about half of what the discount rate is in the United States.

Mr. SHIPSTEAD. As to that, I can not inform the Senator. I know that the Bank of England operates in a different manner than does the Federal reserve banking system of the United States. The Federal reserve banks of the United States were copied after the German Reichsbank system, which was controlled by the bankers of Germany. The Bank of England is not controlled by the bankers of England, but is controlled by the merchants and they use the bank for the purpose of keeping the interest rate, so far as commerce is concerned, as low as possible because they are interested in having a low rate of interest.

Mr. HEFLIN. The Federal reserve system was intended to be controlled by a board appointed by the President and confirmed by the Senate that had no connection whatever with any bank in the country. I agree with the Senator that now the influence of the bankers of the country seems to be controlling the board.

Mr. SHIPSTEAD. I do not know what the intention was, but I do know what we were told was the intention when that system was established by law. We were told it was to be a money system that would give us an elastic currency that would expand and contract with the natural flow of commerce, and that it would always furnish plenty of money to business and commerce, so that there should never be a panic due to a scarcity of money and there should never be hard times due to a scarcity of money, because the Federal reserve banks could issue money based upon credit, and so long as anyone who was entitled to credit wanted to use that credit he could have it and the Federal reserve banks would see that that credit was extended to him.

Mr. HEFLIN. Absolutely; and President Wilson referred to the Federal reserve law as having established a democracy of credit so that any man who had a going business and who needed money could get money whenever he needed it.

Mr. SHIPSTEAD. He found out in the fall of 1920 that he could not get it.

Mr. HEFLIN. Absolutely; and that is when Wall Street got control of the board.

Mr. JOHNSON of Minnesota. Mr. President, if the Senator will yield, let me ask was not the trouble that they loaned out too much money for two or three years during the time of inflation? That was the main trouble. Anybody could get money with which to speculate, but he had to stop sooner or later.

Mr. HEFLIN. I agree with the Senator that they let them have too much with which to speculate.

Mr. JOHNSON of Minnesota. And the Federal reserve banks are to blame for it.

Mr. HEFLIN. But if they had stood with the West and with the South on their loans and had not forced them to sell their products, I do not think we would have had a panic.

Mr. BROOKHART. Is it not true that the powers granted and the system of administration adopted enabled those in control of the Federal reserve banks to produce a panic in agri-

culture? For four years they have been able to sustain every other line of business and prevent it from suffering a panic, while the panic in agriculture continues to be quite as serious as it was in the beginning.

Mr. SHIPSTEAD. Mr. President, I wish to digress from the main tenor of my remarks to answer the statement which has been made that the panic was caused because there was too much money loaned. I admit that there was too much credit extended, for instance, for speculative purposes. Credit should never be extended for speculation. That is a matter of good judgment in banking; but I maintain that in 1920 credit was not denied to the speculator but it was denied to the productive industries of the country. The farmer, who was entitled to credit and who had plenty of property with which to back up his loans with security, could not get any credit; the man who was engaged in legitimate business and had plenty of property could not use his credit in the fall of 1920 and the winter of 1921.

I do not wish to take up unnecessarily the time of the Senate to go into the history of that period, but I know of a case at Lehigh, Pa., for instance, which I think is quite typical. A man in Lehigh, Pa., had a small steel plant. He had assets of about \$700,000; he had \$200,000 cash in the bank; he had orders amounting to \$1,500,000, upon which he expected to make a profit of \$400,000; but in order to pay his labor and in order to discount his bills he had to make use of his credit. If there was anyone who was entitled to credit it should be an individual with a business in that condition. He went to his bank in the local town and with them made arrangements that they should secure for him a credit of \$200,000 at the Girard National Bank in Philadelphia. He did not need that money at once, but he made arrangements so that when he did need it, it would be available. However, when the time came when he needed that credit for the purpose of finishing his contracts and keep his plant going, his banker came with a letter from the bank in Philadelphia which had agreed to extend the credit and said, "We know that we promised to take care of that manufacturer, but conditions have now changed and we are unable to do so." What was the result? That man was forced into receivership. As I have said, when he made the arrangements for the credit he had assets of \$700,000 and \$200,000 cash in bank and he had running liabilities of \$180,000. He tells me he was sold out last winter by the receivers for \$47,000. According to Dun and Bradstreet 50,000 concerns have been forced into bankruptcy since the fall of 1920.

Mr. NORBECK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from South Dakota?

Mr. SHIPSTEAD. I yield.

Mr. NORBECK. I have listened with a great deal of interest to this discussion, and I think the able Senator is on the right track.

Mr. SHIPSTEAD. I hope so.

Mr. NORBECK. Deflation was carried to the point where it did unnecessary injury. It is easy now to say to the farmers and the business men, "You should not have gone so far"; but the fact is that the bankers, even the Federal reserve bankers, encouraged the extension of credit and almost begged people to take money; in other words, asked them to get out on a limb and then sawed them off afterwards.

Mr. SHIPSTEAD. Yes.

Mr. NORBECK. I think one of the heaviest drains upon productive industry is the high interest rate. I remember very clearly when Secretary Wallace advocated the intermediate credit system the chief argument in support of it at that time was that it would reduce interest rates one-half of 1 per cent, and that if that were done it would be equal to a 20 per cent reduction in freight rates on agricultural products.

Mr. SHIPSTEAD. I think the Secretary is right.

Mr. NORBECK. If that is the case, the question of interest rates is a very far-reaching one.

Mr. SHIPSTEAD. I think the Senator from South Dakota is absolutely correct. High interest rates, which are multiplied, according to established and recognized laws of economics, five times by the time the product reaches the ultimate consumer, place a tremendous and unnecessary burden upon the American people amounting to at least five billions of dollars a year.

Mr. NORBECK. But we could not get the reduction in freight rates, we were told; and we did not get the one-half of 1 per cent reduction in interest rates which would have been its equivalent, so that the problem is still before us to be dealt with.

Mr. SHIPSTEAD. Oh, yes.

Mr. President, I have here an editorial from the Wall Street Journal for May 17, 1924. I will read the headline and one paragraph. It is headed:

Money market breaks again.

The money market broke yesterday.

Call money renewed for over the week end at $3\frac{1}{2}$ per cent and after an hour dropped to 3 per cent. This renewal rate spoiled the flat picture of $3\frac{1}{2}$ per cent, which, as stated, ruled uninterruptedly since May 1, so that the average renewal rate for the week works out 3.45 per cent, compared with $3\frac{1}{2}$ per cent the week before.

In his letter to Chairman GREEN, dated November 10, 1923, Secretary Mellon states:

These taxpayers are withdrawing their capital from productive business and investing it instead in tax-exempt securities and adopting other lawful methods of avoiding the realization of taxable income.

Secretary Mellon made this statement in connection with his plea for reduction of surtaxes. He did not state what productive business was lacking capital, except he stated that taxpayers subject to the higher taxes can not afford to invest in American railroads or industries or embark upon new enterprises. He certainly did not advocate that more people should engage in the production of agricultural products, for the reason that when farmers ask for relief from the present deplorable condition they are met with the charge that their difficulties are due to overproduction. I have been unable to find any line of business in which production is not sufficient to meet the demands of the people. I have read financial journals very carefully since last December and have often found headlines to the effect that money was plentiful; that there was a "plethora of money"; that railroad bonds and other industrial bonds have found a ready market; and by examining the reports of large business enterprises I find that they have a large amount of cash and investments in securities. Secretary Mellon states in his letter:

There are comparatively few successful offerings of securities of any kind which are not oversubscribed.

It may be asked, "How about the small concerns?" There are very few small concerns left. They were forced out of business during the deflation of a few years ago, when over 50,000 business concerns were forced to the wall by the deflation policy of the Federal reserve banks.

[At this point Mr. SHIPSTEAD yielded that a time might be fixed for voting on the President's veto message.]

Mr. SHIPSTEAD. Mr. President, I shall refuse to yield any further. I shall finish as hurriedly as I can, and I ask the indulgence of the Senate not to be interrupted.

We are constantly met with the threat that unless we reduce the surtaxes capital will be kept out of production in business. I will read from the Good Book, Luke xvi, 19:

There was a certain rich man, which was clothed in purple and fine linen, and fared sumptuously every day.

And there was a certain beggar named Lazarus, which was laid at his gate, full of sores.

And desiring to be fed with the crumbs which fell from the rich man's table.

Mr. COPELAND. Mr. President, may we have order in the Chamber? We are anxious to hear the quotation.

The PRESIDENT pro tempore. The Senate will come to order.

Mr. SHIPSTEAD. I will say to the Senator from New York that the quotation was from Luke xvi, 19, and reads as follows:

There was a certain rich man, which was clothed in purple and fine linen, and fared sumptuously every day.

And there was a certain beggar named Lazarus, which was laid at his gate, full of sores.

And desiring to be fed with the crumbs which fell from the rich man's table.

I will read no further. The words quoted describe an economic condition. Did you ever stop to think of what would have happened to Lazarus if the rich man had voluntarily desisted from letting any crumbs fall from his table? But that is exactly what we are threatened with now. I have received a letter in which the writer purports to set forth a copy of a telegram he sent to Representative JOHN N. GARNER, from which I quote the following:

In continuing the high surtax you and your colleagues are striking a very hard blow at all higher educational institutions of America, which are entirely supported by voluntary contributions from the income of patriotic citizens.

This looks to me as a threat that if we do not cut the surtax rates there will be no crumbs for our higher educational institutions. And it has occurred to me, if these institutions are supported by "crumbs," have these institutions not also the threat hanging over them that if they teach anything, no matter how true it may be, that will in any way interfere with the business of these donors there will be no more crumbs falling? Are we not simply fed on "crumbs" of truth from some of these large institutions?

But my attention has also been called to another important document that has been issued by the Treasury Department during the last month. I refer to an article in Public Affairs for May, 1924, signed by "Garrard B. Winston, Undersecretary of the Treasury":

[From Public Affairs, May, 1924]

SPEAKING OUT IN MEETING

To the Editor of Public Affairs:

I note that you have given publicity, in the April issue of Public Affairs, to the speech of Senator SHIPSTEAD with reference to interest rates on the public debt. In making his comparisons the Senator has wholly ignored the differences in the nature of issues, maturity dates, changes in market conditions, size of issues, and other fundamental factors involved in determining the rates on securities sold to the public. He devotes much space, for example, to the difference in rates on pre-war securities and those which are being floated at the present time, apparently oblivious of the fact that billions of dollars' worth of the world's capital was destroyed in the Great War, thereby increasing the price of capital universally. Much labored effort was made to show that the circulation privilege was not an important factor in determining the rates on pre-war bonds and the proof seems to be that there are about \$42,000,000 out of about \$800,000,000 of such securities which are not deposited with the Treasury as security for national-bank circulation. In other words, about 95 per cent of the bonds available to secure circulation are deposited with the Treasury for that purpose, but this is not sufficient in the Senator's mind to show that the privilege enhanced the value of those securities. Moreover, no mention was made of the fact that pre-war bonds are wholly tax exempt.

The best index of what the market will take is, of course, current daily quotations, and instead of referring to the rates on pre-war wholly tax-exempt securities bearing the circulation privilege, would it not be better to apply as a test to determine rates on an offering quotations on similar securities outstanding? As you doubtless know, most of the Government $4\frac{1}{2}$ per cent bonds have been selling below par ever since they were issued, and you will recall the violent criticisms which were directed against the Treasury after the war on the ground that the rates on these loans were too low. Particular reference was made in the Senator's address to the Treasury notes of January 15, 1923, bearing $4\frac{1}{2}$ per cent interest and the notes of May 15, 1923, bearing $4\frac{1}{2}$ per cent interest. Daily quotations show that soon after the issue of the $4\frac{1}{2}$ per cent notes in January they dropped below par, and by May, when the next issue was due, were selling at a yield of over 4.60. The May issue was an unusually large one, amounting to nearly \$700,000,000, and I do not believe anyone familiar with the market would contend that the issue would have been successful at a lower rate. In emphasizing the rates paid during 1923 no reference was made to the fact that the Treasury was able to sell four issues during 1922 at less than 4 per cent, clearly indicating changing market conditions in 1923 which the Treasury had to meet.

You may be interested in a concrete example of how the rates on securities are determined. The March 15, 1924, certificates were offered Monday morning, March 10, and the previous Saturday the price of Government short-term obligations indicated the following returns on the maturity dates:

June 15, 1924	\$3.60
September 15, 1924	3.83
December 15, 1924	3.85
March 15, 1925	4.00
June 15, 1925	4.13
December 15, 1925	4.14

Faced with this market situation, a $8\frac{1}{2}$ per cent rate was too low for a nine-months certificate. To have made this $3\frac{1}{2}$ would have been to adopt an inconvenient rate. It was determined, therefore, to issue 12-months certificates on a 4 per cent basis, which exactly hit the market.

It may be noted in this connection that the Treasury has succeeded in borrowing on its certificates of indebtedness at a lower rate than even States and cities have been able to borrow on their fully tax-exempt short-term bills, though in substance the Treasury certificates are exempt only from the normal income tax. During the whole of February, for example, the city of New York paid $4\frac{1}{2}$ and $4\frac{3}{4}$ per cent on its short-term bills, while the Treasury is now offering one-year certificates at 4 per cent. Moreover, the Treasury's long-term bonds not wholly tax exempt do not bear higher rates than the average on

municipal bonds issued during and since the war which are wholly tax exempt. The Treasury's wholly tax-exempt securities bear a rate nearly 1 per cent lower than municipal tax-exempt securities.

Reference was also made to the Treasury savings certificates yielding $4\frac{1}{2}$ per cent. It should be noted that they yield $4\frac{1}{2}$ per cent only if held to maturity, but if redeemed before maturity the yield is only $3\frac{1}{2}$ per cent. The interest, moreover, is not collectible every six months as on bank deposits or other forms of investment, but accumulates and is payable only at maturity or whenever redeemed, and if redeemed before maturity the rate will be only $3\frac{1}{2}$ per cent as noted. I am sending you as of possible interest in this connection a Treasury press release on United States Treasury savings certificates.

While these subjects are not simple enough to be easily grasped by the general public, the facts are all available to those who are interested in getting at the truth of the matter, and I think you will agree with me that no public service is rendered by a dissemination of half truths and false impressions.

GARRARD B. WINSTON,
Undersecretary of the Treasury.

The closing words of the article are:

I think you will agree with me that no public service is rendered by a dissemination of half truths and false impressions.

I thoroughly agree with this statement, and I greatly deplore the fact that the article written by this high official of the Treasury Department contains so many half truths, and some statements that do not come within 99 per cent of being true.

This article was also written in reply to my address of February 1, and as certain portions of this article in Public Affairs, and the article referred to in the American Bankers' Association Journal are identical, I will discuss both articles at the same time.

Both articles claim that municipal bonds are wholly tax exempt. This is not true, and I called attention to this fact in my former address, namely, that if a citizen of one State holds municipal bonds of another State these bonds are subject to the tax laws of the State where he resides. I am greatly indebted to the Senator from New York [Mr. COPELAND] for the following telegram:

ALBANY, N. Y., April 14.

HON. ROYAL S. COPELAND,

Washington, D. C.

Income derived from Minnesota State bonds taxable in New York.

JOHN F. GILCHRIST,

President State Tax Commission.

This shows that the State of New York, which is the greatest market in the United States for the purchase of all State and municipal bonds from all over the United States, taxes its citizens upon the income of bonds of other States and municipalities outside of the State of New York, owned by citizens of New York. This ought to be common knowledge to the high officials of the Treasury Department, but still they insist on calling State and municipal bonds wholly and fully tax exempt.

In discussing the Treasury savings certificates that are being sold, the Undersecretary forgets to state that the interest—a little better than $4\frac{1}{2}$ per cent—is compounded semi-annually. One would get the impression from his article that these certificates draw only $4\frac{1}{2}$ per cent simple interest if held for five years.

In both articles it is stated that the Treasury is now offering 12-months certificates at 4 per cent. If the Treasury is now selling 12-months certificates drawing 4 per cent interest at par, an investor could make a nice sum of money by investing a few millions, as, according to the Wall Street Journal of May 16, 1924, United States securities due March 15, 1925, were selling above par and would yield the purchaser only 3.59 per cent.

It is very interesting to note how Secretary Mellon and the Undersecretary of the Treasury explain the method by which the Treasury Department determines the rate of United States securities ranging in issues from two hundred millions to seven hundred millions. Both claim that the best way to determine this is to base it upon the current rate of similar issues outstanding, and they justify the rate paid on these large issues upon the rate at which comparatively small amounts of such securities are sold on the stock market from day to day. These sales seem to run at a million or two a day, which is a very small amount when we consider that there are about twenty-two billions of Government securities outstanding, and is a small amount of sales upon which to base the rate on an issue of from two hundred to seven hundred millions. The Treasury does not offer these bonds at competitive bidding; all that is done, as shown by the report of the Secretary of the Treasury for 1923, pages 51 to 56, is to send a circular to the Federal reserve banks asking for subscriptions to the intended issue at par, and these letters are sent out only a few days—

from four to eight days—before the date of issue. No competitive bids are asked for. Rates are already fixed by the department. To use a crude illustration: The Government wants to buy a lot of money and to pay for the same in Government securities, and the rate of interest paid represents the price. When the Government wants to buy from \$200,000,000 to \$700,000,000 at one time, it is buying in wholesale lots; the small amounts of securities changing hands in the open market are simply retail sales. Now the Government, under the administration of Secretary Mellon, buys money in wholesale quantities, but is paying retail prices and sometimes a higher price therefor. What I claim is this—that when the Government or any State or municipality offers a large issue of securities at one time, this is more attractive to investors than a small issue, and the money can be secured at lower rates. The practice is generally followed by States and municipalities to advertise their bonds or securities and sell them to competitive bidders.

I will say that the British treasury issues three-month treasury bills and the rate of interest is determined by bids. Last summer they sold their short-time treasury bills to yield 3.16 and as low as 2.78, while the United States Treasury paid from 4 to $4\frac{1}{2}$ per cent.

Both articles referred to claim that the Treasury has succeeded in borrowing on its certificates of indebtedness at a lower rate than even States and cities have been able to borrow on their what the Treasury officials call "fully tax-exempt short term bills." Let us examine into this matter. If you examine the different issues of Treasury securities issued during the last year and a half you will find that the longer the time, the larger the rate of interest. For example, in the issue of December, 1922, the rate of certificates and notes issued by the Treasury was as follows:

	Per cent
Three months	$3\frac{1}{2}$
One year	4
Two and one-half years	$4\frac{1}{2}$

As I have stated before, both the Secretary and Undersecretary of the Treasury claim that the Treasury is now selling certificates due in 12 months at 4 per cent, and according to their previous practice if they sold long-term securities the rate would be a great deal higher.

Now let us see what States and municipalities are paying. Commerce and Finance for April 16, 1924, states:

On February 20 last, Massachusetts sold \$1,096,000 on a 3.90 per cent basis.

In the same issue of Commerce and Finance we find an account of the sale by New York State of \$45,000,000 of State soldiers' bonus bonds. These were sold to bankers at a premium, which would make the interest cost to the State 4.09 per cent annually. The banks in turn sold these bonds to investors to yield 4 per cent. These bonds mature from 1925 to 1949. Bonds were all taken by investors in two days.

Wall Street Journal of February 12, reports a sale of \$200,000 Brookline, Mass., bonds due November 6, at 3.89 per cent discount.

Wall Street Journal of April 28 reports sale of city of Boston \$2,000,000 notes to Colonial Trust Co. at par, plus \$24.75 premium, notes to bear interest at 3.85 per cent on interest-to-follow basis. Due November 1.

Wall Street Journal of April 28 reports a sale of city of Pittsburgh \$990,000 30-year bonds at $4\frac{1}{2}$ per cent to the Mellon National Bank at a premium of \$2,128. National City Bank of New York bid \$990,728.

And still the Secretary of the Treasury says that the Treasury has been able to borrow at a lower rate than States and cities.

The Secretary of the Treasury and the Undersecretary claim that the rates of interest paid on Government securities is based upon the market situation; that is, upon the prices at which Government securities of same maturities already issued are sold in the open market. They cite some market quotations to substantiate this statement.

I will cite a few quotations that I have taken from the Journal of Commerce and Commercial Bulletin, and from New York Commercial, which ought to be reliable sources of information.

On the issue of tax certificates, six months, of March 15, 1924, the Government paid $4\frac{1}{2}$ per cent interest, while the market quotations on Government securities due in six months was 4.05 on March 8, the date of the offering.

Issue of May 15, 1923, the Government paid $4\frac{1}{2}$ per cent interest on Treasury notes due March 15, 1927, while the market

quotations for Government securities due September, 1923, was 4.63, and due December, 1927, 4.59.

On the issue of June 11, 1923, six months, the Government paid 4 per cent, while the market quotations for that day on securities of the Government due in six months was 3.96.

On the issue of September 15, 1923, for six months, the Government paid 4½ per cent interest, while the market quotations on September 10, 1923, the day they were ordered issued, on securities due March, 1924, was 4.01.

From the foregoing it will appear that on these wholesale issues the Government paid a higher rate than was paid on the retail issues sold in the open market, and in one instance twenty-four one-hundredths of 1 per cent higher.

I will cite a couple of reasons why these Treasury certificates and notes are an attractive investment to banks.

In the American Bankers' Association Journal for April, 1924, I find the following (p. 619):

Senator SHIPSTEAD did not touch upon one phase of the flotation of Federal issues that has made them an attractive investment for banks.

The United States, like other great corporations, must have on hand a considerable working balance. Its financial operations are conducted so that it can meet its maturing obligations and have enough capital to tide over the next quarter. Under the present system of selling Federal securities it permits the bank to retain as a Government deposit the amount of its subscription for the certificates and notes. The bank is required to pay 2 per cent interest on the daily balance, but receives interest on the money it has invested at the rate the issue bears. As the Government requires funds the bank is directed to deposit with the nearest Federal reserve bank.

The Government receives interest on its balance, but the bank, while paying out 2 per cent, gains a 4 per cent return on its capital.

All the banks have to do is to subscribe for certificates or notes, keep the money by paying 2 per cent on daily balances, but receive 4 per cent or whatever rate the securities subscribed for bears. This is certainly a very attractive feature.

But there is another very attractive feature for large banks and corporations in connection with these Government securities. The income therefrom is wholly tax exempt when held by corporations, but these certificates and notes are acceptable in payment of income taxes at maturity dates, and these certificates and notes mature on a quarterly tax-paying date, and certain Treasury notes may, under decision of Commissioner of Internal Revenue, approved by the Secretary of the Treasury, be accepted in payment of income tax at or within six months of their maturity. It appears to be the practice of large corporations to set aside at the close of a fiscal year a reserve fund for the payment of taxes during the following fiscal year. As the United States income taxes are payable quarterly, large corporations find it very profitable in investing this reserve in Treasury certificates and notes. This reserve for taxes will then give them an income, wholly tax exempt, of 4 per cent or better, and when the quarterly tax-paying date comes just turn in some of these certificates in payment of the tax and collect the interest that their tax reserve has earned.

Would it not be a much better plan, in selling these certificates, for the Treasury Department to advertise the sale thereof to competitive bidders? The issues may be too large to sell in one block, and it would not be advisable to offer them in one block as many of the purchasers who could take advantage of these special phases would no doubt make a much better bid than the regular market prices for a suitable block for their tax reserve, and banks would no doubt cut their profits between the rate on the bonds subscribed for and the interest they pay on the daily balances rather than take chances on losing out entirely on this snap arrangement.

Mr. President, I have taken the time of the Senate by going into this system of financing the Government, in order to show that the Secretary of the Treasury is not a safe adviser on the question of public finances. There has been an attempt to create the impression that his advice on the question of public finance and taxes is infallible. It is generally conceded that he is the President's main adviser on the question of taxation and public finance. I believe the President is ill advised. In arriving at this conclusion, I will say that the wish has not been the father of the thought. The question of public finance and taxation concerns the public welfare, and the discussion of this question should not be tainted with partisanship, and so I have based my argument on the report of the Secretary of the Treasury, the report of the Federal Reserve Board, of which he is chairman, his own letter to the American Bankers' Association Journal, the editors of the Wall Street Journal, the editors of the Journal of Commerce and Finance, and other financial writers, who apparently unanimously uphold my contention that the high interest rates are caused by the high rates of dis-

count by the Federal reserve banks and the high rate of interest paid on Government securities by the Secretary of the Treasury; this high interest rate resulting in an unnecessary burden on the backs of the American people, amounting to \$5,000,000,000 a year.

Out of this unnecessary burden on the people in one year could be paid the bonus to the ex-service men and leave a surplus of two and a half billion dollars, without costing the American taxpayer one extra cent. So if it is true, as we are led to believe, that the President relies for his economic and financial advice upon the Secretary of the Treasury, he is ill advised. I find myself in perfect agreement, however, with at least two statements made by the Secretary of the Treasury in his letter to the American Bankers' Association Journal. He says, for instance, that in his opinion "the farmer's greatest enemies to-day are those who pose as his champions, who lead him into the belief that his ills can be cured by political measures." I agree with the Secretary that the American farmer has been bunched by those who pose as his friends. I am fully aware that in the last 20 years there have been men in public life posing as the friend of the farmer and have enacted legislation which they said would help the farmer, and this form of legislation has been used by the railroads, the Federal reserve banks, trusts, and monopolies to help the farmer, and they have helped him to such an extent that they have helped him out of almost everything that he ever had. The Secretary of the Treasury makes another statement with which I am in full accord. He says that what the farmer needs above all else at this time is sound, constructive statesmanship. I agree with the Secretary of the Treasury that the farmer at this time needs sound, constructive statesmanship, but I go further than the Secretary of the Treasury; I would go as far as to say that it is not only the farmer who needs sound, constructive statesmanship but the business man needs it, the taxpayer needs it, the whole country needs it, and above all else the President needs sound and constructive statesmanship in the Treasury of the United States.

I send to the desk a copy of Commerce and Finance for April 9, 1924, and ask that the paragraph marked in ink be printed as a part of my remarks.

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

The matter referred to is as follows:

[From Commerce and Finance, April 9, 1924]

It will be noticed that the Federal Reserve Board admits that "member bank customer rates have shown a tendency to move with changes in the Federal reserve bank rates," and that "the leadership of the Federal reserve banks when rates are advancing appears to be more promptly recognized than when rates are declining."

This admission that the control of the money market rests with the Federal reserve banks, and that it is easier to raise than to reduce the cost of credit to borrowers is coupled with the statement that "it seems clear that if business is undergoing a rapid expansion and is in danger of developing an unhealthy or speculative boom, it should not be assisted by too easy credit conditions," and it is added that "in such circumstances the creation of additional credit by rediscounting at Federal reserve banks should be discouraged by increasing the cost of that credit; that is, by raising the discount rate."

Here, again, we find set forth the doctrine that it is the right and duty of the Federal Reserve Board to determine whether the expansion of business is healthy or "unhealthy" and to assist or check it by raising or lowering the discount rate.

It remains to be seen whether the people of this country will be willing to intrust this tremendous power to any man or group of men, however well informed or intelligent they may be.

We can not find anything in the Federal reserve act that justifies the Federal Reserve Board in thus constituting itself a *deus ex machina* of American business, and it is greatly to be feared that it invites the destruction of the Federal reserve system in assuming that it is empowered to say whether conditions are healthy or "unhealthy" and vindicate its conclusions by raising or lowering the discount rate.

It did this in 1920-21 and awakened a storm of resentment that has not yet subsided. Another such experience and, valuable as it is, the Federal reserve system may be wiped out of existence.

On page 32 of the report that has called forth the foregoing we read: "No statistical mechanism alone, however carefully contrived, can furnish an adequate guide to credit administration. Credit is an intensely human institution, and as such reflects the moods and impulses of the community—its hopes, its fears, its expectations. The business and credit situation at any particular time is weighted and charged with these invisible factors. They are elusive and can not be fitted into any mechanical formula, but the fact that they are refractory to methods of the statistical laboratory makes them neither nonexistent nor nonimportant. They are factors

which must always patiently and skillfully be evaluated as best they may and dealt with in any banking administration that is animated by a desire to secure to the community the results of an efficient credit system. In its ultimate analysis credit administration is not a matter of mechanical rules, but is and must be a matter of judgment, of judgment concerning each specific credit situation at the particular moment of time when it has arisen or is developing."

Here, again, we find the Federal Reserve Board trying to justify the substitution of its own judgment for the provisions of the Federal reserve act, which prescribe that when the reserve ratio falls below certain specified minima the discount rate shall be "automatically advanced." This is the law. It may be defective, but if it is to be changed the change should be made by Congress rather than by a board whose function is purely administrative and does not include the right to fix prices through the control of the discount rate, which is, in the last analysis, exactly what the Federal Reserve Board attempts to justify itself in undertaking at its discretion.

SETTLEMENT OF INDEBTEDNESS OF HUNGARY

Mr. SMOOT. Mr. President, I ask unanimous consent for the present consideration of the bill (H. R. 8905) to authorize the settlement of the indebtedness of the Kingdom of Hungary to the United States. I will say to the Senator from New York [Mr. WADSWORTH] that if it leads to any discussion at all I shall withdraw my request.

Mr. WADSWORTH. With that understanding I do not object.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. GOODING. What is the bill? Will the Senator kindly state again?

Mr. SMOOT. It is a bill to authorize settlement of the indebtedness of the Kingdom of Hungary to the United States. It is in the form that was submitted to the Senator from Arkansas [Mr. ROBINSON]. It is the same form of settlement as that made with England and Finland.

Mr. ROBINSON. The Senator means the basis of the settlement agreed upon is the same as that which operated in the bill relating to Great Britain?

Mr. SMOOT. Yes.

Mr. ROBINSON. I have no objection to the present consideration of the bill.

Mr. SMOOT. I will simply say that the amount of the indebtedness is \$1,685,835.61 and they are to pay up to date 5 per cent interest, just the same as England and Finland did, the interest being \$233,164.39.

Mr. ROBINSON. As I understand, payments are to be distributed over about 60 years?

Mr. SMOOT. They are distributed over a period of 62 years.

Mr. ROBINSON. Very well. So far as I am concerned, we may take a vote.

The PRESIDENT pro tempore. The question is on agreeing to the request of the Senator from Utah [Mr. SMOOT] for unanimous consent for the consideration of the bill. There being no objection, the Senate, as a Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the settlement of the indebtedness of the Kingdom of Hungary to the United States of America, made by the World War Foreign Debt Commission and approved by the President upon the following terms, is hereby approved and authorized:

Principal amount of obligation to be funded, \$1,685,835.61; interest accrued thereon to December 15, 1923, at the rate of 4½ per cent per annum, \$253,917.43; total principal and interest accrued and unpaid as of December 15, 1923, \$1,939,753.04; less payment in cash by Hungary on April 25, 1924, \$753.04; total indebtedness to be funded into bonds, \$1,939,000.

The principal of the bonds shall be paid in annual installments on the 15th day of December, up to and including December 15, 1985, on a fixed schedule, subject to the right of the Government of Hungary to make these payments in three-year periods; the amount of the first year's installment shall be \$9,600, the installments to increase with due regularity until, in the sixty-second year, the amount of the installment shall be \$75,000, the aggregate installments being equal to the total principal of the debt.

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

Interest shall be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year:

At the rate of 3 per cent per annum, payable semiannually, from December 15, 1923, to December 15, 1933, and thereafter at the rate of 3½ per cent per annum, payable semiannually until final payment.

The Government of Hungary shall have the right to pay up to one-half of any interest accruing between December 15, 1923, and December

15, 1928, on the \$1,939,000 principal amount of the bonds first to be issued in bonds of Hungary dated as of the respective dates when the interest to be paid thereby becomes due, payable as to principal on the 15th day of December in each succeeding year, up to and including December 15, 1985, on a fixed schedule, in annual installments, increasing with due regularity in proportion to and in the manner provided for payments to be made on account of principal of the original issue of bonds, bearing the same rates of interest and being similar in other respects to such original issue of bonds.

Any payment of interest or of principal shall be made in United States gold coin of the present standard of value or at the option of the Government of Hungary, in any United States Government obligations issued after April 6, 1917, such obligations to be taken at par and accrued interest.

The payment of the principal and interest of the bonds shall be secured in the same manner and to the same extent as the obligation of Hungary which is to be funded: *Provided, however,* That all or any part of such security may be released by the Secretary of the Treasury on such terms and conditions as he may deem necessary or appropriate in order that the United States may cooperate in any program whereby Hungary may be able to finance its immediate needs by the flotation of a loan for reconstruction purposes, if and when substantially all other creditor nations holding obligations similar to that held by the United States which is to be funded, to wit, Denmark, France, Great Britain, Holland, Norway, Sweden, and Switzerland, shall release to a similar extent the security enjoyed by such obligations.

The Secretary of the Treasury shall be authorized to decide when this action has been substantially taken.

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

WAR DEPARTMENT APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7877) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1925, and for other purposes.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the Senator from Montana [Mr. WALSH].

Mr. WALSH of Montana. Mr. President, I wish to say just a further word in relation to the amendment, chiefly for the purpose of dispelling the concern expressed by my esteemed friend from Florida [Mr. TRAMMELL] and my friend from Virginia [Mr. SWANSON] that the adoption of the amendment would set a bad precedent.

As has been pointed out, it would be impossible to incorporate legislation of this character on any pending bill except a majority of the Senate desired it to be done. So far as giving rise to discussion irrelevant to the matter under inquiry is concerned, if amendments of this character are entertained at all, everyone knows that discussion is not limited by any means to the subject which is under consideration by the Senate. Any Senator is at liberty to speak on a subject whether it forms the basis of an amendment or has any relation to the bill under consideration or not.

The Senator from West Virginia suggested that the advocates of the McNary-Haugen bill might take notice of this method of getting consideration for that measure. Well, Mr. President, as I have stated, it takes a majority of the Senate to put an amendment of this character or any character on any bill, and I suppose very likely whenever an amendment is proposed to a bill Senators will take into consideration the question as to whether or not the amendment has any bearing whatever upon the subject with which the bill deals, and the advisability of confining any measure to the particular subject is recognized by everyone for the purpose of avoiding what is known as logrolling legislation. Therefore, it is always a question which addresses itself to the individual Senator, first, as to whether he favors the amendment at all and, second, whether it bears any such relation to the subject of the bill in question as that it ought to form a part of it.

We have undertaken to make it perfectly clear that the measure referred to in the amendment has a most direct and intimate relation to the subject matter of the bill that is before the Senate at the present time, and particularly to that paragraph in the bill to which it is immediately directed. It may be that the McNary-Haugen bill does have some relation to the subject of the improvement of our rivers and harbors. It is intended to promote the export of agricultural products from this country to foreign countries, and, as pointed out by the Senator from Virginia, if the harbors are not kept free from debris and other accumulations, navigation would be interrupted and thus importation and exportation would be impeded; but the relation is rather remote in that case.

In the cases suggested by other Senators there would apparently be no relation whatever to the main subject, and that would be a good reason for not following the precedent established by this amendment, if it should become a precedent.

However, Mr. President, if an effort were made at any time to submit an amendment on a subject which was entirely irrelevant to the general subject of a pending bill, it would be sufficient to say that this case affords no precedent whatever, because in it a very direct connection and relation is set up. We are simply seeking by this amendment to prevent the further expenditure of public money for the purpose of bringing navigation to our interior rivers while a policy is pursued otherwise that effectually blocks that end, making the expenditure entirely useless.

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

Mr. WALSH of Montana. I yield to the Senator from Virginia.

Mr. SWANSON. Out of the \$37,250,000 of appropriation I think about \$25,000,000 are for harbors and \$12,000,000 for rivers. That is my understanding.

Mr. WALSH of Montana. Would the Senator give me his support if I should restrict the amendment to river improvements?

Mr. SWANSON. I would not; I think it would be bad policy.

Mr. WALSH of Montana. If the Senator would give me his support, I should be disposed to ask leave to perfect my amendment in that way.

Mr. SWANSON. No; I wish to show from the Senator's own contention that the portion of the appropriation which applies to harbors is not affected by either high or low rates. We are compelled to have harbors for ships in the foreign trade carrying imports and exports. So \$25,000,000 of the appropriation does not need to await any adjustment of railway rates.

Mr. WALSH of Montana. As I said to the Senator, if the appropriations were differentiated, and a certain amount were devoted to the improvement of harbors and a certain other amount devoted to the improvement of rivers, I should have directed the amendment only to that portion which was for the improvement of rivers. Unfortunately, however, for the Senator, and possibly for myself, the whole appropriation is embodied in one total item of \$37,250,000.

Mr. SWANSON. The Senator covers more territory than he had intended to cover.

Mr. WALSH of Montana. That is because of the manner in which the bill is drawn.

Mr. SWANSON. No; the Senator should confine his amendment to the appropriation for rivers.

Mr. WALSH of Montana. I say I should be disposed to do so if I thought the Senator would aid me in getting the amendment through.

Mr. CARAWAY. Mr. President, I have seldom listened to such a bald attempt to induce Senators to vote against appropriations for river improvements as that of the Senator from Montana [Mr. WALSH]. He proposes to enter into a trade with the Senator from Virginia [Mr. SWANSON] upon the floor to secure votes for his measure, and then denounces log-rolling. He does that without any consistency at all.

I voted against the rule that now ties the hands of the Senate, for I rather imagined that a situation would develop such as has now developed and that we would find ourselves unable to legislate. However, the Senate did not agree with me and others and adopted the rule in the Senate. A moment ago, in order that I might be helpful to those who sought lower freight rates, I voted to have the Senate overturn the ruling of the Chair, but I was not able to accomplish that object.

The amendment here, Mr. President, is not a good-faith amendment. It is an attempt by certain Senators who have always fought river improvements to defeat appropriations for that purpose. It is an effort to do by indirection what they have been unable to do directly; and it strikes me that it comes with poor grace from that section of the country that has enjoyed more governmental favors than all other portions of the country combined. Whenever an appropriation is proposed for something for the West no one ever heard the Senator from Nebraska or the Senator from Montana object to it. Their scruples against wasting public funds always stop this side of their own particular section of the country. If the appropriation is for a reclamation project or anything of that kind it is a wise expenditure of public money, although during the 11 years I have been in the House and in the Senate I do

not think the reclamation projects have ever paid interest on the public funds invested in them.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

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

Mr. WALSH of Montana. I think the Senator will search the RECORD in vain for any remarks from the Senator from Montana in opposition to any river and harbor improvement.

Mr. CARAWAY. I do not have to search the RECORD. I heard the Senator just a moment ago trying to trade with the Senator from Virginia so that he might strike down all river improvements.

Mr. WALSH of Montana. I referred to the statement made by the Senator that the advocacy of the amendment comes from persons who have always been opposed to river and harbor appropriations.

Mr. CARAWAY. The RECORD can stand as a whole; I have no disposition to correct it; I will let it stand for what it is worth. I do not need to go any further than the Senator's attempt right here on the floor to enter into a combination to strike down river improvements.

I have always been inclined to the opinion that there was more than one section of this country. I have not thought that any particular section was entitled to all the favors that the Government had to bestow or ought to carry all the burdens incident to government; and it strikes me that it comes with poor grace for the Senator from Montana and those who advocate his course to seek particularly to strike down that section of the country which is more or less dependent upon river improvements. I have been willing to support their measure; I have expected to do so, but I did not expect to do so under any such trade as has been suggested. If it is a question here of reprisal, and we must stand and deliver or else have stricken down something that is essential to our very industrial life, I am perfectly willing to meet that issue right here and now.

There never has been a time and there never will be a time so long as I have a seat in this body when any section of this country can compel me to vote for some measure in order that my own particular section may not be stricken. I have never legislated in that way, and, so help me Almighty God, I do not intend ever to do it.

I have been willing to listen to reason; I have been persuaded that they are suffering from a great natural handicap; I have been willing to go to their relief at any time that it was possible. As I said a moment ago, I voted to override the ruling of the Chair on the point of order, and I voted against the rule when it was adopted in the Senate which has caused this situation to arise. I protested, but nobody heeded, and now the rule is fixed upon the Senate. It would be very much better and very much wiser to repeal the rule than to seek to hold up a particular section of the country and say, "Unless you vote with us you shall suffer."

I do not know what the Senator from Nebraska and the Senator from Montana think about what constitutes waste upon river and harbor improvements; I have no means of gauging their idea of a wise expenditure beyond one certain point, and that is that it is never unwise if the money is going to be appropriated for their particular sections of the country. As an illustration of what river improvement does—

Mr. BROOKHART rose.

Mr. CARAWAY. Does the Senator wish to interrupt me?

Mr. BROOKHART. I should like to ask the Senator a question.

Mr. CARAWAY. I yield.

Mr. BROOKHART. It seems to me that the Senator from Arkansas is unfair to both of the Senators he mentions. They want to do two things for river improvement, namely, to give river points rail rates that will be helpful and to insure that the appropriation for river improvement shall not be wasted.

Mr. CARAWAY. Yes; they want to do something that resembles the act of sending flowers to a funeral. Nobody mistakes the desire to be helpful that they manifest.

Mr. BROOKHART. Is the Senator himself in favor of both propositions?

Mr. CARAWAY. Of what—sending flowers to a funeral? It depends on whose funeral it is.

Mr. BROOKHART. The long-and-short-haul proposition—

Mr. CARAWAY. Oh, I have announced that. If the Senator was present he knows what I said about that. I said that I had voted to override the President's ruling on that question, and that I had wanted to support the proposition under the theory that they were suffering from a discrimination.

Mr. BROOKHART. The Senator from Montana [Mr. WALSH], I think, has no notion that his amendment will pre-

vent the river and harbor appropriation. It will do the opposite thing; it will get us action on the long-and-short-haul matter.

Mr. CARAWAY. Oh, the Senator knows that if you have votes enough to pass a measure you can do it as an independent measure. It was not with the expectation of getting it through that the amendment was offered; it was to hope to rally the people who wanted to strike down river improvement.

I started to say, though I do not suppose it will be of any interest to anybody, that river improvement is not wholly wasted. The great valley of the Mississippi—and that was the principal item in this bill which the Senator from Montana was trying to enter into an agreement with the Senator from Virginia to strike down—drains the flood waters from 31 States; the rivers of the State represented in part by the Senator from Iowa drain down that way, and it destroys the country.

I remember one time when I used to live down on the Mississippi River, right on the bank of it, that in one county in my State—I have said this before, but I hope I may be permitted to repeat it—I do not think there was an acre of land that would have sold for \$40 an acre. There was not 10 per cent of it in cultivation; and that was less than 25 years ago. With river improvement and levee improvement, which goes with it, that county in 1922 produced more than 1 per cent of all the cotton that was grown in America. It produced one-fifth as much cotton as the great State of South Carolina, one-seventh as much as the State of Mississippi, and paid in income taxes to this Government more money than it ever received for river improvement; and yet before it had the river improvement 90 per cent of it was a swamp, absolutely uninhabited, producing no wealth, adding absolutely nothing to the wealth that tends to feed and clothe the people of this country.

Yet, Mr. President, some people say, "Of course, money spent for river improvement is wasted." It is not wasted if it is reclaiming lands out West, and yet it has cost ten times as much per acre to reclaim that land as it has to reclaim lands along improved rivers. If that were an important item at all, it would be at least some refutation of the statement that river and harbor improvements are wholly wasted. I do not take that for granted; but I do know, as everybody else knows who has ever watched river improvement at all, that under the annual appropriations—and they have always defeated any continuous-appropriation contracts—the process is necessarily slow, and you do not get results until it is completed; but on the Mississippi River now they are carrying how many hundreds of thousands of tons of freight? Does the Senator from Tennessee recall?

Mr. McKELLAR. I do not recall the exact number.

Mr. CARAWAY. Anyway, it is an enormous tonnage of freight. They could carry three or four times as much—it is available now—if we just had a little appropriation to provide all-the-year-around navigation.

Mr. BROOKHART. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Iowa?

Mr. CARAWAY. I yield to the Senator.

Mr. BROOKHART. There is nothing that would increase that freight tonnage so much as this long-and-short-haul legislation.

Mr. CARAWAY. I have tried to say to the Senator that I am perfectly willing to help put through his bill; but that is not the thing.

Mr. BROOKHART. The fact that Senators have different methods of getting a result does not mean that they are against it.

Mr. CARAWAY. Oh, this method of putting a pistol to somebody's head and saying, "Unless you stand and deliver we are going to blow out your brains," may get results somewhere; I do not know; but it never got any with me. If I absolutely knew from this day that there never would be another dollar appropriated for river improvements, I would not be driven by a threat that such appropriations would be defeated unless we came across and let something else be done. Although such a course would destroy the very source of what little prosperity we used to have, and have not now, I would let it go.

I want to be perfectly fair with every other section of the country. I would love to see the Senator's proposition go through; but there are some things that are obtained at too high a price. If it is to be stated here by one Senator to another, "If you will just strike down the interior river appropriations I shall be glad to join with you," trying to make a trade here on the floor of the Senate to strike down all interior river improvements so that he might have a vote for his proposition, I do not think such a policy will prevail. I hope the Senator's proposition in the proper way will succeed; but I do not think it is likely to succeed in that way.

Mr. SWANSON. Mr. President, if the Senator will pardon me, he will recall that I stated that I would not vote for the amendment even if the Senator from Montana should exclude harbors and limit it to rivers.

Mr. CARAWAY. I knew the Senator would not, and everybody that knew him knew he would not. The Senator from Montana evidently had not studied the character of the Senator from Virginia when he made that statement.

Mr. WALSH of Montana. Mr. President, we all admire the ability of the Senator from Arkansas [Mr. CARAWAY] in caustic discussion. I am sure he appreciates, as everybody else on the floor did, that the passage between the Senator from Virginia and myself was mere badinage; but I merely desire to say that the amendment offered by me was offered in no spirit of hostility whatever to river improvement.

I took occasion, when the Senator was talking, to correct a statement he made, a sweeping characterization of those who are in favor of this amendment as being among those who are opposed to all river and harbor improvement, and who have consistently opposed appropriations for that purpose. As I stated to the Senator, the RECORD will be searched in vain for any remark from me at any time in opposition to river and harbor improvement. I have voted more times in favor of liberal appropriations for river and harbor improvement than I have voted against them, and I appreciate that there is the closest kind of a connection and relationship between the appropriations for river and harbor improvement in the lower courses of the Mississippi River and the appropriations for reclamation work along its upper courses.

As intimated by the Senator from Iowa [Mr. BROOKHART], the real spirit of the amendment offered by me is to promote river navigation, not to place any obstacles in its way. If the Senator from Arkansas takes another view of the matter, of course he has a perfect right to do that; but he ought not, it seems to me, to indulge in such freedom of criticism upon the motives which impel this amendment, nor to charge it with being a threat. I took occasion to say that it was not a threat, either to any Member of this body or to the House of Representatives. It is intended to be the expression of a policy that the long-and-short-haul clause ought to be strictly and literally enforced in order to promote river navigation so that the appropriations made for the purpose of improving the rivers shall be to some purpose and to some end. Nor would I undertake to say that there will not be some carriage by our rivers even if the long-and-short-haul clause is not enforced. It argues nothing at all that there is a large commerce upon the Mississippi and the Ohio and the other great rivers, notwithstanding the handicap of the present policy. We hope that it will be very largely increased by the observance of the policy for which this amendment stands.

Mr. CARAWAY. Mr. President, I will just make this statement in answer to the Senator from Montana:

Of course I do not know what a threat is. I did not know heretofore that you had to label this as a threat before it was a threat. The Senator is thoroughly conscious of the fact that should his amendment be added to this bill the House would not legislate under that sort of a threat; that it would simply mean the striking out from this bill of every dollar for river and harbor improvement, because the bill would go through, and the House would not act on the other matter. Unless the House has thrown away every bit of its self-respect, and has changed wholly from the kind of a House it was when I had the honor to serve in it, it would simply mean that every dollar for river and harbor improvement would be stricken out. It would not mean the enactment of the long-and-short-haul bill. If there are votes enough for the long-and-short-haul bill—and I rather imagine there are—why not let the matter be taken up in pursuance of the motion that the Senator from Idaho [Mr. GOODING] gave notice that he was going to make? I shall vote for his motion. It is the right way to legislate, but it is the height of folly simply to strike out of this bill all appropriations for river and harbor improvement when everybody knows that that would not get you the long-and-short-haul legislation.

While I shall credit the Senator from Montana with entire purity of motive, it is difficult for me to think that anybody who knows anything about legislation would believe that he was getting the long-and-short-haul legislation in that way. He would know that the thing he was getting was the elimination from the Army appropriation bill of all appropriations for rivers and harbors and nothing else. Therefore it did not strike me as very much of a stretch of my imagination to say that the real motive was to kill river and harbor improvement, and not to get the long-and-short-haul legislation, because I took it for granted that everybody knew that the House could not be driven into legislating in that way, so that if we put this

amendment on this bill it would kill river and harbor improvement and not get the long-and-short-haul legislation.

Mr. RANDELL. Mr. President, I shall detain the Senate only a moment.

I am very strongly in favor of the enactment of the long-and-short-haul clause. I spoke for an hour and a quarter in favor of it yesterday. We have heard so much about the matter here that it is not necessary for me to rehash it. I can not help agreeing, however, with those Senators who think that the wrong means have been adopted in trying to force this amendment on the pending bill.

I sincerely hope the Senator who offered this amendment will withdraw it. I am so strongly in favor of the enactment of the principles of the Gooding bill and the Pittman amendment that I certainly shall vote to take up the measure if the Senator from Idaho makes the motion, as he said he would. I shall not only vote to take it up, but I shall vote to assist him in getting as quick action as possible on it; but I do think, Senators, that it is improper legislation to force a measure of this kind on a big appropriation bill. I do think it would be setting a terrible precedent for us, as was so eloquently stated by the Senator from Florida [Mr. TRAMMELL].

I hope the amendment will be withdrawn, and if it is not withdrawn I sincerely hope it will be overwhelmingly defeated, as I believe it will be, because the vast majority of the Members of this body are strongly interested, through their constituents, either in appropriations for some of the rivers of this mighty country or in appropriations for some of the harbors, and under the amendment all appropriations for both rivers and harbors will be held up until action has been taken upon this other measure; and it may not be taken, Senators. We are all hopeful that we are going to get away from here soon. The effect of the adoption of this amendment may be to destroy completely and absolutely any appropriation whatsoever for the rivers and harbors of the country; so I hope the amendment will be either withdrawn or overwhelmingly defeated.

Mr. HARRISON. Mr. President, I shall detain the Senate but a moment.

When the Howard University item was inserted in an appropriation bill I did not think it was in order, and I voted to sustain the Chair. I did not think to-day that this amendment was in order, and I voted to sustain the Chair.

I do not think the amendment that is now before the Senate is proper legislation at this time. Even the speeches in behalf of it show the fallacy of the policy of tying up the appropriations for rivers and harbors through a threat that this other bill has to be passed by the House of Representatives and the Senate.

I sincerely hope the amendment will be voted down.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Montana [Mr. WALSH].

The amendment was rejected.

Mr. PITTMAN. Mr. President, I desire to submit an amendment.

The PRESIDENT pro tempore. The Senator from Nevada offers an amendment, which the Secretary will report.

The READING CLERK. At the end of line 3, page 107, before the period, insert a colon and the following proviso:

Provided, That it being the intent of Congress and the policy of our Government, as expressed in the transportation act of 1920, "to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation," and to prevent departures from the fourth section of the interstate commerce act for the purpose of permitting common carriers under said act to meet competition of water carriers not under the jurisdiction of the Interstate Commerce Commission, the appropriations herein made for the construction of a new power plant at Miraflores, Panama Canal, shall not be available or used for such purposes after the date that the Interstate Commerce Commission shall hereafter grant relief from the provisions of section 4 of the interstate commerce act, as amended, to any common carrier by railroad or by rail and water subject to the provisions of such act, upon any domestic traffic which now is or hereafter may be competed for by intercoastal water carriers operating through the Panama Canal.

Mr. PITTMAN. Mr. President, permit me to explain this amendment. It does not interfere in any way whatever with any appropriation for rivers or harbors. It does not place any strings on any appropriation for rivers or harbors. It does not limit any appropriation with regard to any rivers or harbors. It deals solely with the Panama Canal. It simply restates the policy of Congress as set forth in the transportation act of 1920. I quote the language:

That it being the intent of Congress and the policy of our Government, as expressed in the transportation act of 1920, "to promote—

I am now quoting the exact language of the act, in section 500—

to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation," and to prevent departures from the fourth section of the interstate commerce act for the purpose of permitting common carriers under said act to meet competition of water carriers not under the jurisdiction of the Interstate Commerce Commission, the appropriations herein made for the construction of a new power plant at Miraflores, Panama Canal, shall not be available or used for such purposes after the date that the Interstate Commerce Commission shall hereafter grant relief from the provisions of section 4 of the interstate commerce act, as amended, to any common carrier by railroad or by rail and water subject to the provisions of such act, upon any domestic traffic which now is or hereafter may be competed for by intercoastal water carriers operating through the Panama Canal.

The amendment deals with nothing except intercoastal waterways handling domestic traffic through the Panama Canal. It simply states that hereafter if any departure is authorized by the Interstate Commerce Commission to grant relief to meet that competition going through the Panama Canal, from that day on the appropriation for building the power plant at Miraflores shall cease to be available.

It is natural that the question should be asked, Why should we make it unavailable? By reason of the absurdity of the rules of the Senate and of the Congress; that is all. It has been held time and time again that you can place a limitation upon the use of an appropriation, but that you can not affirmatively do anything to bring about the same result. Therefore I have been compelled to look around to seek the smallest appropriation in the bill, so as to find a way of reasserting the policy of the Government and of Congress with regard to the enforcement of our laws by the Interstate Commerce Commission.

Mr. McKELLAR. Mr. President—

Mr. PITTMAN. I yield.

Mr. McKELLAR. In the event that the Interstate Commerce Commission proceeded to grant the relief asked for on the transcontinental lines, there would be no inhibition against them doing it. It would merely declare a policy, and would stop the work at Miraflores.

Mr. PITTMAN. The Senator is entirely correct. If they disobeyed it the only result would be to stop the work at Miraflores. But, mind you, the chairman of the Interstate Commerce Commission has recently appeared before our committee, and when we constantly cross-examined him with regard to his violation of this provision, he said, "If the Senate of the United States means what you gentlemen think it means—if it means that this relief shall not be given from section 4 for the purpose of meeting water competition—why do you not say so?" That is what he asked us. I say now that if we say so here, he is bound to understand it, and he would not dare violate it, and if he did violate it, it would be ground for the Congress of the United States to remove every one of those commissioners from office.

Heretofore the Interstate Commerce Commission has closed its ears to the debates in Congress. The debates have been called to their attention. The construction I read this morning, given by the chairman of the committee at the time that provision was inserted, was read to them, but that is not law to the Interstate Commerce Commission. If we agree to this amendment, which provides that it is the intent of Congress and the policy of the Government that they shall not grant any relief from the fourth section for the purpose of permitting the railroads to meet water competition, then there is a positive, direct provision by this Congress, and the excuse these commissioners now use, that "if Congress means that why do they not say that," will be answered. That is what I mean.

Mr. McKELLAR. The Senator's amendment applies only to transportation over transcontinental lines?

Mr. PITTMAN. That is all it could possibly apply to, because it deals only with the domestic trade through the Panama Canal.

I have simply taken the smallest appropriation directly in point that I could find, not for the purpose of stopping that appropriation but solely for getting a parliamentary means of answering the Interstate Commerce Commission when they say, "If you mean that, why do you not say it?" That is what they said before the committee.

We do mean that, and by this amendment we do say that. I want to state now that I am satisfied that it is not the intention of the Senator from Montana [Mr. WALSH] to hold up appro-

priation bills, but I can readily see how it might be construed even as the Senator from Arkansas has construed it, and for that very reason, in preparing an amendment, and in anticipation that my original amendment might be subject to a point of order, I did not let it apply to the appropriations for rivers and harbors or inland waterways, but I picked out the smallest appropriation I could find in this bill in point, simply for the purpose of supporting a declaration.

The bill itself provides, "and including \$1,000,000 for the construction of a new power plant at Miraflores." If the Interstate Commerce Commission should disobey this express pronouncement of Congress, there would be no other result than that this new power plant would not be built.

However, the appropriation even of that \$1,000,000 would not be interfered with until the order was made in spite of this provision. It is inconceivable that the Interstate Commerce Commission, which is the agency created by Congress to carry out our transportation acts, will contend for one moment that they can continue these violations if Congress expressly declares that if they do so the appropriations with regard to the Panama Canal must cease.

I have asserted in my amendment the policy of our Government. I have asserted that it is the intent of Congress, that it is the policy of the Government, that they shall not utilize the provisions of the fourth section of the interstate commerce act to grant relief to common carriers to meet water competition. That is the declaration, positive and frank, and if that declaration is not made somewhere they will continue to use the excuse they have used, which is, "If you meant that, why did you not ever say that?"

This would not interfere with the passage of the bill of the Senator from Idaho in the slightest. It is a protection pending the time of the passage of his bill, as a pronouncement of the intention of Congress. It is a continuing protection in the event the House should finally defeat his bill. It is in aid of passing the Senator's bill, because it declares the policy. It is in support of his bill. It does not go as far as the Senator's bill goes, because it deals solely with transportation through the Panama Canal.

I do not think any of the objections to this matter can be urged which were urged to the amendment of the Senator from Montana. I think it is the last chance we will have at this session of announcing positively and directly the policy of this Government with regard to transportation through the Panama Canal. I sincerely hope the Senate will agree to this amendment.

Mr. WADSWORTH. Mr. President, I think it well that the Senate know something about the project for the new power plant at the Miraflores Lock before it votes on this extraordinary amendment.

The War Department appropriation bill for the current year carries an appropriation of \$850,000 to commence the construction of the new power plant which is to operate the gates at the Miraflores Lock on the Panama Canal. The Panama Canal administration for some years has been faced with the possibility of a breakdown in the operation of these gates, especially during a dry season, when they desire to keep the water level as high as possible. Commencing with last year they asked authority to begin the construction of a modern auxiliary power house which would develop the same amount of power and swing the gates during a dry season or other emergency.

The amendment of the Senator from Nevada [Mr. PITTMAN] proposes that a contract which is already in process of completion be stopped at any time that an utterly unrelated branch of the Government, the Interstate Commerce Commission, issues a decision on a certain railroad question in the State of Nevada or Wyoming or somewhere else.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Nevada [Mr. PITTMAN].

Mr. ASHURST and Mr. PITTMAN. Let us have the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The PRESIDENT pro tempore. If there be no further amendments to be proposed as in Committee of the Whole, the bill will be reported to the Senate.

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

Mr. KING. Mr. President, I had intended to offer a number of amendments dealing with the question of waterways, but in view of the protracted discussion which has taken place I shall not offer them.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WADSWORTH. I ask unanimous consent that the clerks be authorized to correct the totals in the bill.

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

AMENDMENT OF INTERSTATE COMMERCE ACT

Mr. GOODING. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 2327) to amend section 4 of the interstate commerce act.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Interstate Commerce with amendments.

Mr. GOODING. Mr. President, I offer the amendment which I send to the desk. The purpose is to clarify the language of the bill and to give the commission a full year in which to readjust violations of the fourth section, provided the bill becomes a law.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. Strike out on page 3, all after line 15, and all on page 4, and insert in lieu thereof the following:

Where any common carrier has or common carriers have in effect any rate, fare, or charge which is less for the longer than for the shorter distance between two points (the shorter being included within the longer distance), and which has been authorized by the commission or as to which application was filed with the commission on or before February 17, 1911, and not yet acted upon by it, such rate, fare, or charge shall not become unlawful (except by order of the commission) until after 12 months following the passage of this amendatory act; nor shall such rate, fare, or charge in effect via a circuitous rail carrier or rail carriers become unlawful if it shall have been authorized by order of the commission, after public hearing, based on no less a showing than that upon which the commission is herein authorized to grant relief: And provided further, That nothing in this section contained shall prevent the commission from authorizing or approving departures from the provisions of this section in so far as applicable to import or export rates, including rates applicable to traffic coming from or destined to a possession or dependency of the United States, or to a block system of express rates established by order or with the approval of the commission, or permitted by it to be filed.

Paragraph 2 of section 4 is hereby repealed.

Mr. JONES of Washington. Mr. President, I think I shall favor the bill under consideration, but it seems to me that this is a very important amendment to be agreed to without any discussion. The bill now becomes the unfinished business, and I suggest that it go over until next week. The amendment has not been printed and Senators have had no opportunity to consider it.

Mr. FLETCHER. It seems to me that that is the wise course to follow.

Mr. JONES of Washington. It would seem so. As I said, I think I shall vote for the bill, but I want to have an opportunity to consider the amendment.

Mr. NORRIS. I think the Senator's request is a reasonable one. The importance of the amendment at this time is undoubted.

Mr. GOODING. I accept the suggestion of the Senator from Washington.

Mr. MOSES. The Senator from Idaho has secured his chief desire, which was to have the bill made the unfinished business.

Mr. GOODING. It is the unfinished business, and I am willing that it shall go over until next week.

EXECUTIVE SESSION

Mr. MOSES. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 15 minutes spent in executive session the doors were reopened, and the Senate (at 5 o'clock and 20 minutes p. m.) adjourned until Monday, May 19, 1924, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 17 (legislative day of May 14) 1924

MEMBER OF THE FEDERAL RESERVE BOARD

A. C. Miller, of California, to be a member of the Federal Reserve Board for a term of 10 years. (A reappointment, his term expiring August 8, 1924.)

MEMBER OF THE UNITED STATES SHIPPING BOARD

Edward C. Plummer, of Maine, to be a member of the United States Shipping Board for a term of six years. (A reappointment, his term expiring June 9, 1924.)

DIRECTOR OF THE WAR FINANCE CORPORATION

George R. Cooksey, of the District of Columbia, to be a director of the War Finance Corporation. (A reappointment, his term expiring May 18, 1924.)

CHIEF JUSTICE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

George E. Martin, of the District of Columbia, to be chief justice of the Court of Appeals, District of Columbia, vice C. J. Smyth, deceased.

UNITED STATES MARSHAL

Arthur Rogers, of Tennessee, to be United States marshal, western district of Tennessee, vice William F. Appleby, deceased.

PROMOTIONS IN THE REGULAR ARMY

To be major

Capt. Joseph May Swing, Field Artillery, from May 7, 1924.

To be captains

First Lieut. Rodney Campbell Jones, Coast Artillery Corps, from May 1, 1924.

First Lieut. William Aloysius Murphy, Infantry, from May 2, 1924.

First Lieut. Harold H. Elarth, Infantry, from May 3, 1924.

First Lieut. Lester Joslyn Harris, Infantry, from May 4, 1924.

First Lieut. Howard Foster Clark, Corps of Engineers, from May 7, 1924.

First Lieut. Howard Clay Brenizer, Field Artillery, from May 9, 1924.

To be first lieutenants

Second Lieut. Dwight Lyman Adams, Infantry, from May 1, 1924.

Second Lieut. Thomas Gordon Cranford, jr., Coast Artillery Corps, from May 2, 1924, subject to examination required by law.

Second Lieut. Lester George Degnan, Infantry, from May 3, 1924.

Second Lieut. Henry Bennett Sheets, Infantry, from May 4, 1924.

Second Lieut. Archie William Cooley, Infantry, from May 7, 1924.

Second Lieut. William Robert McMaster, Infantry, from May 9, 1924, subject to examination required by law.

Second Lieut. Cornelius Emmett O'Connor, Air Service, from May 13, 1924.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

ORDNANCE DEPARTMENT

First Lieut. Jonathan Lane Holman, Field Artillery, with rank from October 15, 1919.

COAST ARTILLERY CORPS

Capt. Archibald Donald Fiskien, Field Artillery, effective June 15, 1924, with rank from July 1, 1920.

Second Lieut. Bernard Henry Sullivan, Air Service, with rank from June 12, 1923.

AIR SERVICE

Capt. Roland Winfred Wittman, Infantry (detailed in Air Service), with rank from July 1, 1920.

APPOINTMENT IN THE ARMY

Arthur Cecil Ramsey, of Kansas, to be second lieutenant of Infantry in the Regular Army of the United States, with rank from May 10, 1924.

POSTMASTERS

ARKANSAS

Douglas O. Dover to be postmaster at Cove, Ark., in place of I. R. Silvey, removed.

William H. Tucker to be postmaster at Casa, Ark., in place of A. F. Hunter, resigned.

ALASKA

Charles A. Sheldon to be postmaster at Seward, Alaska, in place of W. E. Root. Incumbent's commission expires June 4, 1924.

CALIFORNIA

Ernest R. Rhymes to be postmaster at Sanitarium, Calif., in place of E. R. Rhymes. Incumbent's commission expires June 4, 1924.

COLORADO

Cora M. Northrup to be postmaster at Fountain, Colo., in place of N. E. Pyles. Incumbent's commission expires June 4, 1924.

FLORIDA

John B. Carlin to be postmaster at St. Cloud, Fla., in place of J. J. Johnston. Incumbent's commission expired February 14, 1924.

Jefferson Gaines to be postmaster at Boca Grande, Fla., in place of Jefferson Gaines. Incumbent's commission expired February 14, 1924.

HAWAII

Joseph Herrscher to be postmaster at Hana, Hawaii, in place of Joseph Herrscher. Office became third class April 1, 1924.

ILLINOIS

Olive G. Woods to be postmaster at Hennepin, Ill., in place of E. G. Paxson. Office became third class October 1, 1923.

Fay L. Quilter to be postmaster at Walnut, Ill., in place of F. L. Quilter. Incumbent's commission expires June 5, 1924.

Kate M. Weis to be postmaster at Teutopolis, Ill., in place of K. M. Weis. Incumbent's commission expires June 5, 1924.

Edward P. Devine to be postmaster at Somonauk, Ill., in place of E. P. Devine. Incumbent's commission expires June 5, 1924.

Elizabeth R. Grant to be postmaster at Shabbona, Ill., in place of Sarah McGinnis. Incumbent's commission expires June 5, 1924.

John N. Taffee to be postmaster at Pinckneyville, Ill., in place of T. L. Wallace. Incumbent's commission expired March 9, 1924.

Herman C. Hoefer to be postmaster at Park Ridge, Ill., in place of Charles Stade. Incumbent's commission expired August 29, 1923.

Elliott O. Andrews to be postmaster at Belvidere, Ill., in place of John Dooley. Incumbent's commission expires June 5, 1924.

INDIANA

Iva D. Myers to be postmaster at Millersburg, Ind., in place of Charles Boomershine. Office became third class January 1, 1924.

IOWA

William M. Young to be postmaster at Defiance, Iowa, in place of W. M. Young. Office became third class April 1, 1924.

Frank T. Best to be postmaster at Pomeroy, Iowa, in place of F. J. Oehmke. Incumbent's commission expired March 22, 1924.

Howard B. Gillespie to be postmaster at Guthrie Center, Iowa, in place of J. S. McLuen. Incumbent's commission expired March 22, 1924.

Clyde C. Sheaffer to be postmaster at Alden, Iowa, in place of H. E. Button. Incumbent's commission expires June 5, 1924.

KANSAS

Susie J. Gibbons to be postmaster at St. Paul, Kans., in place of G. A. Pierce. Incumbent's commission expires June 4, 1924.

Ulysses G. Stewart to be postmaster at Rossville, Kans., in place of C. E. Van Vleck. Incumbent's commission expires June 4, 1924.

Henry M. Highland to be postmaster at McCune, Kans., in place of G. W. Harley. Incumbent's commission expired May 6, 1924.

KENTUCKY

Leona R. Meador to be postmaster at Kingswood, Ky., in place of L. R. Meador. Office became third class October 1, 1923.

MAINE

Frank G. Thompson to be postmaster at Milo, Me., in place of D. L. Brown. Incumbent's commission expires June 5, 1924.

Perley M. Hansen to be postmaster at East Millinocket, Me., in place of O. J. Toussaint. Incumbent's commission expired February 11, 1924.

Fred E. Jones to be postmaster at Brownville, Me., in place of E. A. Sampson. Incumbent's commission expires June 5, 1924.

MARYLAND

Clare N. Payne to be postmaster at Preston, Md., in place of J. W. Payne, deceased.

MASSACHUSETTS

John A. Bell to be postmaster at Leicester, Mass., in place of J. A. Bell. Incumbent's commission expires June 4, 1924.

James E. Sullivan to be postmaster at Gilbertville, Mass., in place of J. E. Sullivan. Incumbent's commission expires June 4, 1924.

William P. Lovejoy to be postmaster at Barnstable, Mass., in place of W. P. Lovejoy. Incumbent's commission expires June 4, 1924.

MICHIGAN

Ralph M. Powers to be postmaster at Jonesville, Mich., in place of W. B. Howlett. Incumbent's commission expires June 5, 1924.

John H. Ter Avest to be postmaster at Coopersville, Mich., in place of J. S. Walling. Incumbent's commission expires June 4, 1924.

Earl Brown to be postmaster at Brighton, Mich., in place of C. S. Case. Incumbent's commission expires June 4, 1924.

MINNESOTA

Henry O. Halverson to be postmaster at Gonvick, Minn., in place of H. O. Halverson. Incumbent's commission expired February 18, 1924.

NEBRASKA

Minnie L. Smith to be postmaster at Blue Springs, Nebr., in place of J. W. Henthorn, resigned.

Archie L. Smith to be postmaster at Imperial, Nebr., in place of A. L. Smith. Incumbent's commission expires May 21, 1924.

Frank W. Fuhlrodt to be postmaster at Fremont, Nebr., in place of F. W. Fuhlrodt. Incumbent's commission expired May 11, 1924.

Henry V. Ingram to be postmaster at Exeter, Nebr., in place of H. V. Ingram. Incumbent's commission expired May 11, 1924.

Oscar M. Fenstermacher to be postmaster at Cedar Bluffs, Nebr., in place of W. F. Nick. Incumbent's commission expires June 4, 1924.

Jesse R. Teagarden to be postmaster at Bethany, Nebr., in place of C. L. Demarest. Incumbent's commission expires June 4, 1924.

NEW JERSEY

John E. MacIlwain to be postmaster at Magnolia, N. J., in place of J. E. MacIlwain. Office became third class April 1, 1924.

NEW YORK

E. DeLancy Walters to be postmaster at Bolivar, N. Y., in place of E. D. Walters. Incumbent's commission expired May 6, 1924.

Arthur J. Lytle to be postmaster at Angelica, N. Y., in place of G. O. Hinman. Incumbent's commission expires May 28, 1924.

NORTH CAROLINA

Thomas A. Kennedy to be postmaster at Troutmans, N. C., in place of Worth Williamson. Office became third class January 1, 1924.

John E. Corbitt to be postmaster at Sunbury, N. C., in place of J. E. Corbitt. Office became third class April 1, 1924.

John M. Sharpe to be postmaster at Statesville, N. C., in place of R. R. Clark. Incumbent's commission expired February 18, 1924.

PENNSYLVANIA

Robert T. Barton to be postmaster at Meadowbrook, Pa., in place of R. T. Barton. Office became third class April 1, 1924.

TENNESSEE

James M. Gresham to be postmaster at Smyrna, Tenn., in place of J. M. Gresham. Incumbent's commission expired September 5, 1923.

TEXAS

James A. Morgan to be postmaster at Vega, Tex., in place of J. A. Morgan. Office became third class April 1, 1924.

Minerva M. F. Cowart to be postmaster at Turkey, Tex., in place of M. M. F. Cowart. Office became third class April 1, 1924.

VIRGINIA

James O. Fant to be postmaster at Brandy (late Brandy Station), Va., in place of J. O. Fant. Office became third class April 1, 1924.

WASHINGTON

James R. Patterson to be postmaster at Malden, Wash., in place of G. R. Patterson. Incumbent's commission expired March 11, 1924.

WEST VIRGINIA

Millard M. Mason to be postmaster at Seth, W. Va., in place of M. M. Mason. Office became third class April 1, 1924.

WYOMING

Frank G. Brown to be postmaster at Fort Laramie, Wyo., in place of F. G. Brown. Office became third class April 1, 1924.

Neletta P. Howard to be postmaster at Manville, Wyo., in place of E. R. Spragg. Incumbent's commission expires June 5, 1924.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 17 (legislative day of May 14), 1924

UNITED STATES ATTORNEYS

Ross R. Mowry to be United States attorney, southern district of Iowa.

Allen Curry to be United States attorney, eastern district of Missouri.

POSTMASTERS

ALABAMA

Anna H. Kinney, Elberta.

ARIZONA

Charles E. Hand, Winkelman.

ARKANSAS

John N. Phillips, Jasper.

ILLINOIS

Louis W. Richter, Melrose Park.

INDIANA

Clara I. Boesen, Griffith.

IOWA

Charlie C. Clifton, Thompson.

NEBRASKA

Hillery D. Bartley, Crookston.

NORTH CAROLINA

Sue M. Vick, Bailey.

Joseph S. Mitchell, Draper.

OHIO

Melroy C. Johns, Caldwell.

Guy G. Patchen, Columbiana.

Robert E. Friel, Lore City.

Don B. Stanley, Lowell.

Ben J. Filkins, Wakeman.

OKLAHOMA

Henry F. Harwell, Bryant.

PENNSYLVANIA

Joseph S. Gillingham, Lincoln University.

SOUTH DAKOTA

C. Albert Zeitner, Mission.

Lewis W. Ford, Wakonda.

Will C. Bromwell, Wessington Springs.

WYOMING

Epsie L. Winn, Superior.

HOUSE OF REPRESENTATIVES

SATURDAY, May 17, 1924

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our heavenly Father, around about us are always Thy everlasting arms. A mighty fortress is our God, a refuge never failing. To Thee we yield ourselves, acknowledge our dependence, and confess our sins. Enlarge and extend the range of our understanding, and we always have the deepest concern for others and for the welfare of our country. In Thy light may we see light and strive for the best possible work by being the best possible men. In the name of Jesus our Savior. Amen.

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

ELECTION TO COMMITTEES

Mr. GARNER of Texas. Mr. Speaker, I offer the resolution (H. Res. 316), which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.