construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes"; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BECK: A bill (H. R. 11477) granting a pension to Delia Bertrand; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 11478) granting an increase of pension to Elizabeth Downs; to the Committee on Invalid Pensions.

By Mr. FAUST: A bill (H. R. 11479) granting a pension to Louisa L. Honaker; to the Committee on Pensions.

By Mr. HARDY: A bill (H. R. 11480) granting an increase of pension to Polly F. Gould; to the Committee on Invalid Pensions.

By Mr. HOWARD of Nebraska: A bill (H. R. 11481) granting an increase of pension to Thomas Crotty; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11482) granting an increase of pension to Alice R. Pryer; to the Committee on Invalid Pensions.

By Mr. JOHNSON of West Virginia: A bill (H. R. 11483) granting an increase of pension to George Moodespaugh; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11484) granting a pension to Elizabeth C. Waters; to the Committee on Invalid Pensions.

By Mr. LINEBERGER: A bill (H. R. 11485) granting a pension to Elizabeth A. Thomas; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 11486) granting an increase of pension to Frances A. Horr; to the Committee on Pensions.

By Mr. MANLOVE: A bill (H. R. 11487) granting an increase of pension to Mary E. Williams; to the Committee on Invalid Pensions.

By Mr. OLDFIELD: A bill (H. R. 11488) granting an increase of pension to Talitha J. Holeyfield; to the Committee on Invalid Pensions.

By Mr. PARKER: A bill (H. R. 11489) granting an increase of pension to Julia D. Gould; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11490) granting a pension to Sarah Capron; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11491) granting an increase of pension to Sarah L. Hogle; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 11492) granting a pension to Elizabeth Hutchinson; to the Committee on Pensions.

Also, a bill (H. R. 11493) granting a pension to David Colfax Osburn; to the Committee on Pensions.

By Mr. SMITHWICK: A bill (H. R. 11494) granting an increase of pension to Susan Land; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 11495) for the relief of Frederick C. Matthews; to the Committee on War Claims.

By Mr. STALKER: A bill (H. R. 11496) granting a pension to Ida M. Hemenway; to the Committee on Invalid Pensions.

By Mr. THOMAS of Oklahoma: A bill (H. R. 11497) for the relief of Gust J. Schweitzer; to the Committee on Claims.

By Mr. VESTAL: A bill (H. R. 11498) to remove the charge of desertion against Israel Brown and to grant him an honorable discharge; to the Committee on Military Affairs.

By Mr. WILLIAMS of Michigan: A bill (H. R. 11499) granting an increase of pension to Elizabeth Nye; 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:

3390. By Mr. CONNERY: Petition of New England Traffic League, urging freight rate revision be left to Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

3391. Also, petition of the Massachusetts Committee of the American Jewish Congress, urging support of the resolution in Congress in favor of admission of stranded immigrants above quota; to the Committee on Immigration and Naturalization.

3392. By Mr. EVANS of Iowa: Petition of citizens of Creston, Iowa, opposing the enactment of Senate bill 3218; to the Committee on the District of Columbia.

3393. By Mr. GALLIVAN: Petition of Massachusetts Retail Grocers and Provision Dealers' Association, Boston, recommending approval of increase of parcel-post rates a suggested by Postmaster General; to the Committee on the Post Office and Post Roads.

3394. By Mr. HARRISON: Petition of A. J. Painter and others relative to Senate bill 3218; to the Committee on the District of Columbia.

3395. By Mr. GALLIVAN: Petition of Massachusetts Committee, American Jewish Congress, Robert Silverman, secretary, Tremont Row, Boston, Mass., urging early and favorable action on resolution now pending in the House of Representatives in favor of admission of stranded immigrants; to the Committee on Immigration and Naturalization.

3396. By Mr. McKEOWN: Petition of E. P. Budd and other citizens of Shawnee, Okla., against the passage of Senate bill 3218, or any other compulsory Sunday observance law; to the Committee on the District of Columbia.

3397. By Mr. McSWEENEY: Petition of citizens of Alliance, Ohio, opposing the enactment of Senate bill 3218, compulsory Sunday observance bill; to the Committee on the District of Columbia.

3398. By Mr. PERKINS: Petition of K. B. Steinmetz, of Ridgewood, N. J., and numerous other citizens of Bergen County, N. J., not to concur in the passage of Senate bill 3218, nor to pass other religious legislation; to the Committee on the District of Columbia.

3399. Also, petition of Charles A. Okerlund, of Ramsey, N. J., and numerous other citizens of Bergen County, N. J., not to concur in the passage of Senate bill 3218, nor to pass other religious legislation; to the Committee on the District of Columbia.

SENATE

SATURDAY, *January 10, 1925*

(Legislative day of Monday, January 5, 1925)

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. Farrell, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 2838) to provide for expenditure of tribal funds of Indians for construction, repair, and rental of agency buildings and related purposes.

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

H. R. 11248. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1926, and for other purposes; and

H. R. 11354. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

ENROLLED BILLS SIGNED

The message also announced that the Speaker of the House had affixed his signature to the following enrolled bills, and they were thereupon signed by the President pro tempore:

H. R. 2309. An act for the relief of Robert Laird, sr.; and

H. R. 9076. An act to amend section 2 of the act entitled "An act to provide the necessary organization of the customs service for an adequate administration and enforcement of the tariff act of 1922 and all other customs revenue laws," approved March 4, 1923.

REPORT OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

The PRESIDENT pro tempore laid before the Senate a communication from the president of the Chesapeake & Potomac Telephone Co., submitting, pursuant to law, a report of that company for the year 1924, with the results of its operations for the month of December estimated but included in the report, which was referred to the Committee on the District of Columbia.

HOUSE BILLS REFERRED

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

H. R. 11248. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1926, and for other purposes; to the Committee on Appropriations.

H. R. 11354. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; to the Committee on Pensions.

CALL OF THE ROLL

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

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

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

Ashurst	Elkins	Kendrick	Ralston
Ball	Ernst	Keyes	Ransdell
Bayard	Fernald	King	Robinson
Bingham	Ferris	Ladd	Sheppard
Borah	Fess	McKellar	Shipstead
Brookhart	Fletcher	McKinley	Shortridge
Broussard	Frazier	McLean	Simmons
Bruce	George	McNary	Smith
Bursum	Gerry	Mayfield	Smoot
Butler	Gooding	Means	Sterling
Cameron	Greene	Metcalf	Swanson
Capper	Hale	Neely	Trammell
Copeland	Harreld	Norbeck	Underwood
Couzens	Harris	Norris	Wadsworth
Cummins	Harrison	Oddie	Walsh, Mass.
Curtis	Heflin	Overman	Walsh, Mont.
Dale	Howell	Owen	Warren
Dial	Johnson, Calif.	Pepper	Watson
Dill	Jones, N. Mex.	Phipps	Willis
Edge	Jones, Wash.	Pittman	

The PRESIDENT pro tempore. Seventy-nine Senators have answered the roll call. There is a quorum present.

MEMORIALS

Mr. FESS presented a memorial numerously signed by sundry citizens of Cleveland, Ohio, remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. WILLIS. I present a letter in the nature of a memorial signed by President Greene and Secretary Havens, of the Cleveland (Ohio) Chamber of Commerce, relative to the proposal for a 9-foot channel from the Great Lakes to the Gulf, which I request be referred to the Committee on Commerce and printed in the RECORD.

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

THE CLEVELAND CHAMBER OF COMMERCE,
Cleveland, Ohio, January 7, 1925.

Hon. FRANK B. WILLIS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Our committee on river and harbor improvement has considered the bill No. 4428, which proposes a 9-foot channel from the Great Lakes to the Gulf. As a result of its study we are writing you to request that you present to the committee considering this measure the protest of this organization against its passage. The reasons are contained in a previous report of the committee, a copy of which is inclosed.

It is the attitude of this chamber of commerce to oppose any legislation that will pemit Chicago to withdraw any water above the amount that the engineers have determined to be necessary for navigation.

The engineers have expressed themselves on page 116, first line, of the so-called Warren report, as follows:

"It has never been necessary to estimate the diversion of water from Lake Michigan which would be required to operate the drainage canal as a navigable waterway, provided no sewage or water for sewage dilution or water for power development purposes were discharged into it. But it seems probable that 500 cubic feet per second would suffice amply. If the Des Plaines and Illinois River route for 8-foot navigation is developed, 1,000 cubic feet per second may be required from Lake Michigan."

And in the report of Secretary of War Stimson, as of January 8, 1913, as follows:

"There is involved in this case no issue of conflicting claims of navigation. The Chief of Engineers reports that so far as the interests of navigation alone are concerned, even if we should eventually construct a deep waterway from the Great Lakes to the Mississippi over the route of the Sanitary Canal, the maximum amount of water to be diverted from Lake Michigan need actually be not over 1,000 feet per second, or less than a quarter of the amount already being used for sanitary purposes in the canal."

The proposed bill would allow a diversion of 10,000 cubic feet per second. It is our opinion that under no circumstances should a diversion greater than that permitted by the Secretary of War (4,167 cubic feet per second) be permitted.

We shall much appreciate your cooperation.

Respectfully yours,

E. B. GREENE, *President.*
MUNSON HAVENS, *Secretary.*

REPORTS OF THE COMMERCE COMMITTEE

Mr. LADD, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 3890) granting the consent of Congress to the State of North Dakota to construct a bridge across the Missouri River between Williams County and McKenzie County, N. Dak. (Rept. No. 859); and

A bill (S. 3891) granting the consent of Congress to the State of North Dakota to construct a bridge across the Missouri River between Mountrail County and McKenzie County, N. Dak. (Rept. No. 860).

BILLS INTRODUCED

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

By Mr. BROOKHART:

A bill (S. 3903) granting a pension to Nancy Blitz; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 3904) for the relief of John H. Lindstrom; to the Committee on Claims.

By Mr. GREENE:

A bill (S. 3905) granting an increase of pension to Delia Norton (with an accompanying paper); and

A bill (S. 3906) granting an increase of pension to Mary Recor; to the Committee on Pensions.

By Mr. BURSUM:

A bill (S. 3907) granting a pension to John M. Cook; to the Committee on Pensions.

By Mr. WILLIS:

A bill (S. 3908) granting an increase of pension to Eliza Houser (with accompanying papers); to the Committee on Pensions.

By Mr. RANSDELL:

A bill (S. 3909) authorizing an investigation, examination, and survey for the control of excess flood waters of the Mississippi River below Red River Landing in Louisiana and on the Atchafalaya outlet by the construction and maintenance of controlled and regulated spillway or spillways, and for other purposes; to the Committee on Commerce.

By Mr. LADD:

A bill (S. 3911) to amend the act approved March 20, 1922, entitled "An act to consolidate national-forest lands"; to the Committee on Public Lands and Surveys.

By Mr. CUMMINS (Mr. STERLING in the chair):

A bill (S. 3912) to provide for the temporary detail of commissioned officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes;

A bill (S. 3913) to extend for an additional period of three years the effective period of the act entitled "An act to amend section 51 of chapter 4 of the Judicial Code," approved September 19, 1922; and

A bill (S. 3914) to extend for an additional period of three years the effective period of the act entitled "An act to amend section 876 of the Revised Statutes," approved September 19, 1922; to the Committee on the Judiciary.

PROPOSED FEDERAL AERONAUTICS COMMISSION

Mr. KING. Mr. President, I ask unanimous consent to introduce a bill for the purpose of unifying the work of the Navy and the Army and the Post Office Department respecting aeronautics.

There has been some little question as to the committee to which the bill should be referred. I have conferred with the Senator from New York [Mr. WADSWORTH], and he thinks, as I think, that perhaps the appropriate committee is the Committee on Appropriations. It seems rather illogical to refer a bill dealing with aeronautics to the Appropriations Committee; but under the present rule the chairman of the Military Affairs Committee, the chairman of the Committee on Naval Affairs, and the chairman of the Committee on Post Offices and Post Roads, in dealing with appropriations, are ex officio if not directly members of the Appropriations Committee. The apparent impropriety seems to me to vanish when we remember that fact; and therefore I ask the reference of the bill to the Committee on Appropriations.

The bill (S. 3910) to create a Federal aeronautics commission, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AMENDMENTS TO RIVER AND HARBOR BILL

Mr. FLETCHER submitted two amendments intended to be proposed by him to the bill (H. R. 10894) authorizing the construction, repair, and preservation of certain public works on

rivers and harbors, and for other purposes, which were referred to the Committee on Commerce and ordered to be printed.

SITE OF THE BATTLE OF FRANKLIN, TENN.

Mr. McKELLAR submitted an amendment authorizing the Secretary of War to acquire such tracts of land as are deemed by him necessary and desirable for suitable designation of the site of the Battle of Franklin, Tenn., intended to be proposed by him to House bill 11248, the War Department appropriation bill, which was referred to the Committee on Appropriations, and ordered to be printed.

AMENDMENTS TO MUSCLE SHOALS BILL

Mr. McKELLAR submitted an amendment intended to be proposed by him to the Norris substitute to House bill 518, the so-called Muscle Shoals bill, which was ordered to lie on the table and to be printed.

Mr. JONES of Washington submitted an amendment intended to be proposed by him to House bill 518, the so-called Muscle Shoals bill, which was ordered to lie on the table and to be printed.

EVIDENCE RELATIVE TO ORIGIN OF THE WORLD WAR

Mr. OWEN submitted the following resolution (S. Res. 296), which was referred to the Committee on Foreign Relations:

Resolved, That the Committee on Foreign Relations shall cause to be prepared for the Senate an authoritative abstract and index of all authentic important evidence heretofore made available in printed form, or otherwise readily accessible, bearing on the origin and causes of the World War.

2. The chairman of the Committee on Foreign Relations, with the approval of a majority of the members of that committee, is authorized and directed to appoint a commission of seven citizens of the United States, trained in historical research, to abstract and index this evidence. This commission shall not be composed of persons in the Government service. They shall serve without compensation, but shall be reimbursed for their actual and necessary traveling expenses, and for their maintenance while actually engaged in the work of the committee shall receive an allowance not exceeding $15 per diem. The chairman of the Committee on Foreign Relations shall have authority to employ such additional clerical service as the commission may require, at a cost not to exceed $5,000. All expenditures incidental to the formation and operation of the commission and the printing of its data shall be paid from the contingent fund of the Senate.

3. The commission shall submit its abstracts of evidence to the Committee on Foreign Relations not later than February 1, 1926, which shall be printed for the information of the Senate.

ETHEL M'NEIL

Mr. SHIPSTEAD submitted the following resolution (S. Res. 297), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate is hereby authorized and directed to pay out of the contingent fund of the Senate to Ethel B. McNeil, widow of Robert J. McNeil, late a messenger acting as assistant doorkeeper of the Senate, under direction of the Sergeant at Arms, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

TARIFF COMMISSION INVESTIGATION

Mr. ROBINSON. Mr. President, I ask leave to make a brief statement respecting a resolution which was presented to the Senate on January 2 by me relating to the Tariff Commission. It had been my hope that the order under which the Senate is now proceeding relating to Muscle Shoals would be disposed of before this date, and that the resolution to which I am referring might be taken up to-day. An engagement made some weeks ago will require me to leave the city this afternoon for an absence of several days.

In all probability the resolution, if taken up now, would provoke or prompt extended discussion. I shall not, therefore, at this time ask consideration of the resolution, but desire to amend the same so as to add at the end of the resolution the following language:

That the United States Tariff Commission be, and it is hereby, requested to furnish the Senate all information at its command respecting the tariff on sugar and investigations of the same by the said Commission.

The resolution as originally offered——

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

Mr. ROBINSON. Certainly.

Mr. NORRIS. I think the way the Senator read the resolution he has an error in it which, if I call his attention to it, he will see at once, unless I am wrong in my hearing of the reading. In the language he read he said something about a Senate commission. Does not the Senator mean the Tariff Commission?

Mr. ROBINSON. I did say the Tariff Commission. The Senator misunderstood me. The language I read is as follows:

That the United States Tariff Commission be, and it is hereby, requested to furnish the Senate all information at its command respecting the tariff on sugar and investigations of the same by the said commission.

Mr. NORRIS. The Senator read something else, did he not?

Mr. ROBINSON. No; that is all I read.

Mr. NORRIS. Then I misunderstood him.

Mr. ROBINSON. Mr. President, I was proceeding to say that the resolution as originally presented contemplated an investigation by the Committee on Finance or one of its subcommittees of the proceedings of the Tariff Commission relating to the sugar investigaton and any pressure, from whatever source, that may have been brought to bear on members of the commission to prompt them to accommodate their views to the views of others in their decisions, and to report their recommendations to the Senate.

Now I amend the resolution, if permitted to do so at this time, by requesting that the commission furnish the Senate all information available respecting the subject of the sugar investigation. I ask leave to make that amendment, and I will say that I make the amendment at the suggestion of the senior Senator from New Mexico [Mr. JONES].

Mr. JONES of New Mexico. Mr. President, the suggestion which I made was not only with respect to sugar but covered all matters which have been considered under the flexible provisions of the tariff act. No reason has occurred to me why we should single out that one commodity among the numerous commodities which have been considered under the flexible provisions of the tariff act.

Mr. ROBINSON. Very well; I will so modify the resolution. I had not understood the suggestion of the Senator from New Mexico in the way he now states it respecting the investigation.

Mr. JONES of New Mexico. The facts ascertained and the reports as to oxalic acid and other commodities, under the flexible provisions of the tariff act, are equally as important as those relating to sugar.

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

Mr. ROBINSON. I yield.

Mr. HARRISON. There is only one question about that. If we want to get the information during this session of Congress which the Tariff Commission has respecting sugar, it might take so long to prepare all the data touching these other matters that we would not get the information at the present session.

Mr. ROBINSON. It is my impression that the commission has all this information compiled already, necessarily, as a result of its investigations, and that all it will have to do will be to furnish the information which it already has compiled.

I modify the amendment so as to read:

That the United States Tariff Commission be, and it is hereby, requested to furnish the Senate all information at its command respecting investigations by said commission made under the flexible provisions of the tariff law.

The PRESIDENT pro tempore. The Chair is of the opinion that the Senator from Arkansas has a right to modify his resolution. The only question is, Is there objection to his doing so at this time? The Chair hears none, and the resolution is modified accordingly.

INCOME TAX LAWS OF CERTAIN FOREIGN COUNTRIES

Mr. JONES of New Mexico. Mr. President, in 1923 I thought it quite advisable that we should have compiled a summary of the income tax laws of certain foreign countries, and I called upon the legislative-reference service of the Library of Congress to prepare that information. It has now been prepared; and upon such examination as I have been able to make I feel quite certain that it is a very valuable compilation, and that anyone who desires to know something of the workings of income tax laws in other countries that have been using that system of taxation will find it extremely beneficial to have this information available. I therefore ask unanimous consent that this report from the legislative-reference service be printed as a public document.

Mr. CURTIS. Mr. President, in the absence of members of the Committee on Printing I should like to ask the Senator about how long the report is; whether or not it is very extensive.

Mr. JONES of New Mexico. It is all in typewritten manuscript.

Mr. FLETCHER. Mr. President, has the Senator obtained an estimate of cost?

Mr. JONES of New Mexico. No; there has been no estimate of the cost, but I am sure that regardless of its cost Senators will want this information.

Mr. FLETCHER. The only thing is that the rule requires an estimate of the cost to be submitted with a request of that kind. I am not making the point, however.

Mr. CURTIS. I should be glad if the Senator would let the matter go over until Monday. The chairman of the Printing Committee will be here on that day, and then we can take it up. Personally, I have no objection; but if the Senator would just as soon do that I should prefer to have that course taken.

Mr. JONES of New Mexico. Of course, I am not urging the matter.

Mr. CURTIS. I shall not object this afternoon, but I simply suggest that that is what I should like to have the Senator do if he will. The Senator from New Hampshire [Mr. MOSES], the chairman of the Committee on Printing, will be here on Monday.

Mr. JONES of New Mexico. Of course, if the Senator prefers that course, I shall be glad to accede to his request.

Mr. CURTIS. I wish the Senator would.

The PRESIDENT pro tempore. Does the Senator withdraw his request?

Mr. JONES of New Mexico. I withdraw the request.

Mr. FLETCHER. I suggest that in the meantime the Senator refer the matter to the Clerk and have an estimate of cost prepared. Then it would be in order.

PRESIDENTIAL APPROVALS

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

On January 9, 1925:

S. 225. An act for the relief of Edward N. McCarty;

S. 335. An act for the relief of John T. Eaton;

S. 368. An act for the relief of Nelly McCanna, residuary legatee and devisee under last will and testament of P. F. McCanna, deceased;

S. 511. An act to authorize the Secretary of the Interior to issue patent in fee simple to the Board of Regents of the University of Arizona, State of Arizona, of Tucson, Ariz., for a certain described tract of land;

S. 1014. An act for the relief of F. J. Belcher, jr., trustee for Ed Fletcher;

S. 2187. An act for the relief of Mrs. John D. Hall; and

S. 2510. An act for the relief of William Henry Boyce, sr.

On January 10, 1925:

S. 88. An act for the relief of Louis Leavitt; and

S. 3058. An act giving the consent of Congress to a boundary agreement between the States of New York and Connecticut.

MUSCLE SHOALS

The Senate resumed the consideration of the bill (H. R. 518) to authorize and direct the Secretary of War, for national defense in time of war and for the production of fertilizers and other useful products in time of peace, to sell to Henry Ford, or a corporation to be incorporated by him, nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; steam-power plant to be located and constructed at or near Lock and Dam No. 17, on the Black Warrior River, Ala., with right of way and transmission line to nitrate plant No. 2, Muscle Shoals, Ala.; and to lease to Henry Ford, or a corporation to be incorporated by him, Dam No. 2 and Dam No. 3 (as designated in H. Doc. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes.

Mr. WADSWORTH obtained the floor.

Mr. SIMMONS. Mr. President, will the Senator from New York kindly yield to me to make a request?

Mr. WADSWORTH. I have no objection to yielding if I may proceed shortly with the discussion of the pending amendment.

Mr. SIMMONS. I do not propose to discuss anything; I merely wish to make a request.

Mr. President, in the remarks which I made on yesterday upon the Muscle Shoals question I did not possess myself of a transcript of the reporters' notes and did not read them over before they were published. Upon reading the RECORD this morning I discover that several errors of substance have crept into the RECORD. I do not say that it was the fault of the reporters, for it might have been my own fault. I ask unanimous consent that I may make corrections in the RECORD in my published remarks so as to conform them to the thought that was in my mind at the time they were uttered.

The PRESIDENT pro tempore. The Senator from North Carolina may correct the RECORD according to the suggestions which he has made.

Mr. WADSWORTH. Mr. President, the so-called Muscle Shoals bill is now, in a parliamentary sense, in the Senate. The amendment agreed to as in Committee of the Whole has not as yet been concurred in in the Senate. I have offered an amendment to the amendment which was adopted as in Committee of the Whole, which is known generally as the Underwood substitute. As in Committee of the Whole, I voted for the adoption of the so-called Underwood substitute. I did so, believing that, generally speaking, it was preferable to the committee bill; but during all the discussion of both proposals, the Underwood substitute and the committee bill, I have become more and more impressed with the difficulty of solving the problem of the disposition of Muscle Shoals and all that that entails in the Congress of the United States; not, Mr. President, that I doubt the ability of Members, if their attention were undiverted by other business, to approach this problem, and to solve it; but I think all of my colleagues in this body will admit that it is exceedingly difficult for us to become thoroughly acquainted with all of the details of this project. So many of them are technical in character as to require really the study of men thoroughly versed in those technical questions and blessed with ample opportunity for indulging in such study. The more I have listened to the discussion here, while I recognize its sincerity in every respect, the more I have become impressed with the difficulties that naturally confront a large legislative body such as the Congress of the United States when it undertakes to deal with a question of this kind.

It is perfectly apparent, Mr. President, that the Congress desires to lay down certain rules or principles in accordance with which it desires the Muscle Shoals project to be developed. I think it wise that Congress should lay down such principles or rules. In the amendment which I have offered I have endeavored to include a statement of those basic principles which I am sure appeal to all of the Members of the Senate as being wise and well founded; but, believing, as I do, that the legislation which we have been endeavoring to whip into shape has become so complicated and if enacted will be so apt to handicap the undertaking in a business sense, I have been unable to avoid reaching the conclusion that it were wiser for us to content ourselves with establishing and stating certain basic principles, and, having done that, delegate to the President and advisers selected by him the task of filling in the details.

So this amendment of mine, Mr. President, in its first section dedicates the Muscle Shoals project to the national defense in time of war and to the production of commercial fertilizers and other articles useful in agriculture and industry in time of peace, thus expressing the intention of Congress in broad terms.

The second section of the amendment creates a commission of five persons. Of that commission the Secretary of War is to be chairman and the Secretary of Agriculture is to be a member. Of the three other members the amendment provides one shall be a person versed in the production of hydroelectric power and one a person versed in chemical-industrial problems. The section does not impose any qualifications upon the third of the three who are to join with the Secretary of Agriculture and the Secretary of War in the make-up of the commission.

Before the amendment itself shall be voted upon I intend to ask the acceptance of an amendment to this section to provide that the three members to be appointed by the President shall be appointed by and with the advice and consent of the Senate.

The second paragraph of the second section providing for the appointment of the commission prescribes its duties, and it is the essence of the whole amendment. It reads as follows:

> It shall be the duty of the commission to determine what disposition shall be made of the Muscle Shoals project with respect to its operation by a lessee or in partnership or by a corporation to be formed under the provisions of this act, and the decision of said commission, when approved by the President, shall be put into effect.

The third section states another principle or intention of the Congress in binding fashion, and with respect to which I think there can be little if any disagreement. In short, it provides that if the commission shall decide that it is to the best interest of the Government to lease or to operate the Muscle Shoals project through a partnership, such lease or partnership

understanding or contract shall not extend beyond a period of 50 years.

The section also provides, as an alternative to leasing or operating the project in partnership that, if the commission shall decide that it is wiser that the project be operated by a Government-owned corporation, the creation of such a corporation is authorized, and the issuance of bonds not to exceed the sum of $50,000,000 is further authorized, and the Federal Treasury shall stand sponsor for such bonds; in other words, they shall be guaranteed as to payment of principal and interest by the Treasury of the United States.

Mr. SIMMONS. Mr. President——

Mr. WADSWORTH. I yield to the Senator from North Carolina.

Mr. SIMMONS. As I understand the Senator's amendment, after reading it for myself, the second section of the amendment places in the hands of five men, who are named as a commission on Muscle Shoals, the power to determine the question of whether this plant shall be operated by the Government or shall be leased to be operated by private interests.

Mr. WADSWORTH. It does.

Mr. SIMMONS. And the only condition to that finding or determination going into effect is the approval of the President?

Mr. WADSWORTH. It is.

Mr. SIMMONS. Does not the Senator think that, dealing with so important and vital a matter, the finding of the commission should be subject to the approval of Congress?

Mr. WADSWORTH. I was about to approach a discussion of that phase of the question.

Mr. SIMMONS. Let me ask the Senator another question. The third section of his amendment provides that, if they shall decide that it is best for the Government to lease the property, they shall proceed to lease it. The Senator does not in his amendment prescribe the terms upon which they shall lease it. Apparently he leaves entirely to the decision of this commission the terms of the contract, including rental?

Mr. WADSWORTH. I do.

Mr. SIMMONS. Does the Senator think that it is quite wise in dealing with so large an asset of the Government to repose absolutely and without appeal the power in the hands of five men to determine the terms upon which this property may be leased in case they should decide that it is to the best interests of the Government to lease it rather than to operate it?

Mr. WADSWORTH. Mr. President, I shall have to say that I would not have submitted the amendment in the form in which it is if I did not believe its provisions to be wise.

Mr. SIMMONS. There is nothing in any other part of the Senator's amendment which prescribes the terms of the lease?

Mr. WADSWORTH. No; not at all.

Mr. SIMMONS. They are left entirely to the commission.

Mr. WADSWORTH. They are.

Mr. SIMMONS. And the finding of the commission that it is best to lease the property is without appeal in case the President approves it, and the terms upon which it may be leased are without appeal, although the commission may propose to lease it upon terms entirely unsatisfactory to the Congress and to the people.

Mr. WADSWORTH. That is remotely possible.

Mr. McKELLAR. Mr. President——

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

Mr. WADSWORTH. I yield.

Mr. McKELLAR. I imagine the Senator has in mind the idea that probably no commission on earth would ever get less compensation than 4 per cent on $45,800,000, which is the proposal in the Underwood amendment. That is a very small consideration, and I imagine that no commission would certainly make it less than that.

Mr. WADSWORTH. Does the Senator have reference to the selling price of the product from the plant?

Mr. McKELLAR. No; I have reference to the amount of rental that the Government may derive. Under the Underwood proposal the Government is to receive 4 per cent, or not less than 4 per cent, which means 4 per cent on $45,800,000, that being the proposed cost of plant No. 2. Surely no commission would think of asking less than that; I can not conceive of it doing so.

Mr. WADSWORTH. I imagine not.

Mr. President, before I return to a discussion of the point raised by the Senator from North Carolina, let me continue for just a moment in explaining the remainder of the amendment.

Section 4 provides for the recapture of the entire project by the Government on five days' notice in the event of war. That section is practically identical with the section contained in the Underwood substitute.

So there are three or four basic principles laid down for the guidance of the commission:

First, the whole project is dedicated to the national defense and to the production of commercial fertilizers or their ingredients.

Second, no person, partnership, or corporation may lease this project in whole or in part for a period of more than 50 years.

Third, if the Government is to run it through a corporation, that corporation may issue not to exceed $50,000,000 in bonds, guaranteed by the Federal Treasury.

Fourth, the Government may, upon five days' notice, recover complete possession of the project, or any portion of it, in time of war.

Those are the four conditions, and the only four conditions of any importance, imposed upon the commission. Frankly, I propose that they fill in the details; that they draw the terms of a lease if there is to be one; that they prescribe in detail the interior organization of a Government corporation, if there is to be one.

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

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

Mr. WADSWORTH. I yield.

Mr. DILL. I do not understand whether or not the Senator's amendment would take this lease and this water power out of the operation of the water power act.

Mr. WADSWORTH. That would be reserved for future consideration.

Mr. DILL. As the amendment now stands, the terms of the Federal water power act would not apply?

Mr. WADSWORTH. They are not mentioned.

Mr. DILL. They would not apply to this lease as made?

Mr. WADSWORTH. They might be made to apply on recommendation of the commission or as the result of future legislation by the Congress.

Mr. DILL. By future legislation after a lease was made?

Mr. WADSWORTH. The commission might request legislation of Congress.

Mr. DILL. But unless the commission did request it, if they made a lease, once the lease was signed under this amendment, then the Congress would not be able to come in and even apply the terms of the water power act, would it?

Mr. WADSWORTH. If the commission were rash enough to sign a lease which would forestall their ever having any power of regulation, that would be so; but I can not conceive how the President or any commission would lay the Government and the public open to such a danger.

Mr. SIMMONS. Mr. President——

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

Mr. WADSWORTH. I yield.

Mr. SIMMONS. The Senator has referred to the first section of his amendment, which dedicates and sets apart this plant to be used for national defense and for the production of fertilizers and other products useful in agriculture and industry. Does the Senator hold, under his amendment, that if the commission should decide to lease the property they could lease it only for the purpose of having it operated to produce materials for the national defense in time of war and fertilizer in time of peace?

Mr. WADSWORTH. Yes; I do hold that they would be confined in that manner.

Mr. SIMMONS. If they lease it at all under the Senator's amendment, they can only lease it for the purpose of making nitrates for war purposes and for agricultural purposes?

Mr. WADSWORTH. Yes; that is the idea of the first section. It is dedicated exclusively to those uses, and that section is not very different from a similar section contained in the Underwood substitute.

Section 5, Mr. President, I think warrants a word of explanation, as it might seem to be extraneous in an amendment of this kind. It is very brief, and I will read it:

> If it shall be determined by the commission and approved by the President that the Muscle Shoals project shall be leased and is thereafter leased, the lessee shall be free from any writ of injunction for the use of any patent, patented process, or apparatus in the proper enjoyment of his lease.

Mr. President, that is proposed as the result of information which has come to me from a gentleman—incidentally, a Government officer—who has made an especial study of the patent situation in connection with the operation of plant No. 2 and

other plants which might be erected at Muscle Shoals. As the Senator from Alabama [Mr. UNDERWOOD] said early in the debate on this matter, a question has arisen as to whether or not the Government—which now enjoys the use of certain patents, and in connection with which arbitration proceedings have been going on as to the amount of royalty which the Government shall pay—has a right to lease those patents to any other person. The use of those patents is vital in the operation of plant No. 2. The Government has the right to use them on the payment of a royalty. That amount is being fixed; but, as I say, there is grave doubt in the minds of men who have studied the patent law on this question that the Government has any right to lease the use of those patents to anyone else.

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

Mr. WADSWORTH. I yield.

Mr. NORRIS. I do not anticipate that there will be any trouble at plant No. 2 in getting the right to the use of the patents, but there might be some difficulty as to the amount of royalty.

Mr. WADSWORTH. Most decidedly.

Mr. NORRIS. The Senator has just said that it had not yet been determined what royalty the Government should pay. I made the statement here in debate, and I think it is correct—I may be wrong—that the Government contract provided for the payment of $30 a ton at plant No. 2.

Mr. WADSWORTH. I knew that arbitration had been going on on that question.

Mr. NORRIS. The patent is owned by the American Cyanamid Co. From all I can see, that company, owning that patent, would be very glad to have plant No. 2 operated, because they get no royalty unless nitrogen is manufactured; but I can see where they might say to a lessee, "We will increase that royalty." I do not think there would be any doubt of the lessee being able to get that, entirely outside of the legal question which is involved.

Mr. SMITH. Mr. President——

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

Mr. WADSWORTH. I do.

Mr. SMITH. May I ask the Senator from New York whether or not he is informed as to whether the Cyanamid Co. has been licensing any of its patents? As the Senator knows, the owner of a patent sometimes licenses it to other parties on the basis of a royalty. As I understand, the Government, exercising the right of eminent domain, has taken this patented process for use at Muscle Shoals; but unless the company uses the ordinary method of licensing others to use its patent on a royalty basis, what power would the Government have, even under the proposal of the Senator, to transfer by virtue of a a lease to private parties, for private gain, a patent that belonged to private individuals?

Mr. WADSWORTH. That is the whole question. I do not say that the Government can indulge in a transaction of that kind, and section 5 does not say that it can.

Mr. SMITH. I may have misunderstood the reading. I thought the Senator had immunized them against injunction.

Mr. WADSWORTH. I have immunized them against the process of injunction; that is all.

Mr. NORRIS. Mr. President, I should like to ask the Senator whether he thinks that particular provision would be constitutional? Can we do that by an act of Congress—deny some one a right which the law gives him?

Mr. WADSWORTH. We do not deny a right, as I understand, when we withdraw the right of injunction.

Mr. SMITH. What would be the process?

Mr. WADSWORTH. We still leave open to the plaintiff the right of civil action. It is well within the power of the Congress to deny the right of injunction, and it has often been very seriously proposed. The only object of section 5, which frees the lessee from the writ of injunction, is to prevent some person on the outside from obtaining an injunction and stopping the whole plant, and stopping all production from top to bottom, to the immense loss of the Government, the public, as well as the lessee; that is all.

Mr. NORRIS. I see the point the Senator makes.

Mr. SMITH. This provision leaves the final action to the civil process?

Mr. WADSWORTH. Absolutely; that is all. In other words, I am trying to protect the operation of the plant in the public interest.

Mr. NORRIS. The question might arise. I am in entire sympathy with the Senator's viewpoint. I think it quite important, too.

Mr. WADSWORTH. Why, Mr. President, it is vital.

Mr. NORRIS. It is vital, providing some one would want to stop it.

Mr. WADSWORTH. Yes; but some one may want to stop it, and succeed in stopping it without this provision.

Mr. NORRIS. They may; and I think it is wise to have it in, even if you have doubt about its being effective; but I do not anticipate that kind of trouble, because if we, for instance, should operate nitrate plant No. 2 to its capacity and make 40,000 tons of nitrogen a year the owner of the patented process would get quite a large sum of money, as the Senator can readily see. It would be 40,000 times $30 every year.

Mr. WADSWORTH. Yes; but, as the Senator says, he might demand a larger royalty.

Mr. NORRIS. He might demand a larger royalty.

Mr. WADSWORTH. It is the right of the Government to lease his patent which is involved.

Mr. NORRIS. If he commenced an injunction suit, he would not be getting anything. The question arose in my mind in this way: I am inclined to agree with the Senator that we could provide by law that the only remedy for a patentee in cases of infringement would be an action for civil damages; but suppose we provided by law that I should be denied that right and the Senator should have it. Would there not be some danger of that being held unconstitutional? Here we deny the right of injunction for a particular person or corporation who may be a lessee, but that right of injunction exists for everybody else and against everybody else in the United States except this one.

Mr. SIMMONS. Mr. President——

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

Mr. WADSWORTH. I yield to the Senator.

Mr. SIMMONS. I fully recognize the importance of the provision that the Senator from New York has incorporated in his amendment, but I do not think it is quite obnoxious to some of the objections that have been made to it. The Senator is only dealing with the summary remedy provided by law.

Mr. WADSWORTH. That is all.

Mr. SIMMONS. If the Senator's proposition were to prevent the rightful owner of the patent from litigating his property rights in the courts, of course he would be doing something that would be unconstitutional; but, as I understand, he is only taking away the provisional remedy. He is remanding the owner of the patent to his action in court, but not giving him the provisional relief of a writ of injunction until after the controversy has been finally decided in the courts. Is that the effect of the Senator's amendment?

Mr. WADSWORTH. That is the effect.

Mr. SIMMONS. It does not deprive him of property rights at all?

Mr. WADSWORTH. Not at all.

Mr. SIMMONS. He has a perfect right to go into court and litigate the question as to whether there is an infringement of his patent or not?

Mr. WADSWORTH. He has.

Mr. SIMMONS. But he can not while the litigation is pending stop the use of that patent?

Mr. WADSWORTH. That is true.

Mr. SIMMONS. I think the provision is an entirely correct one.

Mr. WADSWORTH. The reason why I make such provision is that the Government itself and the public at large will have a very important interest at stake. We should not confine our attention to the fate of the lessee alone. The lessee, if there is to be one, will be under contract with the Government of the United States to do certain things and to pay certain sums of money. Ordinarily I would not advocate the withdrawal of the right of injunction, but in a case where the Government of the United States may be subjected to the danger of being estopped, and estopped instantly and scarcely with notice, in the operation of a huge project like that at Muscle Shoals, I think the Congress is right in protecting the Government and the public to this extent. That is the purpose of the amendment.

Mr. NORRIS. I am in entire sympathy with the Senator, and it may be that he is accomplishing just what he desires and what I desire to accomplish, assuming that the bill becomes a law. But again I call his attention to what seems to me, without having ever looked it up or ever having thought of it before, is a serious proposition. The effect of the section would be to deny the writ of injunction against one person and to permit the right to exist against every other person in the United States. Suppose that the Senator from New Jersey [Mr. EDGE] started a similar establishment in New Jersey. He

has to have a patent of the same nature. Suppose I am the lessee at Muscle Shoals. I am competing with him in the business. The Government protects me by prohibiting a writ of injunction from being issued against me, but it does not similarly protect the Senator from New Jersey. Would the court sustain that, is a question which I have in my mind with a large question mark behind it. I think it important that it should be reached if it can be done, but I can not help having some doubt in my mind.

Mr. WADSWORTH. I would be a bold person if I answered the Senator definitely and conclusively on that question, but I have become convinced that as a matter of broad general policy and for the assurance of a successful operation of the project something of this sort should be stated, and that is the purpose of the amendment.

As I said when I started to explain it, it may seem to be extraneous, as contained in an amendment of this general character, but the last section turns over to the commission the sum of money which was received by the Secretary of War when he sold the Gorgas steam plant at Gorgas. That is merely for the purpose of enabling the commission, or the agency set up by it in the operation of this huge plant, to have a working balance with which to start business. I think that suggestion is not in conflict with suggestions contained in the Underwood substitute and perhaps in the committee bill. Some sort of appropriation is made to permit the starting of the work.

Mr. EDGE. Mr. President, will the Senator permit a question?

Mr. WADSWORTH. Certainly.

Mr. EDGE. In effect does not the Senator's proposed amendment merely give the commission which he is forming power to take their time to decide whether the Government shall operate or whether they can effect a satisfactory lease, whereas the Underwood amendment, as I understand it, exactly does the same thing, only fixing an arbitrary date of September 1, when, if they have not made a satisfactory lease, the Government shall operate it. The only difference is the question of that date. Am I correct in the assumption?

Mr. WADSWORTH. That is one difference, but there are many others. The Underwood amendment proceeds to treat the whole project in infinite detail.

Mr. EDGE. Yes; I realize that.

Mr. WADSWORTH. It practically ties the hands of those who are to operate the plant, whether they be lessees or officers of the Government corporation. It ties their hands down to what would ordinarily be considered minor business details. Frankly, I do not believe that this body or the body at the other end of the Capitol is possessed of the knowledge to enable it to settle all those details.

Mr. EDGE. In other words, the Senator is convinced that the Senate of the United States can not make a satisfactory trade through debate? Is that the idea?

Mr. WADSWORTH. If it had nothing else to do it might, but the trouble is we are crowded and jammed with all kinds of proposals, and I think I am not unlike a good many Senators in that I have become so confused over the technical details of the proposal that I can not say to my own satisfaction just exactly what should be done with the project. I could not sit down and draw the contract for its use, and I think I am not alone in that regard among my colleagues in the Senate.

Mr. President, may I call attention to some of the things—and I confess I voted for them, because I voted for the Underwood amendment on the theory that I preferred it slightly and only slightly to that of the Senator from Nebraska—which are details to which the Senate is apparently committed? Let me ask frankly whether we are certain that the project can be managed with those details all fixed and decided upon by statute? We have heard a great deal of discussion as to the capacity of plant No. 2, not only its capacity which is conceded, but what can be done with the product. I do not think there are 10 Senators here who feel absolutely certain that it is wise to compel the production of 40,000 tons of nitrates every year after six years from date. It is conceded that the process which is used in plant No. 2 is obsolescent, that it ought to be changed as the result of experiments. It is conceded that it may take years to work out the most economical process of producing nitrates through atmospheric fixation. We want to have that done. We want it done in economical fashion.

But how can any man operate plant No. 2, roaring at full capacity for 44 years, with no let-up or interruption whatsoever in the production of 40,000 tons of nitrates each year, and at the same time convert the plant economically and scientifically to the use of a process other than the cyanamide process?

He would have to build a new plant alongside of it in which to try the production of nitrates by some other method than the cyanamide method. We have tied his hands by the Underwood substitute. No matter how false and fallacious his business undertaking would turn out to be in 5 or 6 or 8 or 10 years from now, he would have to drive on through with it to the end of the 50-year period, unless he spent an utterly unwarranted sum of money in building a new plant next door to make his experiments in producing nitrates in another fashion and still continue to produce 40,000 tons every year. No business man on earth would impose such conditions upon his subordinates. There is no elasticity left.

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

Mr. WADSWORTH. Certainly.

Mr. COUZENS. I ask the Senator if the Government corporation is formed would it not still be in the hands of Congress to repeal that part of the law at any time it was determined that it was unprofitable to manufacture 40,000 tons?

Mr. WADSWORTH. Yes; after they had lost a lot of money.

Mr. COUZENS. For how long?

Mr. WADSWORTH. No one knows.

Mr. COUZENS. But at any time we can repeal that section of the law which requires a maximum production of nitrates.

Mr. WADSWORTH. Of course I am convinced that the maximum production which is compelled under the terms of the bill is an error.

Mr. COUZENS. I think perhaps that is true, but that is all the more reason why I am anxious that the power of handling the proposition should be retained in the hands of the Congress.

Mr. WADSWORTH. If I thought Congress could act promptly on a strictly business proposition, which incidently involves the discussion and consideration of matters of high technical quality, I would say all right; let us resolve ourselves annually in the Senate into a board of directors of the corporation and run it and make changes from month to month in our business practice at Muscle Shoals—and they will extend and ramify over an immense field. But frankly I do not think we can resolve ourselves annually or semiannually into a board of managers or directors. I think we would get deeper and deeper and deeper into losses in the uneconomical management and maintenance of the plant, and that in the long run—and it would not take very long to run to that goal—the public and the farmers would be the losers. I would rather leave those details to men who are going to be on the job all the time and on no other job. I think it is an error for a legislative body to attempt to impose such details upon a group of people, whether they be Government servants or lessees of the Government, as they start out to manage perhaps the biggest thing of its kind ever attempted in the world.

Mr. COUZENS. Assuming that the Senator's amendment is agreed to and that the commission provided in his amendment is appointed and makes a lease for 50 years, and within two or three years a method is discovered for producing nitrates at a great profit and still there is no provision in the lease providing for any specific amount of nitrate, then in that event there is no control on the part of the Government as to the amount of nitrate that shall be produced, even though it may be produced at great advantage to the Government and to the farmers.

Mr. WADSWORTH. That is based upon the assumption that the people who will write such a lease on the part of the Government will forget their duty. The Senator knows perfectly well that it is within the power of the Government, or within the power of any business man owning a piece of property, to draw a lease covering a 50-year period in such a way as to protect him, the owner of the property, against developments of the future. Such a lease can contain provisions for a revision of its terms in the event of certain occurrences. That is often done in business life. My dread is that when we once put this thing into a statute we will not be able here in the Congress of the United States, in the very nature of events, to revise it from time to time in a business way and in a scientific way. We will delay; we will debate; we will get all snarled up. Political issues will be injected into the debates in the future, as some of them have been injected into this debate, and we will turn out to be, as we have always been, a wretchedly poor board of directors of a business establishment.

Mr. NORRIS. Mr. President——

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

Mr. WADSWORTH. I yield.

Mr. NORRIS. Is it not true that all the objections which the Senator has just so logically pointed out to the Underwood bill do not exist as to the committee bill?

Mr. WADSWORTH. Those particular ones do not; but I might say that there are some that do exist to the committee bill, in my judgment.

Mr. NORRIS. I did wish—and I listened to the Senator—that he had made as logical an argument before the vote, and perhaps he would have convinced even himself that he should have voted for the committee bill.

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

Mr. WADSWORTH. I yield.

Mr. FLETCHER. I want to inquire whether the Senator considers that the making of 40,000 tons at plant No. 2 would exhaust the capacity of that plant? Is that the limit of its power?

Mr. WADSWORTH. So we are informed. It is proposed that it shall run for 44 years full blast, full capacity, no matter what happens.

Mr. FLETCHER. It might make more than 40,000 tons, I should think, if it were developed to full capacity; but is there any reason why the lease the President may make should not specify that in case of further discoveries and developments, or if another process is found more economical, the lease might not be modified so as to permit of the use of some other process?

Mr. WADSWORTH. Certainly not; and that is why I want the President and his commission to fix the terms.

Mr. FLETCHER. Even under the Underwood bill that might be done, I think. But suppose the President should come to Congress at some time, in the event of further development and new discoveries, and show that whereas the lease was iron-bound with respect to the amount of the product annually to be produced and the process to be used, that it had been found that it would be to the interest of the Government and of the public and of the lessee to modify the lease. Is there any doubt but that Congress would be willing to do that?

Mr. WADSWORTH. There is no doubt in my mind as to what the Congress would do under those circumstances. They would debate it for three months.

Mr. FLETCHER. With reference to the proposal of the Senator from Nebraska, even if his amendment should be adopted, it would be a mere authorization, and we would have to depend on Congress from year to year to make the necessary appropriations to carry out the scheme and project set forth in his amendment. So we would still be confronted year after year with a contest, perhaps, over appropriations needed to carry out his plan.

Mr. WADSWORTH. It is perfectly true, Mr. President, that there is nothing in this amendment which can have the effect of taking away from the Congress for all time to come its control over Muscle Shoals. Congress can intervene with legislation at any time. It is my hope to take it away from Congress, in so far as the details of the matter are concerned, for the time being at least.

Mr. PEPPER. Mr. President——

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

Mr. WADSWORTH. I yield.

Mr. PEPPER. Adverting to the inquiry suggested by the Senator from Michigan [Mr. COUZENS] a few moments ago, is not the whole matter of the undeveloped possibilities of this property a thing that would be taken into consideration by a commission in determining whether the proper way to develop is by a contract of lease of an unknown property or by a partnership arrangement under which the Government would get the major share in any value that was developed in the course of exploitation?

Mr. WADSWORTH. Certainly.

Mr. PEPPER. It seems to me that is the very advantage of proceeding by the commission method, as distinguished from fixing the thing legislatively by act of Congress.

Mr. WADSWORTH. I think it has distinct advantages in the interest of the public, and especially in connection with the making of prompt decisions affecting an immense business undertaking, which will be required to be made many, many times, and which I contend, with all due apologies to my fellows here, we are not competent to make.

Mr. President, let me call attention to another phase of this Underwood substitute which goes into details in such fashion as to give us pause, at least. The Underwood substitute provides that not only shall the 40,000 tons of nitrates be produced every year, which will necessitate, of course, running the plant at full capacity after the sixth year, but that those 40,000 tons of nitrates shall be converted on the spot into 2,400,000 tons of commercial fertilizer, regardless of demand. Paraphrasing the language of section 4 of the Underwood substitute, that is what it is proposed we shall do.

Mr. McNARY and Mr. FLETCHER addressed the Chair.

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

Mr. WADSWORTH. I was about to yield to the Senator from Oregon.

Mr. McNARY. Again the able Senator from New York has referred to the legislative injunction on this commission to manufacture fertilizer. I understood the able Senator to say a little while ago that in section 1 the use of these dams, and the water powers created at the dams, are dedicated to national defense and to the manufacture of fertilizer. One of the main objections I had to the Underwood bill was the legislative command that 40,000 tons of fixed nitrogen should be produced annually. After more or less careful study, I think it would be impracticable to command the production of any specified amount of fixed nitrogen by contract or legislative injunction. I do not think fertilizer could be produced at this plant at this time in competition with commercial producers. I do not recall any one capable, well-known chemist who gave that as his judgment. I do believe that in view of the splendid work the Government is doing at its laboratory, the fixation of atmospheric nitrogen in large quantities at a cheap rate will be possible in the near future under some new process.

If I read aright section 1 of the amendment of the Senator from New York, it compels this commission to manufacture fertilizer out of the power of Dams 1, 2, and 3, in time of peace, and nitrogen in time of war. If my assumption is correct, this is the fallacy of the Senator's amendment, as I see it, particularly of section 1. Dam 1 is to be used only for the purpose of navigation. Dams 2 and 3 are to be used for the purpose of development of power. A 70 per cent power might be stated as being constant. At Dam No. 2 we would create a constant power of 600,000 horsepower. At Dam No. 3, if it were constructed, we would create an additional 300,000, or an aggregate horsepower of 900,000.

It has been conceded that 100,000 horsepower would produce 40,000 tons of fixed nitrogen. That is provided for in the Underwood bill. But if my construction of section 1 of the amendment of the Senator from New York is correct, we will be compelled to fix nine times as much under his amendment as under the Underwood bill, which would make it to me nine times as obnoxious; and that is plenty to control my view of this matter.

The Senator stated, when he first started, that this was dedicated to a specific purpose.

Mr. WADSWORTH. I took the language of the Underwood bill in this regard.

Mr. McNARY. Very well. This may seem a long question, I concede, but I think it is vital to the Senator's amendment and to a proper understanding. If that dedication should be for two purposes, and all these dams are to be used for those purposes, there will be produced, instead of 40,000 tons of fixed nitrogen, 360,000 tons of fixed nitrogen, which, if it can not be sold at a profit, will cause a loss nine times as great, under the amendment of the Senator from New York, as that caused under the amendment of the Senator from Alabama [Mr. UNDERWOOD].

I may be in error, but I am assuming the Senator's own statement to be true. Then I would like to know how he can justify his own amendment, when he so forcibly criticizes the Underwood bill, which is nine times better than his own on this particular proposition.

Mr. WADSWORTH. Mr. President, the statement of the Senator from Oregon staggers me with discouragement. I had not realized that my amendment was so terrible. I am going to see if it is quite as bad as he has painted it.

The first section of the amendment which I have offered differs very little from the first section of the amendment of the Senator from Alabama. It recites the different installations now existing at Muscle Shoals, plus Dam No. 3, which it is conceded will be built in the future; groups them all together, and designates them as the "Muscle Shoals project," and provides that the project is to be "set apart to be used for national defense and for the production of fertilizers and other products useful in agriculture and industry." There is no mandate as to how much fertilizer shall be produced annually, and I take it that any sensible management of that project will see to it that the production of fertilizer will be so carried on as to be of value to the country, and that if there is excess power capable of being used in the production of other products useful to agriculture and industry, that

power can be used for those purposes. The Underwood bill ties it down rigidly; the full capacity of plant No. 2 must be put forth every year for 44 years.

Mr. McNARY. Mr. President, I suspect the present state of mind of the Senator from New York is that there is no command to manufacture any quantity of fertilizer. That being true, then, this commission could execute a lease for 50 years, creating and selling all this power for commercial and industrial purposes, without the production of any fertilizer. If that be so, what sense is there in having a dedication in section 2? Then, beyond that, what are the constituents of my good friend the Senator from Alabama [Mr. HEFLIN] to do when it is left discretionary with the commission whether any fertilizer shall be manufactured at all or whether the power shall all go into commercial channels? I would like to know from the Senator if that is the situation as he interprets it?

Mr. HEFLIN. Mr. President——

Mr. WADSWORTH. Just a moment; I would like to answer the question.

I myself would not interpret it in that fashion. I can not conceive that a commission appointed by the President, whose members stare this act creating it in the face, would deliberately establish a Government corporation down there and instruct it never to make any fertilizer or that it would deliberately make a lease with some private individual or corporation and fail to provide in such lease that fertilizer should be manufactured. The first section of my amendment, as might be said of the first section of the Underwood substitute, is a declaration on the part of Congress that this project shall be used in the production of fertilizer. I am utterly opposed to the production of such an amount of fertilizer, because I do not think we are competent to reach the figure, and I think that is the vice of the Underwood amendment. It goes further than that. As I started to say a moment ago, as one who is directly interested in agriculture, I am beginning to doubt the situation which would result in the United States from the production of 2,400,000 tons of commercial fertilizer every year at Muscle Shoals, for, mind you, the Underwood substitute states that that must be done, regardless of demand. I say it states that "it must be done, regardless of demand," because, while that is not the exact language, the phrase "according to demand," which was formerly found on page 4 of the Underwood substitute, was stricken out by a vote of the Senate. The result is that the substitute now reads as follows:

> The United States, its agents or lessees or assigns, shall manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, on the property hereinbefore enumerated, or at such other plant or plants near thereto as it may construct, using the most economic source of power available, with an annual production of these fertilizers that shall have a nitrogen content of at least 10,000 tons the third year, 20,000 tons the fourth year, 30,000 tons the fifth year, and thereafter 40,000 tons of fixed nitrogen.

Which converted into commercial fertilizer means 2,400,000 tons. That is my information on the subject.

Mr. SIMMONS. Does the Senator from New York state that amount as 2,400,000 tons?

Mr. WADSWORTH. Yes; 2,400,000 tons.

Mr. SIMMONS. Forty thousand tons of fixed nitrogen is equal to 240,000 tons of Chilean nitrates.

Mr. WADSWORTH. Yes; but Chilean nitrate is only an ingredient in commercial fertilizer.

Mr. SIMMONS. That amount would furnish the content of probably 2,000,000 tons of fertilizer.

Mr. WADSWORTH. That is what I stated.

Mr. SIMMONS. I did not understand the Senator.

Mr. WADSWORTH. That would be the quantity on the basis of 2–8–2 basis fertilizer.

Now, 2,400,000 tons of commercial fertilizer, under the Underwood substitute, must be made every year at Muscle Shoals in and around plant No. 2. Of course, we would have to build other factories in the neighborhood to handle the other ingredients of commercial fertilizer and to do the mixing.

Mr. SIMMONS. No, Mr. President; I think the Senator from New York has fallen into error. The operators of this plant would have to produce 40,000 tons of fixed nitrogen. They might sell a large part of that as fixed nitrogen without mixing it at all.

Mr. WADSWORTH. No, Mr. President.

Mr. SIMMONS. If there should be a demand sufficient to absorb the whole 40,000 tons, they would have to convert it into fertilizer, but if there should be no such demand, they would not have to convert it into fertilizer.

Mr. WADSWORTH. I reminded the Senator a moment ago that the reference to demand had been stricken out of the amendment by a vote of the Senate, and now, regardless of demand, the operators of the plant must make 40,000 tons of nitrogen, and they must thereupon provide for

> an annual production of these fertilizers that shall have a nitrogen content of at least 10,000 tons the third year, 20,000 tons the fourth year, 30,000 tons the fifth year, and thereafter 40,000 tons of fixed nitrogen.

The nitrogen content of 40,000 tons, translated into terms of commercial fertilizer, is 2,400,000 tons, which must be made whether there is any demand for it or not. That requirement is just as plain as the English language can make it.

Mr. SIMMONS. I think the Senate committed an error in striking that language out—and I did not know that the Senate had stricken it out——

Mr. WADSWORTH. Indeed, it did.

Mr. SIMMONS. Because nobody can tell what will be the demand for cyanamide, and that is all that can be produced there at the present time under present processes.

Mr. WADSWORTH. At present.

Mr. SIMMONS. No one can tell whether there will be a demand at all for its use in fertilizer to that extent, for the demand at present for the use of cyanamide fertilizer is rather limited.

Mr. WADSWORTH. It is very limited. There is scarcely any demand for the cyanamide in fertilizer.

Mr. SIMMONS. My hope, and my only hope, in connection with this matter has been that by proper experimentation the Government might be able to devise some method by which the nitrogen produced there would be more suitable than that which is produced by the present process for the purposes of commercial fertilizer.

Mr. WADSWORTH. And, Mr. President, may I observe, as I did a little while ago, that proper experimentation is practically prohibited. If that plant and all those plants must be run at full capacity for 50 years, or rather for 44 years, where is there to be any opportunity for experimentation unless we indulge in it at immense cost, by building additional plants for the purpose of experimenting with the production of nitrogen by some other process? Of course the logical and sensible thing to do would be to leave these details to the men who are going to run the business. We have got to trust somebody to work out some elastic system by which the production of fertilizer will be increased or decreased as demand warrants and as experimentation in other processes would seem to require. We can not sit here on the floor of the Senate and determine all those things, and yet that is what we are endeavoring to do.

Mr. SIMMONS. Mr. President, one of my objections to the Underwood substitute is the conclusion that I have reached that if it should be enacted and the property should be leased the lessee would have very little incentive to make those researches and experimentations——

Mr. WADSWORTH. He could not. It would be beyond his financial ability to do so.

Mr. SIMMONS. Which would be necessary to discover whether it is possible to produce this commodity at a less cost and in a form more acceptable or more suitable for agricultural purposes; but if the Government shall retain the property during the period of experimentation the Government would have the incentive that is necessary to insure the making of the investigations and experimentations which I think are absolutely necessary if we are to establish at Muscle Shoals a plant that will produce this material at a cost which will be advantageous to the Government and to the people of the country.

Mr. WADSWORTH. I do not want to bind the Government by detailed statutory restrictions any more than I want to bind the lessee; and the bill now binds both the Government and the lessee.

Mr. SIMMONS. We can not bind the Government if the property shall be retained by the Government. In that event Congress can always retain control of the matter to the extent that it can regulate it as it sees fit, but if we lease it the Government will lose all control.

Mr. WADSWORTH. It depends upon the character of the lease. It seems to me that we could not find five people, representing the Government, idiotic enough to make a lease which would not protect the Government in matters such as the Senator from North Carolina has just cited.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from New York yield to his colleague?

Mr. WADSWORTH. I yield.

Mr. COPELAND. Does my colleague anticipate under the provisions of his amendment, if it were to become a law and a lease were to be made under it, that fixed nitrogen would actually be made at Muscle Shoals?

Mr. WADSWORTH. Yes.

Mr. COPELAND. In considerable quantity?

Mr. WADSWORTH. In varying quantities. I have no idea how much would be made. I suppose the quantity would be governed by the best interests of the Government and the public from time to time.

Mr. COPELAND. What about the development of the industry and the processes of manufacture in connection with the chemical advances that might be made?

Mr. WADSWORTH. I want the whole thing left elastic, so that such matters can be taken care of from time to time.

Mr. COPELAND. But the Senator anticipates that the lease will make some provision that when the ultimate method of developing fertilizer shall have been found it shall be used for the common good?

Mr. WADSWORTH. Certainly.

Mr. COPELAND. That would be involved, as I take it.

Mr. WADSWORTH. Certainly. That is one of the very complicated details which would have to be taken care of and which I contend, with all due respect to the Members of this body, we are not competent to handle in definite legislative form.

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

Mr. WADSWORTH. I yield.

Mr. FLETCHER. I gather from the Senator's remarks that he contends that no lessee could be found who would obligate himself to carry out the terms specified in the Underwood amendment. I think all his argument leads to that conclusion.

Mr. WADSWORTH. A lessee might be found; but I am afraid that the rental which he would pay, or the sum which the Government would receive, would be very, very small in view of the rigid restrictions or mandates now contained in the bill.

Mr. FLETCHER. Conceding that no lessee could be found, that no such lease as specified in the Underwood amendment could be made, then what would happen in the case we should adopt the Underwood proposal?

Mr. WADSWORTH. Then the Government would have to go ahead and make the 2,400,000 tons of commercial fertilizer every year and the taxpayers would have to stand the loss.

Mr. FLETCHER. The Government might decide not to make that much. Of course, the Government can change its mind.

Mr. WADSWORTH. It could after it had lost a good many million dollars.

Mr. HARRISON. There is, however, a provision in the Underwood amendment that after eight years, if there shall be a loss, they shall report back to Congress and ask for further action.

Mr. WADSWORTH. That is another detail to which I want to call attention, although I do not regard that as nearly so important as some other questions.

Let me advert for a moment, Mr. President, to the effect which may follow the compulsory manufacture and putting on the market of 2,400,000 tons of commercial fertilizer every year. I assume that we are here imbued with the idea that this project can be used in part at least to help agriculture in the United States. Two million four hundred thousand tons is about one-third of the present consumption of commercial fertilizer in this country. Now, at one fell swoop we are going to put this immense amount on the market, and we are going to do it, I think it is conceded, at a loss to the Government. To put it on the market we have got to do so at a price considerably lower than the present commercial price. In other words, we have got to go into competition with the apparently much despised fertilizer manufacturer whose product is now consumed at the rate of about 8,000,000 tons a year. For the moment it seems attractive to reduce the price of fertilizer, but if we reduce it by this method, which is purely artificial, then what will become of the 8,000,000 tons produced by the commercial interests? Will they be produced against such competition?

It is idle for us to talk about trusts and monopolies in this connection. We are faced with a very serious business prospect. I might observe right here, Mr. President, that the fertilizer industry for three or four years past has been in a very desperate condition. Those engaged in that industry have not made any money at current prices. Of course, they are getting all the money they can from their customers; but I think the largest of the concerns is to-day in the hands of a receiver, and my information is that many other important concerns engaged in the manufacture of fertilizers are far from prosperous. Indeed, the industry at present prices barely staggers along.

That situation may change for the better from the standpoint of the manufacturer. I do not know. None of us can tell; but it must be perfectly apparent that if we force 2,400,000 tons upon the market regardless of demand, as this bill proposes, we will drive out of the market a goodly portion of the 8,000,000 tons made by private initiative; and then where will the farmer get enough fertilizer at any price?

We might think over these things before we engage in such an immense undertaking as this. I would rather leave that thing for the decision of men who, charged with the management of a great business enterprise, will face these problems from day to day, and who will be competent to decide them themselves. The Congress can not do it efficiently and promptly in the very nature of things, and we are apt to do far more harm than good to the very people that we want to help.

So, Mr. President, I frankly propose in this amendment to lay down two or three basic principles—the declaration of the Congress as to what this project shall be devoted to; the limitation of any lease to a 50-year period; the right of the Government to recover possession on five days' notice in time of war; a commission of five men who will study this question, and with the approval of the President of the United States—and, incidentally, the Secretary of War is to be chairman of this commission and the Secretary of Agriculture a member—with the approval of the President of the United States they shall decide these details for us and put the plant at work.

I know that shocks the sensibilities of a good many Members of Congress who believe that the Congress should not, even for a few years or for any period of time, surrender its control or seem to surrender its control. I suppose it is understandable that Congress should be proud of its prerogatives and jealous of them; but when we face a practical problem like this I think we might forget our pride and our jealousy and go to it in such fashion as to have this problem solved in the most effective manner.

Mr. McNARY. Mr. President——

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

Mr. WADSWORTH. I yield.

Mr. McNARY. Unquestionably some of the observations made by the Senator from New York are very commendable. I am sure he was a Member of this body some four years ago, when much discussion and deep study were given to the proposition of forming a national plan with respect to the development of our water resources. I think perhaps the Senator from New York would be willing to admit, and perhaps adopt the suggestion, that in leasing this property the commission named in his amendment should conform to the wise and beneficial provisions of the water power act.

Personally I can conceive no legislation better calculated than the water power act to safeguard the public interests and deal precisely in equity as between all of those people who are developing power on our navigable streams, as I said here perhaps three weeks ago in the discussion of this matter on the Underwood amendment. By a small vote my idea was not written into this bill; but later the Senator from Montana proposed practically in a concrete way the beneficial rules and regulations of the water power act, which were adopted by the Senate by a large vote.

If we are to inaugurate a policy commendable in itself in this amendment, why should we not place as a guide to those who are by statute delegated and instructed to make this contract a great policy which was the fruit of very many years of discussion, and under which to-day 308 licensees are operating, and not leave this with a carte blanche authority to the commission to make such a contract as it chooses?

I simply make this observation, knowing the fairness and ability of the Senator from New York, in the hope that he may be willing to permit a suggestion of that kind to be written into his amendment.

Mr. WADSWORTH. Mr. President, the suggestion made by the Senator from Oregon is a very, very important one and, I think, in many ways might be classed as involving a basic principle. It certainly is a subject worthy of our attention when we come to declare the intention of Congress in connection with the management of a great undertaking.

I have hesitated to insert in my amendment the provisions of the amendment offered by the Senator from Montana [Mr. WALSH]. It relates to the regulation of transmission lines and

the selling of power. My recollection is that the Federal water power act provides for such regulation by the Federal Water Power Commission, except that where a State has established and maintains a public-utilities commission or like body for the regulation of public-service corporations the permittee of the Federal Government shall be subject to the regulation of the State's agency, as he operates within the borders of that State. With that I agree; but the amendment offered by the Senator from Montana and adopted by the Senate omitted a very important proviso contained in the Federal water power act and imposed upon a Muscle Shoals lessee or upon a Government-owned corporation, which might in the future run the Muscle Shoals plant, nothing but Federal regulation. I ask the Senator if I am not correct in that statement.

Mr. McNARY. Yes; the Senator is correct.

Mr. WADSWORTH. I think that is correct.

I voted against the amendment of the Senator from Montana because I did not believe that the regulating authorities of a State should be deprived of the power and opportunity to regulate the transmission lines emanating from Muscle Shoals.

I know that the question comes up, and it is a serious one, as to whether or not a State agency should ever be permitted to regulate in any fashion a national agency; but I am enough of a believer in saving something of what is now left of States' rights to urge here in the Senate that the State's regulating agency be permitted to have some say as to where a Federal transmission line should go across its territory, how it should acquire its rights of way, its easements, and its property, especially as every other company or person in that particular State engaged in a similar business must be regulated by the State law.

I am willing to accept and insert in my amendment the terms of the Federal water power act as they stand without the elimination of that proviso. If you eliminate the proviso, again you find yourselves injected into this uncertain field, and you do not know what is going to happen, what the developments will be, what the ramifications of these great power lines emanating from Muscle Shoals will amount to. I voted in the minority on that question. I wanted the State still authorized to have something to say as to where this great engine should run; and in that matter I agreed with the Senator from Alabama [Mr. UNDERWOOD], who himself voted against the amendment of the Senator from Montana.

So, Mr. President, in reply to the question of the Senator from Oregon, I say I am entirely willing to accept as an amendment to my amendment that declaration, as it were, of basic principle, that the terms of the Federal water power act in the sections which are pertinent shall apply to any activity of that nature emanating from the Muscle Shoals project.

Mr. President, I realize, as I said a moment ago, that this proposal seems to a good many of my colleagues a rather bold one; that many of them dislike instinctively, as Members of the Congress, to surrender for the moment their power or right to decide as to every detail of the management of the Muscle Shoals project. I make the proposal because I am convinced that a commission of five, appointed by the President, headed by the Secretary of War, including the Secretary of Agriculture, including one hydroelectric engineer and one expert in the chemical industry, and one other person whose qualifications are not prescribed, can settle these details better than we can, and I am more than willing to let them do it.

And I call the attention of the Senate to this phase of the matter:

We will get a more prompt decision through this channel than we will through the legislation now pending. The first eight power units of Dam No. 2 at Muscle Shoals will be completed by the 1st of July. It is becoming doubtful whether the Congress can legislate on this question, if it legislates in detail, at this session at all. This bill has to go back to the House of Representatives, and judging by the spirit of that body displayed upon other occasions—and I think myself it is a very commendable one—they may not be content to discuss these complicated matters in a conference committee only. It may very well turn out that the membership of that great body will want to discuss these things as freely as we have discussed them, and just when that bill will emerge from a conference committee under conditions of this kind I am not prepared to say. Perhaps the sponsor of the bill knows. If, however, it does not emerge, there will not be any legislation at this session and nothing will be done on July 1, when the first eight power units are ready to go to work. It is true that the Secretary of War might sell some of that power for commercial uses in the vicinity, but the famous plant No. 2 will stand idle, as before.

Another amendment will be offered, I am informed, if this amendment is not adopted. It will be offered by the Senator from Washington [Mr. JONES]; and while I shall not presume to describe his amendment, as he is better able than I am to describe it, I will say that there is just this difference between them; that is, this is the only important difference: My amendment creates a commission with these basic principles set forth upon which it shall act, and that commission decides what shall be done in all these matters of detail, and does not report back to the Congress. The amendment of the Senator from Washington creates a similar commission which makes the same study and reports its findings back to the Congress. If my amendment fails I shall support that of the Senator from Washington.

I think, however, that I am warranted in pointing out one advantage which I believe my amendment contains. It will bring about a prompt decision and a prompt inauguration of the work at Muscle Shoals. Under the amendment of the Senator from Washington the report of a commission could not reach this Congress at all. It would have to be presented to the next Congress, which does not meet until next December. It will then be, of course, subject to debate, and I hope the debate will not be as long as the debate upon the pending measure has been. But in any event it would seem that if something of this sort is not done, if we do not untangle this knot right here and now by some direct method of leaving it to the people whom we can trust in the settlement of details, we will not have settled the problem within this calendar year.

So, Mr. President, I urge the favorable consideration of the amendment which I have submitted.

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

Mr. WADSWORTH. I yield.

Mr. KING. Mr. President, I ask the Senator from New York whether his amendment contemplates the possibility of a sale by the Government of the power plant or the project or any part of it?

Mr. WADSWORTH. It does not.

Mr. KING. That is to say, it rivets forever the power plant and all of the accessories and auxiliaries upon the Government and they must be owned forever by the Government. It may lease but for a limited period.

Mr. WADSWORTH. Of course it can not have an eternal effect. The Government now owns the whole establishment and the amendment does not authorize the Government to dispose of its title.

Mr. KING. No matter what facts may be adduced?

Mr. WADSWORTH. It does not.

Mr. KING. Notwithstanding it may have been shown that it would be as futile and as unwise to retain the project as it was for the Government to retain the ships which we could have sold at the end of the war for $200 a ton and obtained considerably more than a billion dollars for, but could not sell to-day for more than $100,000,000 or $150,000,000, if we could sell them for that, and have spent on them in the meantime $400,000,000 or $500,000,000?

Mr. WADSWORTH. The amendment makes no change in that respect at all.

Mr. SMITH. Mr. President, the discussion, especially with reference to what took place here yesterday, has been largely based on the two theories—Government ownership and operation and private ownership and operation. At this stage of the development at Muscle Shoals I do not think we are justified in discussing that question at all. The question involved here goes back to the question that presented itself to us in 1916, namely, providing ourselves with a process by which we could be independent of a foreign country for an element necessary for public defense. So obvious was this necessity that there was no question as to the duty of the Government to proceed to provide itself with that necessary equipment for its defense.

Of course, until the discovery of a process of extracting nitrogen from the air the best that we might have done would have been to explore the territorial regions of the country for certain nitrogenous deposits. That had been done by our different scientific bureaus, with the result that there was not in sight in the country any deposit of nitrogen available in sufficient volume for our use. The fact is the only two places so far as I am advised where this ingredient can be obtained in sufficient purity and in sufficient volume to meet national needs are Chile and India, both of the deposits owned by foreign governments, leaving us with all of our vast interests absolutely without any developed, unquestioned process operating now in sufficient volume to justify us as representatives of the people in saying that we have provided for national defense.

The entire debate has revealed the fact that Senators are skeptical as to whether the present capacity of plant No. 2 at Muscle Shoals is sufficient to meet the needs of the country in case we were called up to engage in another war. None of us can say whether that process would meet the necessities of the case. We do know that Germany perfected a process which met her needs and without water power. By artificial steam power she developed the process by which she carried on the war.

Now, the question before the Senate—and I rose for the purpose of putting this thought in the RECORD—is whether or not it is our duty as a Government to perfect the process of providing that ingredient for explosives which will make us beyond question independent of the importation of this ingredient from other countries.

Neither in the Norris bill nor in the Underwood substitute have we provided that the Government shall continue in this development, both as to quantity and quality, until such time as we are able to provide our Government in time of need with a sufficient amount of this ingredient to meet its necessities.

The original bill introduced on this question set forth the fact that it was for national defense and was added to the national defense act. We spent $150,000,000 in doing what at Muscle Shoals? In developing the power as a first preliminary step necessary to the development of a process by which the power may be used for the purpose of producing that ingredient in sufficient volume and of such a quality as will meet the necessities that may arise in another war.

Do we propose now, with the dam undeveloped, with the fundamental primary work yet undeveloped, either to abandon it or to lease it and leave our country in exactly the same condition in which it found itself when we declared war with Germany? It is not a question of Government ownership and operation of a private enterprise. It is a question of Government ownership and operation of an enterprise the object of which is to provide for the national defense. I do not believe that we are justified or can justify ourselves before the people of the country in abandoning the project now in its experimental stage with the grim, horrid fact facing us that with all of our battleships, with all of our Army, with all of our Navy, we are as helpless as a steam engine without water if we do not provide this ingredient.

Senators talk about Congress adjourning and this matter lapsing and all that we have done at Muscle Shoals being dissipated. What is the object of the work at Muscle Shoals? Not to produce fertilizer, not to develop power. We can develop that power anywhere that there is a waterfall. It is not for the purpose of creating a glorified superpower plant. By the process recently discovered of transmission we can select from lesser waterfalls in this country a concentration of power that will equal Muscle Shoals. The object at Muscle Shoals was that there, concentrated by nature, was a water power which if properly developed would give us a place where we could experiment and develop and produce nitrogen sufficient to make us independent of the world in case of necessity. Are we going to abandon it now? We have spent $150,000,000 not to develop power. We could have leased the property advantageously and, according to my notion, constitutionally to private individuals much better than we could develop it under the Norris bill and then sell the power.

The object we are after is to provide for national defense. What right have we, charged with the responsibility of enacting such laws as will leave the millions of people engaged in their private business secure in the thought that we at Washington are seeing that they are properly defended, to neglect any such thing as that? We all know that the wars of the future will be fought as the last war was fought, largely by scientific methods much more developed than in that war.

Mr. McKELLAR. Mr. President——

Mr. SMITH. I yield to the Senator from Tennessee.

Mr. McKELLAR. Does the Senator understand that under the provisions of the Underwood bill now before the Senate, in the event we use this plant for war purposes, the United States has a right to condemn it and take it over?

Mr. SMITH. Of course I do.

Mr. McKELLAR. The fact that the United States now owns it is immaterial, of course, because if we are pleased to turn it over to a lessee, the United States under the terms of the bill has a perfect right to condemn it and use it for war purposes and pay for it.

Mr. SMITH. Exactly; but in the meantime if the lessee, under the trifling and frittering attitude we have had toward national defense, finds after six years that the United States can not be defended by the extraction of nitrogen from the air according to their experimentations, they can quit it and leave us as we are now without any adequate source of determined factor in the basic essential, namely, explosives.

Mr. McKELLAR. The Senator has noticed that in section 5 of the Wadsworth amendment there is a provision against the stopping of the use of the cyanamide process at this plant by injunction. There is no such provision in the Underwood bill, and I doubt if it is good for much even if it were there. The question I want to ask the Senator is this: Suppose the owners of those processes should get an injunction against the lessee making this nitrate provided for in the Underwood bill; how could it be made?

Mr. SMITH. Mr. President, what I wish to impress upon my colleague is this, that during the late war we were brought to a startling realization of the impotency of the United States of America to defend itself in case Chile were blockaded. There is not a Senator on the floor of the Senate but who knows that if our enemy could have found a means of shutting off the supply of Chilean nitrates we would have had to surrender. That goes without saying.

We enacted the legislation upon which the development of Muscle Shoals is now going on upon the assumption that our warships were worthless; that our armies were worthless unless we could get to them an adequate supply of explosives to enable them to properly function.

What source of nitrogen have you, what basis of the manufacture of explosives have you, which will enable you to go back to your people and say, "I was justified in turning over to a private corporation the project which we had established for national defense and in leaving it to the casual interests of an individual as to whether or not America could defend herself"?

That is the question involved here. It is the question I have been pleading that we shall decide, whether or not we are going to leave this question as the Underwood bill, the Norris bill, and every other bill that is brought in here would leave it. All those bills have been predicated upon the assumption that now that the World War is over we do not need any means of defense, that the Muscle Shoals plant should simply revert to a commercial project, and that the question is, Shall the Government enter into commerce or turn this plant over to a private individual? There is no such question involved here, except incidentally.

I offered an amendment to the Underwood bill providing that the Government should continue to operate this plant until it was demonstrated beyond doubt that not only the process but that the thing produced were available in quantity and quality for the immediate defense of the American people. All this debate, some of it acrimonious and personal, has turned upon what are supposed to be two schools of thought in this body, namely, those who are in favor of Government ownership and operation and those who are in favor of private ownership and operation. Where in the name of heaven does the question of private or public ownership come into the question of national defense?

We have seen the indifference of men here on the floor of the Senate. If we should be engaged in a war to-morrow or next year or within the next two years, and it should so happen that the Central and South American States were to join with our enemies with a fleet sufficient to blockade access to the Chilean mines, where would we be? Why do we not settle here and now the question of whether or not we are going to abandon the effort to provide our Government with the means of taking advantage of this wonderful discovery of science, of extracting nitrogen from the air in unlimited quantities, and making ourselves independent of the world?

There are men on this floor who doubt the possibility of producing nitrogen in sufficient commercial quantities to compete with fertilizer companies. It is not primarily that to which I am addressing myself. The question we are to decide is not primarily a question of whether fertilizers can be produced for the farmers. It is primarily and fundamentally a question of whether we, assured as we are by scientists, assured as we have been by Germany's actual practice, that we can provide ourselves with sufficient of those ingredients from the air to defend ourselves, shall perform our solemn duty as Senators and continue this process without even a thought of leasing until we are actually producing the nitrogen in volume sufficient to meet the exigencies of as great a war as that through which we have passed.

Are we going to vote to dissipate all this? The Senator from New York said here to-day that if we did not do something before this session ended, on the 1st of July the thing would lapse; that there would be no legislation providing for the

use of Muscle Shoals along the line of national defense. We passed the Navy appropriation bill, carrying its millions, and the Army appropriation bill, carrying its millions, providing for the improvement of our rivers and harbors, and yet absolutely treating as a negligible thing the very basis of national defense.

It is estimated that the amount of nitrogen produced now by plant No. 2 would not provide our Army and Navy with sufficient explosives to fight 18 days if the year's supply were all available for immediate conversion into explosives; yet we sit here and academically discuss the question of Government ownership and private ownership of the very basis of the life of America.

I can not understand, I can not see, why the Congress is so indifferent. We have not enough nitrogen available for refrigerating and fertilizer purposes to keep our Army going six months if we were to call on the supply that is now available. Take it from the farm and our food supply languishes. Take it from refrigeration and the food supply becomes vitiated. Take it from the Army and the guns are silent. Yet we sit here and discuss academically the question as to whether the project to which the Government committed itself for national defense shall be carried on by the Government or by a private corporation.

I maintain now, and I have always maintained, that it is our duty to carry on Muscle Shoals until we have perfected the process and developed all the power, and then when we have demonstrated to the satisfaction of those of us charged with the defense of this Government that we have a process and a plant running which, at a moment's notice, can be converted into machinery that will produce sufficient explosives for the needs of the Government, then if it is the desire of the Government to lease it, it can do so.

That was the theory upon which I offered the amendment to the Underwood bill. There is a solemn duty on us that has nothing to do with commerce. That duty is, Shall we satisfy ourselves and the American people that we have both the power and a perfected process by which at a moment's notice we can adequately supply this country with the ingredient that is fundamental in her defense.

Forty thousand tons will not be sufficient. Perhaps 100,000 tons would not be enough. Our duty is to develop the machinery and perfect the process; and when we have turned out a quantity of nitrogen sufficient to defend the Government, if we want to keep it in a stand-by condition, as we must, ready for an emergency, then we can discuss the question of leasing.

It is not in the same category with a battleship. We might come here and academically discuss the question as to whether or not, when we are not in a naval conflict, we should lease our battleships for commercial purposes or hire out our Armies for agricultural and industrial purposes until such time as we saw fit to utilize them for naval and military needs. This is not in the same category, because it so happens that the very ingredient that is essential for the defense of the country is as indispensable in the production of the agricultural products of this country. Therefore, by a strange provision of nature, the thing that is needed to destroy is the basis of the thing that is needed to keep alive; and so the original bill provided that when we had developed a process and provided the means, both as to quantity and quality, of producing this ingredient in time of peace, as it was so essential in agriculture, that we should dispose of it for agricultural purposes. There was no question of Government ownership, no question of Government operation, simply a question of common sense, that the Government had to have the plant, had to have the process, had to have the volume, in order to defend itself in time of war, and in time of peace the agricultural interests needed every pound it could produce in order to feed and clothe the Nation. It is in a category, a class, by itself.

The question we have been discussing here is whether Mr. A or Mr. B or Mr. C should voluntarily assume the stupendous and awful responsibility of providing a means of defending the Government and then make profit out of that means when the Government did not need the thing which he did produce, or whether the Government should go on in what it set out to do, namely, develop that Muscle Shoals project to the fullest extent of its power production, to the fullest extent of the extraction of nitrogen from the air, to the last word in the process of refining the nitrogen to where it should be immediately available for combination with other chemicals in the production of explosives. That is our manifest duty now.

It is positively startling to me to realize that there are Senators here attributing to certain others bolshevistic tendencies because they are standing here and pleading that no private individual should hold in his hand the issues of life and death in America. That is what is proposed. It is provided in the Underwood bill, it is provided in the Norris bill, it is provided in every bill that has come before this body, directly or indirectly, that we should forego, quit, abandon the solemn duty laid upon us of providing means for the adequate defense of America.

What bill is there, what proposition is there, before this body to produce at any other place nitrogen in sufficient quantities to defend America in case of war? I had the honor of being the author of the original bill which was introduced for that purpose. It was then revealed to those who had charge of the preparations for war that we had less than two weeks' supply of Chilean nitrates, and yet we were right on the eve of war. The process of extracting nitrogen from the air had been discovered and developed to a point where it was commercially possible in certain forms. As the war progressed, the startling fact was borne in on those charged with providing the materials of defense that we were absolutely helpless in case our supply of nitrogen from Chile should be cut off. The sum of $20,000,000 was provided in the original bill which gave the President power, through certain officials, to designate a water-power site or water-power sites for the purpose of developing the power with which to extract nitrogen from the air for defense in time of war and for agricultural purposes in time of peace. So startling to those who had charge of the furnishing of munitions of war was the condition of America that they did not hesitate to go to the greatest potential water power in America and pour out millions of dollars because of their vivid realization of the fact that we ought without let or hindrance to develop that power and to perfect a process by which America in war times should be the mistress of her own fate, so far as it involved providing her Army and Navy with the essentials for warfare. Yet, with the World War less than 10 years away, we are here debating the question as to whether or not we shall abandon the whole thing and leave ourselves helpless as we were in 1917. It is an indictment of the intelligence and patriotism of every Senator on this floor not to realize the helpless condition of America under present circumstances. We ought not to cease this debate, we ought not to stop the consideration of this question, until we shall have determined to put the best scientists and engineers on this problem and never let up until we have solved it for America. That is our duty to-day, and every Senator here knows that it is our duty. Otherwise we will be left helpless.

Do Senators suppose that, being familiar with the modern methods of manufacturing explosives, every enemy of America does not know our dependence upon Chile? We guard with jealous care the secrets of our defenses, and a man would be a traitor to his country to reveal them, but do Senators suppose that it is not known the world over that America is dependent upon an outside source for her supply of nitrates? England is in better condition than we, for she has the Indian nitrate beds, and there are also some few of the oriental countries which have a supply.

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

Mr. SMITH. I yield.

Mr. McKELLAR. If this plant should go into the hands of the Alabama Power Co. that would give us another outside source of supply from which to draw our nitrates.

Mr. SMITH. Yes; it would be very "outside."

Mr. President, of course, I may be overzealous in reference to the present situation, but I do not think that my zeal for the protection of my country is any greater than that of any other Senator. I have, however, been personally humiliated when it has been intimated that either I did not appreciate the situation or that my colleagues did not do so, or, if they did, they were totally indifferent to it, although this debate has revealed the fact that we do not appreciate at all the necessity of providing our Government with this means of defense. As a corollary leaving out of consideration the question of Government ownership and sale of power and Government operation and development of a fertilizer plant and factory, if we can develop a process and sufficient power to produce all the nitrogen we need in time of war, when that shall have been done, it is but natural to ask if the Government, when the plant is in a stand-by condition, can dispose of the nitrogen for the benefit of agriculture why should it not do so? The same processes which produce nitrogen for explosives will produce it for agriculture. Why should the plant not be so utilized? It is as much a Government project for defense as is afforded by a battleship or by our standing Army and Navy and is more essential than is either.

I asked the Senator from Alabama [Mr. UNDERWOOD] and I asked the Senate to strike out the leasing features in the

Underwood substitute and to provide for a Government corporation to go ahead with a Government project and develop this essential for the protection of the Nation. My proposition was voted down on the ground that we did not desire Government ownership and operation—of what? Not of a commercial project, no; but of a Government project for the defense of the Nation.

I repeat myself when I say that it is the duty of this body to enlist all the expert scientists and engineers we can find and develop the production of power and the processes for manufacturing nitrogen until we shall have carried out the intent of the law and are able to say to the American people, "Here is the perfected plan, here is the source of adequate defense, not for profit, not for power, but for protection."

That is our duty; and yet those of us who voted against the Underwood substitute are charged with being in favor of Government ownership. I am not saying whether or not any Senators here are in favor of Government ownership, but that question ought not to enter into this debate; it has no place here.

The Government started the project at Muscle Shoals for the distinct purpose of providing an essential of national defense. I am emphatically in favor of our going on with this Government project at Muscle Shoals until all the power there shall be developed and the process for the manufacture of nitrogen shall be perfected. Then when that shall have been done, as we are in duty bound to perfect some processes by which the explosives essential to the national defense may be provided, while we are experimenting and developing, and the nitrogen thus produced is not needed by the Government in times of peace let it be given to that element of our people who bear the burden of producing the food of the country and the raw materials out of which clothing is made. We are quibbling, debating frivolously and inconsequentially the question of private or public control when that has nothing to do with this question at all.

As the Underwood amendment is now in the Senate I propose to reoffer the amendment striking out all the leasing clauses and attempting to modify the text of the amendment in so far as it relates to a Government corporation by commanding and directing such corporation to develop the power and perfect the process primarily for Government defense and then for the purpose of providing fertilizers in time of peace. Later on when the process shall have been perfected and the power shall have been developed there may arise the question as to leasing the property, but until that time comes we have no right to abandon this essential development for national defense, and I hope every Senator on this floor will realize that fact.

The Senator from Washington [Mr. JONES] has an amendment looking to the appointment of a commission. For what do we want a commission appointed? To discover whether or not we need national defense? We know that we need the power at Muscle Shoals, we know that we need a process for manufacturing nitrogen, and we know that we need nitrogen. Why not proceed, as our scientists have indicated we should, to complete the dam, to perfect the process, and under a Government organization allow the disposition of the surplus ingredients in time of peace in consonance with the purpose of the original bill, but having singly before us the development of facilities to provide for the national defense? Yet we are quibbling and debating and hesitating for fear somebody, or some corporation, or some section, somewhere or somehow, may get the advantage of somebody else, when it is for the advantage of America as a whole that we are doing this work.

Mr. JONES of Washington. Mr. President, I hope the Senator does not have the idea that my amendment is offered for that purpose.

Mr. SMITH. No; I think the Senator is in the same condition which a great many of us are in. We have the "zeal of God, but not according to knowledge," as Paul said about the Jews.

Mr. JONES of Washington. I think the Senator has hit it about right; there is not very much knowledge with reference to the situaiton.

Mr. SMITH. There is very little, but one thing is clear and unmistakeable, namely, that we know we are helpless as to a necessary element of national defense. There can be no misunderstanding or quibbling about that. We know that we have no progess by means of which, if we should become involved in war, we can make ourselves independent of a foreign country, so far as a necessary ingredient of explosives is concerned. We also know that there is a process of obtaining nitrogen from the air; we know that we can convert water power into hydroelectric power, and that hydroelectric power will decompose the air and fix the nitrogen. Yet we stultify ourselves when it comes to committing the Government to the project of going ahead and perfecting the process and completing the plant and satisfying the American people that we are beyond danger in case war should arise. That is the solemn duty which rests on us now. Senators may talk about power, but we can develop power anywhere as I said in the beginning. It is not a question of developing power.

Mr. President, I was somewhat amazed the other day when Senators here engaged in a rather acrimonious debate as to whether we were committing ourselves to Government ownership or private ownership, to Government operation or private operation, when in this instance it does not touch the question at all. The question for us to decide—and it is going to be decided in the next day, perhaps—is whether or not we are going to abandon in toto the project of providing adequate defense for the Nation in the form of a nitrate process.

Mr. SHIPSTEAD. Mr. President, I desire to delay the Senate for only a very short time to direct the attention of the Senate to a letter that was printed, at the request of the Senator from Alabama [Mr. UNDERWOOD], in the RECORD of January 8, on page 1451. The letter is signed by Frederick S. Pratt, chairman of the board of directors of the Puget Sound Power & Light Co. I will read part of that letter.

The letter refers to a part of my remarks made in the Senate on December 20, 1924, and which appeared in the RECORD for that day on page 877. He quotes thus from my remarks:

> It is interesting also to bear in mind the testimony which was presented to the Committee on Agriculture and Forestry showing that the capital cost per horsepower of the Stone & Webster Co., the competing company, amounts to $450 per horsepower, while the capital cost per horsepower of the city-owned plant amounts to $150 per horsepower.

I quote further from the letter. This is not quoting from my remarks of December 20, but I am reading now the third paragraph of this letter. He says:

> This figure of $450 per horsepower was obtained by dividing the capital cost of our entire property by the installed capacity in our power plants. This capital cost includes the cost of gas plants, steam heating plants, street and interurban railways, water-works systems, and coal mines; in fact, all of the property owned by the company; and so is not a correct statement of the power-plant cost.

In order that the RECORD may be correct, and in order that there shall be no implication that any misinformation was intended, and in order that the RECORD shall show that no misinformation was given, I desire to discuss that letter for a few minutes.

I find in the record of the hearings before the Senate Committee on Agriculture and Forestry the testimony of Mr. Ross, superintendent of the light and power system of the city of Seattle, Wash., and I think the record itself is the best evidence. I find it on page 1409. Mr. Ross states, speaking of the various competing companies:

> They have a certain investment that the State allows them to make a certain per cent on. For instance, as to Stone & Webster, their bonds, mortgages, and stocks are put at $100,469,808.28—

Then he goes on to say—

> of which $75,000,000 to-day is light and power.

If it were true, as Mr. Pratt charges, that the figure of $450 capital cost per horsepower was arrived at by dividing the total amount of issues outstanding by the number of developed horsepower, we would not have the figure of $450. If that had been done, we would arrive at a capital cost per horsepower of something like $515; but out of that entire capital cost or issues outstanding of Stone & Webster, Mr. Ross places $75,000,000 of it as representing the investment in the light and power plants of Stone & Webster. I take it for granted that the other $25,000,000 of their issues outstanding represents their coal mines, their street-railway properties, and other properties that are owned by the Stone & Webster Co., exclusive of their light and power plants.

Mr. Ross's testimony continues, as follows:

> They have some 165,000 horsepower, which brings about $450 against every horsepower they own, while the city of Seattle has $150 against every horsepower.

I think that conclusively covers that point.

This letter also contains another statement that I consider very remarkable coming from the hand and the brain of Mr. Pratt. He states—

In Portland, Oreg., and in Spokane, where there are no municipal plants, the average householder pays less for his electricity than in Seattle.

Not for the purpose of adding any heat to the controversy that has been going on here in the Senate for so many weeks, but simply for the purpose of having the RECORD correct, I will state that according to the rates given by the National Electric Light Association it would have been very easy for Mr. Pratt to find out what the average householder in Portland, Oreg., and in Spokane, Wash., pays for electricity. I have the figures here.

In Portland, Oreg., for the first 9 kilowatt hours the consumer pays 8 cents per kilowatt hour, and for the next 70 kilowatt hours he pays 7 cents.

In the city of Seattle, for the first 40 kilowatt hours the consumer pays 5½ cents, and for the next 200 kilowatt hours he pays 2 cents.

For instance, for the first 70 kilowatt hours in Portland the consumer will pay $4.74 net.

In Seattle, for the first 70 kilowatt hours the consumer pays $2.84 net.

In the city of Spokane, for the first 70 kilowatt hours the consumer will pay $2.90.

I believe that the first 70 kilowatt hours is well within what the average householder will pay for electricity.

Mr. Pratt in his letter makes another statement—in fact, he makes several—that I should like to discuss; but I do not care to take up the time of the Senate with a detailed discussion that covers a matter that has been covered many times before. This particular paragraph, however, refers to what he calls an implied conclusion in my remarks of December 20 that the municipal plant in Seattle was the cause of a reduction in rates from 20 cents in 1902 to 5½ cents in 1924, and he says that implied conclusion is contrary to the facts. He continues:

> Since 1902 there has been a general decrease in electric rates all over the United States, and to-day in Portland, Oreg., and in Spokane, where there are no municipal plants, the average householder pays less for his electricity than in Seattle.

On that point I want to read also the record of the city of Seattle, and I read from the report of the City Council of Seattle. In their report for 1923, on page 12, we find this statement:

> When the city plant was projected in 1902, consumers were paying 20 cents per kilowatt hour for current. As soon as the municipal plant was assured, a reduction was made to 12 cents. When the city lighting department began taking contracts, residence rates were fixed at:
>
> Eight and one-half cents for the first 20 kilowatt hours.
> Seven and one-half cents for the second 20 kilowatt hours.
> Six and one-half cents for the third 20 kilowatt hours.
> Four and one-half cents for all over 60 kilowatt hours.
>
> This was immediately followed by a reduction in the rates charged by the private corporations to:
>
> Ten cents for the first 30 kilowatt hours.
> Nine cents for the second 20 kilowatt hours.
> Eight cents for the third 20 kilowatt hours.
> Five cents for all over 60 kilowatt hours.
>
> with a 10 per cent discount for prompt payment, making the company's rate approximately ½ cent higher than the city rate. Early in 1911, when the municipal plant had grown to be a serious competitor, the company removed this differential and made its rates the same as the city rates.
>
> July 1, 1911, the municipal plant reduced its rate to 7 cents for the first 60 kilowatt hours and 4 cents for all over 60 kilowatt hours, and this reduction was met by the company in November of the same year. July 1, 1912, the city again reduced the rate to 6 cents for the first 60 kilowatt hours, and 4 cents for all over 60 kilowatt hours, and reduced the minimum monthly bill, which had been $1 to 50 cents. The company met the reduction one month later. April 1, 1915, the city established the rate:
>
> Five and one-half cents for the first 45 kilowatt hours.
> Two cents for all over 45 kilowatt hours.
>
> with a monthly minimum of 50 cents, and the company reduced its rates to the same schedule. During the war and up to 1920, the rate for light and power was one of the very few exceptions to the general rise in prices during the war. Rates were raised in 1920 to:
>
> Six cents for the first 45 kilowatt hours.
> Two and one-half cents for all over 45 kilowatt hours.
>
> with a monthly minimum of 75 cents.
>
> Effective June 1, 1923, the present residence rates are:
>
> Five and one-half cents for the first 40 kilowatt hours.
> Two cents for the next 200 kilowatt hours.
> One cent for all over 240 kilowatt hours.

It is to be noted that every reduction in rates has been made by the municipal plant and followed by its competitor.

The average residence rate in all cities of the United States of 200,000 population or more is 8½ cents as compared to the average in Seattle for 1923 of 4¾ cents. The municipal plant has had a similar effect in reducing power and business rates.

Mr. President, there are some other statements in the letter that I would like to discuss, but they have been covered so many times in the debates upon the subject that I shall refrain from occupying the time of the Senate to go over the same ground again.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the Senator from New York [Mr. WADSWORTH] to the amendment made as in Committee of the Whole.

Mr. UNDERWOOD. If no Senator desires to take the floor in debate I will suggest the absence of a quorum.

Mr. MCNARY. This morning in a colloquy with the Senator from New York [Mr. WADSWORTH] I proposed that he bring his amendment within the provisions of the water power act. I really think that I worked a conversion of the Senator, and that he intends to accept the amendment I want to propose. The Senator from New York is not here. I think perhaps it would be well to follow the suggestion of the Senator from Alabama, so I suggest the absence of a quorum.

Mr. ODDIE. Will the Senator withhold the suggestion of the absence of a quorum?

Mr. MCNARY. Very well; I withhold the request.

Mr. ODDIE. I have a little matter I would like to bring to the attention of the Senate.

The PRESIDENT pro tempore. The Chair recognizes the Senator from Nevada.

SPANISH SPRINGS EXTENSION, NEWLANDS IRRIGATION PROJECT, NEVADA

Mr. ODDIE. Mr. President, I wish to bring to the attention of the Senate the Spanish Springs extension of the Newlands irrigation project in Nevada, and as the matter is shortly to be taken up by a conference committee composed of conferees appointed by the Senate and by the House, I would like to call it to the attention of the Senate and House conferees before they meet to act on the subject.

The Newlands reclamation project in Nevada was the combined accomplishment of the late Senator Newlands and President Roosevelt. It was planned and developed by the former and vigorously assisted and made a reality by the latter. This was the first of all the projects to be started. It therefore has had to bear the brunt of the years of experimenting in reclamation from which all the other projects have benefited.

The result of all this, so clearly apparent, has been ably stated to both Houses of Congress again and again. The finest engineers in the country have examined and studied its physical and economic problems in great detail and on numbers of occasions. The officials of the Department of the Interior whose business it is to investigate and understand these matters have examined and reported favorably on the extensions proposed in the Senate amendment to the pending bill for this project and on the necessity for it. The fact finding commission, the Secretary of the Interior, the Budget Bureau, the President, the Committee on Irrigation and Reclamation of the Senate, and the Senate itself have all recommended it.

The President's message to Congress at the opening of the present session contained the following with respect to reclamation:

> Our country has a well-defined policy of reclamation established under statutory authority. This policy should be continued and made a self-sustaining activity administered in a manner that will meet local requirements and bring our arid lands into a profitable state of cultivation as fast as there is a market for their products. Legislation is pending based on the report of the fact finding commission for the proper relief of those needing extension of time in which to meet their payments on irrigated land, and for additional amendments and reforms of our reclamation laws, which are all exceedingly important and should be enacted at once.

In this connection, it should be recalled that at this session Congress received another message from the President, transmitting the Budget estimates for the next fiscal year, and recommending legislation to make those estimates effective. In those estimates is an item of $500,000 for the construction of the Spanish Springs Reservoir—a necessary extension in the development of the Newlands project.

The Secretary of the Interior, in his report for the fiscal year 1924, has given such an excellent summary of the splendid work of his special advisory committee on reclamation,

which recommends the construction of the Spanish Springs reservoir, that I desire to quote briefly from it. He said:

Since my last annual report the special advisory committee on reclamation completed its work. The personnel of this committee consisted of Hon. Thomas E. Campbell, of Arizona; Dr. Elwood Mead, of California; Mr. Oscar E. Bradfute, of Ohio; Dr. John A. Widtsoe, of Utah; Hon. Clyde C. Dawson, of Colorado; and Hon. James R. Garfield, of Ohio. Their report was forwarded to the President and by him to Congress.

The survey extended over a period of seven months. It was the most exhaustive and far-reaching study of Federal reclamation ever undertaken. It has received the approval of those familiar with reclamation by irrigation. A painstaking and detailed study was made of the history of every project constructed by the Government. The original estimates of the engineers on the costs of irrigation works of each project were analyzed and compared with the actual costs, after construction was completed.

Expenses of preparing the lands for cultivation, selective settlement of projects, the proper size of farm units, drainage to restore waterlogged lands, agricultural development, financing the farmer, transportation facilities, freight rates, climatic conditions, and other important features of reclamation upon which the success or failure of reclamation depends, were investigated.

The report of the special advisers, printed as a public document during the fiscal year, was an admirable treatise on Federal reclamation. It is a text for the guidance of coming generations. A most important finding was the necessity for a change in the present method of repayment by the farmers of the costs of constructing the projects. Under existing laws an arbitrary amount is fixed to be paid in 20 annual installments regardless of soil fertility. Pointing out that this system is erroneous and unscientific in principle, the committee proposed that repayments should be made on a percentage basis according to the productivity of the lands.

In other words, crops raised on each project should determine the annual assessment of the Government to cover construction cost rather than an amount fixed by law, regardless of the land's fertility. The committee recommended 5 per cent of the producing value of the land as the annual repayment charge.

The special advisory committee made 66 specific recommendations in all, covering many other phases of reclamation. A method of bringing about permanent relief from the distressing conditions existing among the farmers was also proposed through a complete reclassification of reclaimed lands. On some of the projects it was found that farms occupied by settlers were incapable of producing crops. On others it was revealed that some farms were more fertile than others, producing larger and more profitable crops. Yet, according to the terms of the reclamation law, the annual charge levied by the Government against each farm is proportionately the same.

In order to correct this apparent injustice the committee recommended that farms be classified into groups according to productivity and the charges adjusted accordingly. Farmers occupying unproductive lands should be given an opportunity to exchange them for others. Farm units incapable of supporting a farmer and his family and repaying construction costs due the Government should be exempt from the repayment requirements until their productivity is developed. Financial assistance to the settlers to enable them to obtain capital with which to buy agricultural equipment was recommended through the creation of a credit fund by the Government.

In a special message to the Sixty-eighth Congress, the President urged that legislation suggested by the special advisory committee be enacted into law, pointing out that a definite policy is imperative. This legislation failed in the last hour of the last session of Congress. In my opinion the future of Federal reclamation depends on the prompt enactment of this legislation at the coming session. Public approval of this measure, since Congress adjourned, would justify its prompt passage.

Both the recently enacted and the proposed additional general reclamation legislation are specially directed to a phase of the irrigation problems which the original reclamation law and those which followed later did not touch. The prior laws paid particular attention to the construction and operation of irrigation works—that is, to the engineering features. These laws did not attempt to assist the settlers to meet the great difficulties they experienced in preparing lands and placing their farms and ranches on a profitable financial basis, thereby enabling them to meet their water-rights payments; nor were they assisted in developing plans prior to their entry on the land. It therefore followed that the costs on small farms began to accumulate far more rapidly than was expected and to quickly get beyond the power of the settlers' means to meet. Because of the changing agricultural, social, and economic conditions, it was found that a satisfactory solution of these problems must be had before the settler could prosper.

In addition to the admirable legislation for reclamation which was contained in the second deficiency bill approved on December 5, which will undoubtedly provide a large measure of financial relief for settlers on the projects, something more is needed for a well-rounded policy in this field—that is, provision for farm settlement and development. The experts in this field are agreed that where engineering stops, the agricultural and human welfare features and problems begin.

One of the most important of these features is to see that the settler is aided in meeting the cost of developing his property to the producing point. The solvency of the project depends on the fitness of the settler and the earning power of the land. Much care, guided by expert advice, is needed to bring about a satisfactory combination of these factors.

An emergency of the most pressing character exists and has existed for additional water storage on the Newlands project. The severe water shortage which has been suffered by the settlers on this project during the last 10 years and more has been particularly acute during the present year, and has resulted in great loss and much damage to the crops in that entire area. Many efforts on the part of the Reclamation Service and the water users on the project to secure sufficient storage in Lake Tahoe have failed because of the impossibility of so adjusting the property rights around the lake as to provide adequate water storage for the constantly growing needs of the settlers.

After it became apparent that no relief was to be found in this direction the Reclamation Service definitely decided that the construction of a storage reservoir at Spanish Springs was the only means of solving the difficult problem, and preliminary action to that end was immediately begun.

That the Government has a definite obligation to discharge to these settlers is frequently lost sight of in discussions of this subject. This obligation exists because the Government has actually sold to the water users located on land under the Truckee Canal over 7,000 acres of land, for which the Government guaranteed a sufficient supply of water, but which has not been provided. Government engineers are agreed that it is neither practicable nor feasible to provide only sufficient storage to irrigate the amount of land now under cultivation, for the reason that the irrigation of additional land is necessary to secure an acre cost low enough to bring it within the reach of prospective settlers.

In fairness to the water users who took up these lands at the invitation of the Government, expecting to receive an adequate water supply for their farms, and upon the basis of that expectation invested their money, the piecemeal methods heretofore pursued should be discontinued, especially in view of the fact that a definite and satisfactory plan of development has now been worked out by the Commissioner of Reclamation, Doctor Mead, whose long experience and great knowledge of the subject amply equip him to make recommendations which are sound and constructive in the fullest sense of the word.

The Newlands project compares favorably with other projects as regards soil, climate, and quality and character of the people. It would, therefore, be a great injustice to have it injured. It must be allowed to live and prosper. Furthermore, about four years ago, a promise was made by the former Secretary of the Interior that this Spanish Springs project would be completed, provided the State of Nevada would remove obstacles then existing in the form of certain water-power locations on the Truckee River. The State of Nevada performed her part, but the Government has not carried out its obligation. At the time this promise was made, there were present Mr. A. P. Davis, Chief of the Reclamation Service, the governor of our State, our State engineer, and several of our best citizens.

I have here statements from three of those who heard the promise above mentioned. One is from our present governor, Hon. James G. Scrugham, who was formerly State engineer; another is from our governor at that time, Hon. Emmet D. Boyle; and the third is from Mr. Graham Sanford, one of our most prominent, able, and reliable citizens.

These statements relate to a conversation that took place between former Secretary Fall and these men in Nevada in regard to the Spanish Springs project, in which water-power rights on the Truckee River which conflicted with the building of the Spanish Springs project were discussed. Secretary Fall stated very emphatically, and is so recorded in these statements, that if the State of Nevada would remove those obstacles in the shape of water-power rights, the United States Government would build the Spanish Springs reservoir.

The following statements show conclusively in my opinion that the Government is both legally and morally bound to ful-

fill its obligations to the State of Nevada, which promptly did its part in carrying out this agreement:

RENO, NEV., *January 28, 1924.*

Mr. C. G. SWINGLE,
Chairman Board of Directors,
Truckee-Carson Irrigation District, Hazen, Nev.

DEAR MR. SWINGLE: Replying to your verbal request of this date, my recollection of the commitment of Secretary Fall to the building of the Spanish Springs Reservoir is as follows:

On or about August 20, 1921, I accompanied Mr. Fall and several other gentlemen, including Mr. A. P. Davis, Gov. E. D. Boyle, Mr. J. F. Richardson, and Mr. Graham Sanford, to the site of the proposed reservoir. After some discussion of the obstacles which had been encountered, Mr. Fall stated to me—and in the hearing of the other gentlemen present—that the Government would proceed with the construction of the Spanish Springs Reservoir provided that the State would undertake to assist the Reclamation Service in canceling the Vista power rights, which were regarded as the chief obstacle to the success of the Spanish Springs Reservoir project. I stated to Mr. Fall that we would be pleased to undertake the task, and was very confident of our ability to succeed in the matter. Governor Boyle confirmed the willingness of the State administration to use every effort in its power to effect a fair and equitable settlement of the difficulties.

On or about the 1st of March, 1923, in conformity with this understanding, Secretary Fall approved the various arrangements for proceeding with the work.

Very truly yours,

J. G. SCRUGHAM,
Governor of Nevada.

STATE OF NEVADA, *County of Washoe, ss:*

Emmet D. Boyle, being first duly sworn, deposes and says:

That he was, in 1921, the Governor of the State of Nevada, and that prior to that time had, at the request of various water users on the Newlands project and of the project manager of said project, concerned himself with the matter of securing additional water for the settlers on the said project under the Truckee Canal.

That on or about August 17, 1921, he accompanied Albert B. Fall, then Secretary of the Department of the Interior of the United States, from Carson City to Tahoe Tavern, and on or about August 18 prevailed upon the said Secretary to accompany him and the State engineer to the site of the proposed Spanish Springs Reservoir.

That he discussed fully with Secretary Fall all of the obstacles which stood in the way of the construction of Spanish Springs, principal among which was a power permit issued by the State engineer of the State of Nevada in the year 1911, and continued by various extensions to the time of the said discussion, which permit was for the construction of a power plant in the Truckee River below the proposed Spanish Springs Reservoir.

That having looked over the site of said Spanish Springs Reservoir, in company with former United States Senator Charles B. Henderson, James G. Scrugham, then State engineer of Nevada; Arthur P. Davis, then Director of the Reclamation Service; Charles S. Knight, then president and managing director of the Reno Chamber of Commerce; and Graham Sanford, editor of the Reno Evening Gazette, the said Secretary complained of the action of the State of Nevada in granting extensions to the said power plant, and declared the Government was prepared to commence the construction of Spanish Springs, but would do nothing until the State had eliminated this conflicting right.

That he was thereupon assured that the State would proceed with the elimination of the said right, which pact—through the cooperation of the Reclamation Service—was kept by the State of Nevada.

EMMET D. BOYLE.

Appeared before me, a notary public in and for the county of Washoe, State of Nevada, Emmet D. Boyle, who under oath, declares that he has read the foregoing and that all of the statements therein contained are true.

[SEAL.] ORRIN W. DAVIE,
Notary Public in and for the County of Washoe, State of Nevada.

RENO, NEV., *January 28, 1924.*

Graham Sanford, a resident of Reno, Nev., and manager of the Reno Evening Gazette, being duly sworn, says that on August 18, 1921, he accompanied Albert B. Fall, at that time Secretary of the Interior of the United States; Emmet D. Boyle, then Governor of Nevada; Charles B. Henderson, then Senator from Nevada in the United States Congress; James G. Scrugham, then State engineer of Nevada; John F. Richardson, manager of the Newlands irrigation project; Arthur P. Davis, Director of the Reclamation Service; Charles S. Knight, secretary of the Reno Chamber of Commerce, and others, to the proposed dam site of the proposed Spanish Springs reservoir, in Washoe County, Nev., which was being visited by Secretary Fall upon behalf of the Reclamation Service.

That while at the proposed dam site Secretary Albert B. Fall, in the presence of the undersigned, stated that he (Secretary Fall) was very much in favor of the Federal Government proceeding without delay with the construction of the Spanish Springs Reservoir, but that such construction was being seriously hindered by hydroelectric power rights which has been granted by the State of Nevada to the Canyon Power Co. upon the Truckee River near Vista. During this conversation Secretary Fall questioned the propriety of the State's actions in allowing and extending these permits to the Canyon Power Co., and further stated that the Federal Government would not proceed with the construction of the Spanish Springs Reservoir and reclamation unit unless they were removed and canceled. Speaking directly upon this point he said, in effect, to the Nevada members of the party, and particularly to State Engineer James G. Scrugham:

"It is up to the State of Nevada to get rid of these conflicting power rights (or permits). If this is done, we will build the Spanish Springs Reservoir."

State Engineer Scrugham replied in effect: "We will do it."

The undersigned was standing within a few feet of Secretary Fall, State Engineer Scrugham, Project Manager Richardson, Director Arthur P. Davis, and perhaps others when this conversation occurred, and heard all that was said. The statement of Secretary Fall was not qualified in any respect or in any way differently from that before stated by the undersigned.

In subsequent conversations during the same afternoon, which were a continuance of the one related, Secretary Fall stated that the Spanish Springs Reservoir and the Spanish Springs reclamation unit should be built by the Government, and that he favored their construction.

GRAHAM SANFORD.

Subscribed and sworn to before me, a notary public in and for Washoe County, State of Nevada, this 28th day of January, 1924.

[SEAL.] ELSIE L. CONWAY.

There is no other project in which such a discrepancy exists between the original estimate of cost held out to the settlers by the Government and the actual cost that the settlers have had to pay per acre. It heads the list of all the projects in this particular. The original plan contemplated ample water. For a number of years past Lake Tahoe, the large, natural storage reservoir at the head of the Truckee River, has at no time provided as much water as it was estimated at the time was needed. Some years ago the power companies acquired rights, through a decree in the Federal courts, to a certain amount of water for power. That cut down very materially the water that was necessary, and that it was expected would be available, for the efficient operation of the project. If the promise of the Government through the Secretary of the Interior is kept, and the construction and completion of the Spanish Springs storage reservoir at once proceeded with, the resulting storage facilities will make it possible for that project to live and become very successful. The water users on this project have had to suffer severely. They are a splendid lot of people, and deserve far better treatment than they have had.

A survey of present conditions upon the project reveals the fact that many of our water users are in straitened financial circumstances, being either indebted to local merchants and banks in varying substantial amounts or delinquent in construction and operation and maintenance charges due the United States Government upon water-right contracts, and in many cases both so indebted and delinquent. This condition exists, notwithstanding the general fertility of the land they have under cultivation and still are laboring to bring into cultivation, an excellent climate, and accessibility to the markets for their crops, both important factors ready to contribute to their ultimate success.

As an illustration of the straits in which a majority of the water users have been and are involved, it is of interest to mention some of the difficulties they have encountered and overcome in the past years. One of these difficulties has been the familiar one of a shortage of water during the critical irrigation season. This shortage was experienced by the Newlands project in varying degrees of severity during the years 1908, 1910, 1912, 1913, 1919, 1920, 1921, and 1924. Ten years out of the 20 years and more that have passed since the earlier homeseekers settled upon the project have seen a materially reduced crop production because of the inability of the Government to deliver sufficient water during the irrigation season of these years. That the Reclamation Service was cognizant of the situation and took steps to relieve it is evidenced by the following order issued over 12 years ago by Acting Secretary of the Interior Pierce:

It having been found impracticable to furnish water for additional lands under the Truckee-Carson project, Nevada, pending the acquire-

ment of adequate storage facilities, the public notices heretofore issued and the farm-unit plats heretofore filed * * * are hereby suspended.

Another order issued by Secretary of the Interior Fisher about two years later informs us that—

In view of the losses which have been suffered on account of partial failure of the water supply for the Truckee-Carson project * * * no action looking to cancellation * * * shall be taken until December 1, 1913.

Under date of June 18, 1913, the superintendent of irrigation on the project notified the water users that the flow in the Carson and Truckee Rivers had fallen off very rapidly, and said:

The water is now short, and commencing to-day all water will be charged against the season's use.

The completion of the Lahontan Reservoir on the Newlands project in 1915, providing a storage capacity of approximately 275,000 acre-feet, is convincing evidence that Congress and the Reclamation Service recognized the need and did their best to remedy the condition, to the end that the lowlands settler should at all times be insured a sufficient delivery of water. Not only was the Lahontan Reservoir constructed, but the efforts of the United States Reclamation Service and the Department of Justice were redoubled to secure the delivery of the originally estimated 720,000 acre-feet of water in Lake Tahoe to the settlers on the higher lands, which the Government had contracted to deliver, and, in addition, for the equally important purpose of bringing under irrigation and cultivation the thousands of acres lying under the Truckee Canal and in the Pyramid and Lovelock units. The combined opposition of the owners of riparian rights and the prior power company rights on the Truckee River, heretofore mentioned, together with legal complications, successfully prevailed over the determined efforts of the Government. These lands are therefore to-day without any assurance that planted crops can be brought to maturity during any season in which the snowfall upon the watershed is below normal, and they will continue to be until the water-storage facilities to be made available by the construction of the Spanish Springs Reservoir are provided.

Soon after the Lahontan water storage had been provided a menacing high-water table developed throughout the lowlands and upon portions of the bench lands as increased acreage was brought into cultivation, because the shallow surface drains constructed by the Reclamation Service at a cost of $250,000 became inadequate. This condition made necessary the construction of a general deep-drainage system for the entire project. Crop production suffered through the seepage and water-logging of cultivated lands, which in 1920 amounted to 3,411 acres. The area of lands under cultivation has increased from 800 to 900 acres annually. Lands that had been cleared, leveled, seeded, and brought into cultivation under hardships which can only be understood by those who have experienced them were rapidly being rendered useless. Again the Government, through the Reclamation Service and the water users jointly, conquered the difficulty. A contract was entered into between it and the district providing for the construction of a general deep-drainage system to dispose of seepage and reduce the destructive water table. Drainage work was commenced in the year 1921 and is now practically completed. The drains as constructed are most effective. Of course, the country-wide agricultural depression in 1921 was keenly felt upon the Newlands project, as elsewhere, and it has continued to be a potent factor to be reckoned with, but conditions are improving.

As a climax to the already multiplied troubles of the settlers on the project, the Interior Department unfortunately sent two men out to investigate this project about a year and a half ago. The conduct of one of them was not at all good, and he thoroughly disgusted our people. The other one made an unfair report, based on only a few hours' study of the project.

In fact, he knew nothing about the conditions on which he presumed to pass. He made statements that were unfair, flippant, and untrue; and it was that upon which the Secretary of the Interior had to base his calculations, and upon which the House Appropriations Committee had to depend. To add to the difficulties, a former Commissioner of Reclamation went before the House Appropriations Committee during the last session and showed that he knew nothing about this Spanish Springs project; and, depending on the unreliable report he had received, gave the proposal a severe blow. That was most unfortunate. It discouraged our people, because what had happened was published in the papers of our and other Western States. These unfair and damaging statements angered and depressed the settlers, who are a noble lot of pioneers, working hard and earnestly to try to make this project pay, and who will succeed if given a chance.

The work left for the Government to do in reclaiming lands was much more difficult than that which faced those who constructed irrigation works under private auspices. Earlier irrigation works were built on those locations where the problems were relatively simple, because there was a large area from which to choose. It did not take a great while for those who invested money in the building of reclamation works to find that such undertakings were largely unprofitable; and as far back as the year 1902 these difficulties began to present themselves.

The reorganization of many of the larger private irrigation enterprises in the West had taken place by the year 1900. In many cases there was a loss of the original investment. No capital could be attracted to an undertaking which could not produce earnings of at least 6 per cent on the investment. Such an earning basis, however, would not be acceptable to those engaged in business, because business also requires that a profit shall be made. These conditions made it imperative that the Government take up the construction of irrigation works, if further substantial development was to be expected. The Government therefore entered the field at a time when land-reclamation settlement in our western country had been practically stopped, with every prospect that this great section would be compelled to remain in an undeveloped state. Fortunately the argument that what benefits one section of the country benefits the entire country, convinced those responsible for our legislation that for the Government to undertake the building of these irrigation works would result in the creation of untold wealth through increased production.

The work of the Government has been largely along those lines which deal with construction. The question of operation and maintenance presents a different problem; for here it is most essential that large numbers of persons be dealt with in a careful and tactful manner. It is impossible for Government employees, who must work under law and regulations, to act with that degree of discretion which is necessary in dealing with individuals and communities in the matters which enter into the operation and maintenance of a reclamation project. Those acting for the Government must also constantly have in mind the political effect of their actions; and any matter which is so intimately related to the daily affairs of the large numbers of persons as operation and maintenance requires a much larger measure of freedom to act than can necessarily be exercised by those who can only report conditions and await instructions. This is in no sense a reflection on our Government employees, but is due entirely to the system of law and regulation and the political atmosphere under which they must perform their duties.

The passage of the second deficiency appropriation bill during the opening days of the present session of Congress will greatly help to improve the situation, because it contains a number of beneficial provisions relating to reclamation projects, one of these provisions being that—

whenever two-thirds of the irrigable area of any project or division of a project shall be covered by water-right contracts between the water users and the United States said project shall be required, as a condition precedent to receiving the benefits of this section, to take over, through a legally organized water-user's association or irrigation district, the care, operation, and maintenance of all or any part of the project works, subject to such rules and regulations as the Secretary may prescribe; and thereafter the United States in its relation to said project shall deal with a water-user's association or irrigation district; and when the water users assume control of a project the operation and maintenance charges for the year then current shall be covered into the construction account, to be repaid as part of the construction repayments.

When the Government went into the business of reclaiming lands by irrigation there was little in the way of recorded accurate data regarding irrigation methods. It was only after the Government had embarked upon a policy of the reclamation of arid lands by irrigation that the experts of the Department of Agriculture began to give out the results of their observations. The owners and operators of private projects were unwilling to admit the existence of certain difficulties, believing that these were local in character; but as time went on they came to recognize these obstacles as deep-seated and real, especially as methods for remedying the troubles had to be discovered and applied. For example, the swamping of areas under irrigation was known, but the explanation generally given was that it was due to gross carelessness. Careful observation, however, demonstrated that even with the most economical handling of water cultivated fields have been

swamped, requiring the construction of drains, and that thousands of acres have deteriorated, usually with the appearance of alkali on the surface, but occasionally unaccompanied by that or any other surface indication.

Another error which has been prevalent in all private reclamation enterprises and which has affected Government work as well has been that of assuming that any large area of reclaimed land could and would be settled upon immediately. Experience has shown that an agricultural community, like a tree, can not spring into full bearing at once. Years of slow growth are essential; especially where there has been no selection of the settlers there must be a rapid turnover. Many families must come and go before there is a fairly complete adaptation to local surroundings.

This process of elimination has been heartbreaking and has tried the nerves and excited the sympathy of everyone connected with the Reclamation Service. There are few Government employees who have not felt a certain personal responsibility in these matters. If they were free to exercise their judgment and to act as could the employees of a private concern, they might greatly help, or at least could prevent many of these people from getting into difficulty; but, as employees of the Government, they must of necessity stand by, report conditions, and wait for instructions.

The many disappointing results above noted have not entirely come from physical conditions of soil, climate, or markets, but from a lack of adaptability in many cases on the part of the landowner—and especially of his family—to the peculiar conditions surrounding each piece of land. The good farmer, the man of experience, has not been willing to spend his time or money on project land of inferior grade. The inexperienced man, coming perhaps from the city and knowing nothing regarding soil, has seized upon every available acre and then importuned the official in charge to make an effort to bring into production lands which are obviously unfit.

It is not correct to infer from what has just been said, however, that it is possible in advance to judge unerringly of the value of soils and of the effect of water upon the soil. It is only within a relatively few years that the result of much expert investigation has begun to reveal some of the causes of the unproductiveness of soils. It is improper, therefore, to attribute blame or want of judgment either to Government officials or to the settlers in many of the cases where lands have proved lacking in fertility.

The question has been raised in discussions of the new reclamation law as to whether or not local committees of professional men, business men, and bankers appointed on each project to investigate conditions and make recommendations to the Reclamation Service as to the application of proper remedies, would not naturally have their opinions biased or prejudiced on account of their local interests—financial and political—and yield to the pressure which such interests would naturally exert to obtain a favorable report. I wish to state that so far as the committee which investigated conditions in Nevada is concerned, it was composed of men of the highest and most responsible type, who I am certain endeavored to give—and did give—to the Reclamation Service an accurate, able, and comprehensive statement of conditions.

The Special Committee on Economic and Agricultural Investigation for the State of Nevada was composed of the following: David Weeks, consulting engineer, and member of the faculty of the University of California; Robert Stewart, dean, College of Agriculture, University of Nevada; S. B. Doten, director, experimental station, University of Nevada; Cecil W. Creel, director, extension division, University of Nevada; F. B. Headley, superintendent, Newlands Experiment Farm, United States Department of Agriculture; and also Messrs. J. Sheehan, George Wingfield, W. H. Simmons, W. J. Harris, and W. A. Shockley, as a committee of bankers and business men, to report upon the recommendations of the special committee.

In view of the charge lately made to the effect that efforts to secure appropriations for reclamation work are largely based on politics and the desire of candidates to make votes in order that they may be continued in office, it seems to me that it would be difficult to find a better answer than that furnished by the appointment of such committees. I am convinced that men of the type of those composing these local committees would not irresponsibly place their signatures on reports which are to become matters of record and which deal with such important matters, the effect of which will be felt for a long time to come.

The question has also been raised as to the wisdom of the provisions in the new reclamation law in making a change in the method by which settlers on irrigation projects shall discharge their indebtedness to the reclamation fund. That law has been criticized because the annual repayment charges on this indebtedness are made to depend on the producing value of the land instead of on the obligation of the settlers to pay a stated amount each year. What has actually happened under the old plan is of record. It is not a theory. The fact is that complaint has been frequently made that much of the money advanced by the Government has thus far not been returned to the reclamation fund. The reason for this is that the heavy expense to which settlers have been subjected has made impossible the accumulation of a surplus to meet these payments. Under the provisions of the new law there has at no time been any doubt expressed by the experts—who are certainly best qualified to give a sound opinion—that the settlers will have the surplus necessary to enable them to make their payments regularly in full. This is in sharp contrast with the old plan, which leaves the Government with only a promise to pay.

In compliance with my urgent request, the members of the Appropriations Committee of the Senate have assured me since before the convening of the present session that provision would be made in the Interior Department appropriation bill for beginning the construction of the Spanish Springs Reservoir, and that an initial appropriation of $500,000 for this purpose would be placed in the bill, which is the amount recommended by the President, the Department of the Interior, and the Bureau of the Budget. The members of the Senate Appropriations Committee have carried out their agreement as far as the Senate is concerned.

In view of the great need for immediately beginning the work and because of the fight we have had to make for this project against heavy odds, the assurance of the members of the committee was most gratifying to me and my colleague, Senator PITTMAN, to whom I promptly gave the information. On the strength of this assurance I introduced the following amendment, which the committee approved and placed in the bill, and which the Senate adopted without debate on January 6, when the bill passed.

Amendment intended to be proposed by Mr. ODDIE to the bill (H. R. 10020) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1926, and for other purposes, viz: Insert at the proper place in said bill, under the title "Bureau of Reclamation," the following:

"Spanish Springs extension, Newlands project, Nevada: For continued investigations, commencement of construction, necessary expenses in connection therewith, and for operation, under the provisions of section 5 of the act (H. R. 9559, 68th Cong., approved December 5, 1924, $500,000."

In this connection, one important fact regarding the provision for the construction of the Spanish Springs Reservoir should be remembered, and that is that although in dealing with new projects the Reclamation Service and the Secretary of the Interior have felt it necessary to recommend agricultural and economic investigations before expenditures were made in proceeding with the work on projects. In the case of Spanish Springs all such investigations have been made.

It should also be remembered that the Government, after inviting settlers on reclamation projects, made contracts with them which it was impossible for them to fulfill. As the Government can not be brought into court, it should be at all times particularly careful to see that the settlers, who must rely upon it absolutely, are given the benefit of the doubt and dealt with in an equitable and liberal manner when differences arise. If the Government finds that it has imposed a contractual obligation on the settlers which can not be reasonably discharged, the Government should be the first to see that such a contract is modified to a point where it can be complied with, and then should insist upon its enforcement. Settlers should not be made to suffer because of errors or omissions on the part of the Government. To do so only leaves them helpless and many times in despair and ruin.

As showing the present situation on the Newlands project and the need for the additional storage to be provided by the construction of the Spanish Springs Reservoir, I quote from a statement by Dr. Elwood Mead, Director of Reclamation, before the House Appropriations Committee during its consideration of the Interior Department appropriation bill for the fiscal year 1926. Doctor Mead said:

The primary purpose of this storage system is to provide an adequate water supply for the irrigation of land under the Truckee Canal, a part of the Newlands project, amounting to about 21,000 acres. About 7,000 acres of this have been settled, but the water supply for its irrigators has proven so inadequate that the remainder of the land has been withdrawn from settlement and is now of no value to the

project. The Truckee Canal and dam cost $1,683,816. Its operation for the limited area of land now irrigated is unprofitable. In order to improve the financial situation of the Government by increasing the use of this canal and conserving the flood and waste waters of the Truckee River, a matter of great importance to Nevada because of the State's limited population, it is proposed to build a storage work large enough to hold the dependable flood supply of the stream. Investigations to date indicate that there will be sufficient water to irrigate 30,000 acres of land not irrigated by the Newlands project. The greater part of this would be within the original boundaries of the project and about 18,000 acres outside those boundaries. An economic survey has been made to determine the suitability of the land for irrigation culture.

The Spanish Springs Reservoir should therefore be immediately constructed; otherwise the interests of both the settlers and the Government will be seriously jeopardized. The items included in present construction charges, which are found to be nonbeneficial to the project, should be charged off as a loss to the Government and credits should be given which are equitable to the whole project; and they will be, under the provisions of the second deficiency appropriation bill we passed in December. Further examination should be made of the 20,000 acres of those private lands which have prior water rights for the purpose of either acquiring the lands, if feasible, or obtaining an agreement for their subdivision and sale at a fixed price, thus bringing them definitely under the project as in the case of other lands.

The construction of this proposed extension to the Newlands project is also very important to one of Nevada's largest industries—the stock-raising industry. The question of securing sufficient feed during the winter months for our range livestock has always been one of the most pressing problems which the stock raisers of our State have been called upon to meet. The additional acreage which will be brought into cultivation by the construction of the Spanish Springs Reservoir will make possible a much larger output of winter feed, resulting in an increased production by the stock raisers of Nevada. In this connection it should be noted that Doctor Mead, the present Commissioner of Reclamation, in his annual report for the fiscal year 1924, in discussing the Spanish Springs extension, states that "the production of forage crops under irrigation greatly supplements the livestock industry."

Preliminary steps for the construction of the Spanish Springs Reservoir have already been taken. This action was the result of definite recommendations heretofore made by the Reclamation Service and by engineers in the employ of the Department of Agriculture. These recommendations have, of course, now been greatly strengthened by the indorsement of the Reclamation Fact Finding Committee in its report of April 10 of last year. No adverse official report has ever been made on the Newlands project as a whole or on the proposed Spanish Springs extension, except one by a man who made no examination of conditions and who was entirely ignorant of the problems and accomplishments of the water users. This man is no longer connected with the service.

Much anxiety has developed recently on the part of some of the settlers on the Newlands project and along the Truckee River because of a fear that the proposed construction of the reservoir at Spanish Springs will jeopardize their water supply on account of the new land which the additional storage will make available for cultivation.

This anxiety is doubtless due in large measure to the fact that for many years the water users have been subjected to litigation having for its object the determination of the amount of water to be allotted them for the irrigation of their farms and ranches. I have always very much regretted this protracted and expensive litigation, and am particularly anxious that it should be brought to a speedy and satisfactory conclusion. When the matter of these water allocations was before the Nevada Legislature years ago, while I was governor of the State, I protested against any course which would involve the water users in long litigation or subject them to any expense on account of it. I was assured by the representative of the Department of Justice who was handling the matter that the entire subject could be finally disposed of within six months and at no expense to the water users. There is, of course, no relation between the proposed construction of the Spanish Spring reservoir and any decree which may have or may be issued by the referee appointed to decide between the United States Government and the water users and between the water users themselves, as to how the waters of the Truckee River shall be delivered for irrigation purposes. Such a decree could only be modified or set aside through an appeal to the courts and not by Congress, as seems to have been the impression of some of the project settlers and those along the Truckee River. I am convinced that no previously existing water right in the Fallon district or anywhere along the Truckee River will be disregarded or injured because of the building of the Spanish Springs reservoir. The Government, in my opinion, has no intention of depriving any water user of his legal and just rights. If anybody is so deprived, he has his remedy in the courts. I should certainly strongly oppose any action on the part of the Government that would tend to deprive any settler of his legally existing water rights.

It is well known that Lake Tahoe, lying both in Nevada and California, is one of the beauty and wonder spots of the world. A reasonable interpretation of the intelligent sentiment of the American people will be found to be against destroying the natural beauty of that lake. The immediate building of the Spanish Springs reservoir is most necessary if we are to prevent a move in the near future which might result in the destruction of the marvelous scenic beauty of this wonderful lake, properly described as one of nature's masterpieces.

Mr. President, I invite attention to one angle from which, so far as I recall, the development of an adequate, comprehensive, and effective reclamation policy on the part of our Government has not been viewed, and that is from the standpoint of the national defense. Our transcontinental railroads and highways now extend from coast to coast. The tremendous importance of reducing to a minimum the necessity of having these great arteries of communication traverse large barren areas is obvious. These agencies of travel must be used by our Army in time of war. Every reasonable means should therefore be utilized in making provision for the care of our Army in the event it should be called upon to travel through our vast western country. There is no better way to do this than to build up such portions of those vacant areas as may be reclaimed through irrigation, upon which to develop and maintain rich agricultural communities. We would thus be pursuing, through the paths of peace, a course which will surely result in the creation of an important and permanent agency as part of a preparedness program which will be our best guaranty of peace.

Considerable opposition to the Spanish Springs extension of the Newlands project has developed from certain persons in Nevada calling themselves the Lahontan Water Users' Association. I have investigated the statements made by those representing the members of this association, as have also the responsible officials of the Department of the Interior. We find that this organization is distinctly in error in these statements, and that its members are laboring under a decided misapprehension as to the real facts and conditions. I shall not, therefore, comment further on their opposition, but will insert in the RECORD at this point certain telegrams from responsible officials and organizations in Nevada and a letter from Graham Sanford, editor of the Reno Evening Gazette, and an editorial from the same newspaper which successfully refute the statements above referred to, and which prove conclusively that the construction of the Spanish Springs reservoir is feasible, practicable, and necessary, and that it is economically sound from every point of view.

Mr. President, I ask that the telegrams, letter, and editorial may be inserted in the RECORD.

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

The matter referred to is as follows:

FALLON, NEV., *December 1, 1924.*

Senator ODDIE,
Washington, D. C.:

Will appreciate your doing all in your power to enact fact finders' recommendations into law.

TRUCKEE-CARSON IRRIGATION DISTRICT.

RENO, NEV., *December 6, 1924.*

Senator T. L. ODDIE,
Senate Office Building, Washington, D. C.:

Beckstead's statement opposing Spanish Springs resented here. With few selfish exceptions, Nevada unanimously favors project.

RENO CHAMBER OF COMMERCE.

RENO, NEV., *December 7, 1924.*

Hon. TASKER L. ODDIE,
United States Senate, Washington, D. C.:

We urge your support Spanish Springs appropriation, and assure you protest of Lahontan Valley Water Users' Association does not reflect Newlands project sentiment. Project settlers of Fernley-Swingle Bench and elsewhere have repeatedly indorsed Spanish Springs extension. They consider it imperatively necessary to prevent recurrent water shortages and to bring entire program to sound

state of economic development. Nevada farm bureaus have indorsed construction Spanish Springs in interest of agriculture. As new lands are to be irrigated with unused flood waters, established water rights can not be injured. Lands to be reclaimed exceptionally rich soil and will settle rapidly.

W. A. HARDY,
President Nevada Farm Bureau, Fernley, Nev.

RENO, NEV., *December 9, 1924.*

Hon. T. L. ODDIE,
United States Senate, Washington, D. C.:

Resolved, That the Exchange Club of Reno, Nev., hereby condemn the attitude of L. A. Beckstead as assuming to bespeak the attitude of Lahontan Water Users' Association toward the construction of Spanish Springs valley reservoir, in that it is opposed to the position taken by the fact-finding commission and by Dr. Elwood Mead, commissioner of the Reclamation Bureau, and Dr. Hubert Work, Secretary of the Interior, and by all well-informed engineers and people who have investigated the facts and conditions existing at the present time, and in that his attitude is also opposed to the best interests of the people of Nevada.

EXCHANGE CLUB OF RENO,
Dr. A. F. ADAMS, *President.*
C. A. NICHOLS, *Secretary.*

RENO, NEV., *December 11, 1924.*

TASKER L. ODDIE,
United States Senate, Washington, D. C.:

This company for and always has been for Spanish Springs storage. We hold 800-acre water right under Newlands project.

HUMPHREY SUPPLY CO.

FERNLEY, NEV., *January 7, 1925.*

Hon. TASKER L. ODDIE,
Care United States Senate, Washington, D. C.:

My attention has been directed to various wires and letters sent by L. A. Beckstead attacking Spanish Springs extension to Newlands project. They charge that undertaking is not feasible, that costs will be excessive, that point of storage is incorrect, that it is a water-power scheme, and betrayal of public interests. I am familiar with this matter. I live upon the Newlands project. I am a water user and a project settler. I assure you that Mr. Beckstead and his small group of obstructionists do not represent either the Newlands project settlers or public opinion on this matter, and the charges which they have made are unfounded and irresponsible. Lands selected for reclamation are far better, in my judgment, than those now under Newlands project. They will repay the construction costs. Charge that Spanish Springs is a water-power scheme is an unwarranted fabrication and is brought by little band of malcontents who now have plenty of water and who have no regard for the bench-land settlers of the Newlands project who are being bankrupted by recurrent water shortages. The Reclamation Service has repeatedly investigated and approved this extension. It has been recommended by Arthur P. Davis, F. E. Weymouth, Dr. Elwood Mead, and other responsible officials, after most careful investigation. In view of this, I can not understand how any weight can be attached to unsupported charges made by Mr. Beckstead and the alleged water association which he claims to represent. I urge your support of Spanish Springs appropriation which has been approved by Nevada State Farm Bureau, Churchill County Farm Bureau, Truckee Carson irrigation district, and every representative civic organization in western Nevada.

W. A. HARDY,
President Nevada State Farm Bureau.

RENO, NEV., *January 7, 1925.*

Hon. TASKER L. ODDIE,
United States Senate, Washington, D. C.

We urge your support of Spanish Springs appropriation now in conference. This undertaking is economically sound and will end disastrous water shortages that are ruining settlers upon bench lands of Newlands project. The new lands which it will reclaim are of finest character and they will bear construction costs. The charge made by so-called Lahontan Valley Water Users' Association, that undertaking is water-power scheme, is absurd and unworthy of attention. Storage site selected best in opinion of every competent authority, and we firmly believe proposed extension will place Newlands project and its settlers upon sound basis.

RENO NATIONAL BANK.
WASHOE COUNTY BANK.
FARMERS AND MERCHANTS NATIONAL BANK.
SCHEELINE BANKING & TRUST CO.
CECIL W. CREEL,
Director Agricultural Extension Work.
GEORGE WINGFIELD.
EMMET D. BOYLE.

FALLON, NEV., *January 9, 1925.*

Senator TASKER L. ODDIE,
Washington, D. C.:

Have been instructed by the board of directors, Truckee-Carson irrigation district, to send you the following resolution which was adopted January 8: "In view of the assurances which have been given us that the priorities of the present water users are recognized and that the enlargement of Truckee Canal is contemplated, we approve and indorse the construction of Spanish Springs Reservoir."

L. V. PINGER,
Secretary.

RENO EVENING GAZETTE,
Reno, Nev., January 3, 1925.

Hon. TASKER L. ODDIE,
United States Senate, Washington, D. C.

DEAR SENATOR ODDIE: The attention of this newspaper has been directed to a letter written by L. A. Beckstead, secretary of the Lahontan Valley Water Users' Association, of this State, and sent to the "presiding officer of the Senate," in which the following statement occurs:

"In a report on the Newlands project in the Reno Gazette of December 17, 1921, is the following statement, later indorsed at that time by the Gazette as follows:

"'All the developments of recent years indicate that the present long-entrenched administrative officials of the Reclamation Service have adopted a definite policy toward this project best characterized as practical abandonment.'"

Furthermore, the letter written by Mr. Beckstead says:

"Such is the case. The Reno Gazette of December 9, 1924, commenting editorially, admits that the Spanish Springs development injures Reno. It will bankrupt Fallon, * * *."

As the Gazette has been deliberately misquoted in the letter referred to, we desire to advise you of the facts and refer you to our files in the Library of Congress as the best evidence.

The extract from the Gazette of December 17, 1921, was not an editorial expression or even a news article of this newspaper. It was a statement made by Thomas Williams, of Fallon, Nev., published by the Gazette as a signed communication to the public. It never received Gazette indorsement, editorially or otherwise.

The Gazette editorial of December 9, 1924, referred to by Mr. Beckstead, contained an expression of opinion directly contrary, when considered as a whole, to the position taken by Mr. Beckstead and his associates. It is attached hereto.

We send you this letter for your information.

Truly yours,

RENO EVENING GAZETTE,
GRAHAM SANFORD, *Manager.*

[From the Reno Evening Gazette, December 17, 1924]

AN UNKIND STATEMENT

Perhaps one of the unkindest statements made in connection with the Spanish Springs plan is that sent by a group of Newlands project settlers to Senator WARREN, of the Senate Appropriations Committee, carrying the very strong intimation that the project is being put forward by "Reno interests."

"Both of our Senators are standing in with Reno and against us," the protest reads, "so we will have to depend upon outside help."

It does seem that enough misstatements have been made concerning the undertaking without this.

The plain truth is that if Reno consulted her selfish interests with regard to Truckee River development she would oppose the Spanish Springs extension and advocate upstream storage that would bring under reclamation the great areas of farm land just north of her city limits. She would fight for greater electric-power stations, which would become possible through mountain reservoirs, and everlastingly oppose the carrying of one drop of Truckee River water beyond the limits of Washoe County.

But she is taking no such position. The selection of Spanish Springs as the main reservoir site, which means the reclamation of lands distant from this city, was a great disappointment to Reno. She had hoped that a large part of the water would be placed upon Lemmon, Prosser, Spanish Springs, and Warm Springs lands, but when the Reclamation Service, after repeated investigations, declared that the reclamation of the arid lands about Reno was too costly and that the settlers would have a better chance of success through Spanish Springs storage she accepted the verdict.

For the welfare of the State she took her medicine and loyally got behind the Reclamation Service, believing that it was better to have the river's unused flood waters placed to beneficial use downstream than to have them flow into Pyramid Lake while western Nevada stagnated from inaction.

For this reason alone the Reno Chamber of Commerce and many Reno people are earnestly supporting the proposed project.

To intimate that they are opposing the interests of the Newlands project and advocating a plan peculiarly their own is an unpardonable perversion of the facts. The real situation is exactly the contrary.

They have surrendered their own selfish hopes. All that Reno can hope to receive is a part of the trade arising from the Wadsworth bench lands, and they are as close to Fallon as they are to Reno. They lie at the door of Fernley. But Reno is satisfied with the arrangement. She believes that the new lands will soon be populated with prosperous, happy homes, and that she will reap some benefits from a more populous and wealthier State.

MUSCLE SHOALS

The Senate resumed the consideration of the bill (H. R. 518) to authorize and direct the Secretary of War, for national defense in time of war and for the production of fertilizers and other useful products in time of peace, to sell to Henry Ford, or a corporation to be incorporated by him, nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; steam-power plant to be located and constructed at or near Lock and Dam No. 17, on the Black Warrior River, Ala., with right of way and transmission line to nitrate plant No. 2, Muscle Shoals, Ala.; and to lease to Henry Ford, or a corporation to be incorporated by him, Dam No. 2 and Dam No. 3 (as designated in H. Doc. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes.

Mr. McNARY. Mr. President, I offer the amendment which I send to the desk to the amendment which is now before the Senate which has been offered by the Senator from New York [Mr. WADSWORTH], and I ask that my amendment to the amendment be stated.

The PRESIDENT pro tempore. The Senator from Oregon offers an amendment to the amendment proposed by the Senator from New York.

Mr. WILLIS. Mr. President, I desire to submit a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state the inquiry.

Mr. WILLIS. As I understand the matter, the Underwood proposition, so called, is here as an amendment which has been agreed to as in Committee of the Whole but has not been concurred in in the Senate. It is, therefore, an amendment. The Senator from New York offers his proposition as an amendment to that amendment, and I understand the amendment about to be offered by the Senator from Oregon [Mr. McNARY] is an amendment to the amendment which has been offered by the Senator from New York. The parliamentary inquiry is, Mr. President, whether that would not be an amendment in the third degree and therefore out of order?

The PRESIDENT pro tempore. The Chair is very clearly of the opinion that it is not an amendment in the third degree. The Chair reserves his opinion with respect to whether it is an amendment in the first degree or second degree, but will state that the Chair is inclined to hold that it is an amendment in the first degree.

Mr. McNARY. Then, Mr. President, it is quite proper that I propose the amendment to the amendment at this time.

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

The READING CLERK. On page 3, line 8, after the word "effect" and before the period, it is proposed to insert a colon and the following proviso:

Provided further, That the lease, in so far as relating to Dams Nos. 2 and 3, power houses, machinery, and equipment, the steam plant at Sheffield, and all lands in connection therewith, and the disposition of surplus power shall be made subject to and in accordance with the provisions of the Federal water power act.

Mr. UNDERWOOD. Mr. President, I was out of the Chamber for a moment, but I understand that the amendment which the Senator from Oregon offers is not to the amendment proposed by the Senator from New York but is to the pending measure?

Mr. McNARY. In reply to the Senator from Alabama I will say that the amendment proposes to bring the provisions and declared purposes of the Wadsworth amendment within the terms of the Federal water power act, and it applies exclusively and alone to the amendment offered by the Senator from New York.

Mr. UNDERWOOD. That is a different proposition.

Mr. McNARY. Mr. President, it is a matter of indifference to me at what part of the amendment of the Senator from New York my proposal shall be inserted. It occurred to me, however, that it should follow the language in section 2, but I infer from the statement of the Senator from New York that he would prefer that it should come in on page 4 following section 3. If that is more satisfactory to the Senator from New York, I should be happy to change the insertion to page 4, at the end of line 2, and I will ask the Secretary to make that correction and restate the amendment.

The PRESIDENT pro tempore. The Secretary will make the correction.

The READING CLERK. On page 4, at the end of line 2, after the word "appropriated," it is proposed to insert the following proviso:

Provided further, That the lease in so far as relating to Dams Nos. 2 and 3, power houses, machinery, and equipment, the steam plant at Sheffield, and all lands in connection therewith, and the disposition of surplus power shall be made subject to and in accordance with the provisions of the Federal water power act.

Mr. WADSWORTH. Mr. President, I think inserting the amendment at that point in my amendment rather than as at first suggested by the Senator from Oregon is a little more logical. I suggest that the word "the" before the word "lease" be changed to the word "any."

Mr. McNARY. That is perfectly agreeable, and I think it is proper that the change should be made.

Mr. WADSWORTH. In that form, Mr. President, so far as I may do so, I accept the amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the Senator from Oregon to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, I should like to inquire of the Senator from New York whether he considers this amendment a proper amendment to his amendment in view of the theory upon which the Senator's amendment is based. It would seem to me that with this work of investigation, the assembling of data, the determination of a plan which is to be adopted, taking into account the unique conditions of this particular project, and the fact that it could be differentiated from other power projects and from other river sites in the United States, this amendment is inappropriate to the amendment offered by the Senator from New York.

Mr. WADSWORTH. I have given some thought to that matter, and I have reached this conclusion with respect to it: The Federal water power act is the declared policy of the Government enacted by Congress. It is made applicable to all power projects inaugurated under the auspices—if I may use that term—of the Federal Government; and as this is a power project in part, at least, to be inaugurated under the auspices of the Federal Government, I think it should be subjected to the same general rule of regulation. I think that policy has become what might be termed a basic principle in connection with the handling of the power problem generally. It is upon that theory that I accept the amendment.

Mr. KING. Mr. President, I should like to suggest to the able Senator from New York—who undoubtedly has given this subject more consideration than myself—that the Federal power act did not have in contemplation cases in which there had been millions of dollars expended by the Government having in view the construction of industrial plants for the manufacture of nitrogen for fertilizer or anything else, but had to do rather with virgin propositions where they were to be considered de novo. Here is a proposition upon which the Government has expended a large sum of money; so, as I said a moment ago, it is to be distinguished, and distinguished very readily, from virgin propositions, from cases where a grant is sought for the purpose of building a power plant.

Notwithstanding what the Senator has said, it does seem to me that the amendment offered by the Senator from Oregon would be a handicap to the execution of the plan which is contemplated by the amendment offered by the Senator from New York.

The PRESIDENT pro tempore. The question is upon the amendment offered by the Senator from Oregon to the amendment of the Senator from New York.

Upon a division, the amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the Senator from New York, as amended.

Mr. McKELLAR. Mr. President, in the amendment that has been offered by the Senator from Washington [Mr. JONES] to the pending bill there is nothing about authorizing the building of Dam No. 3. If that dam were built by the present organization now building Dam No. 2 at Muscle Shoals it would result in an enormous saving to the Government; and I desire to know if the Senator from Washington would be willing to incorporate in his amendment a provision similar to the one that is in the pending bill authorizing the building of Dam No. 3?

Mr. JONES of Washington. Mr. President, I will say to the Senator that when this matter was under discussion I think the Senator from Alabama [Mr. UNDERWOOD] had the floor; the question came up about this dam, and I got the impression, at any rate, from what the Senator from Alabama said, that Dam No. 3 had already been approved.

Mr. UNDERWOOD. No; the question that was under discussion was not the question of building Dam No. 3. That was not objected to. It is a mere authorization. The question we were discussing was an amendment that was offered from the floor by some Senator—I can not recall whom—to carry the appropriations for building Dam No. 3. I am not sure but that, perhaps, I offered the amendment myself at the suggestion of some other Senator, and the Senator from Washington suggested that it was proper for the Appropriations Committee to take care of the appropriations.

Mr. JONES of Washington. Yes; if the project was authorized.

Mr. UNDERWOOD. And I withdrew it; but what the Senator from Tennessee is speaking about is not the question of an appropriation, but the question of an authorization.

Mr. McKELLAR. An authorization.

Mr. JONES of Washington. I understand that; but, as I understand, Dam No. 3 has not been authorized.

Mr. McKELLAR. It has not.

Mr. UNDERWOOD. No. The amendment that I had offered, and which is now the pending bill, does authorize it.

Mr. JONES of Washington. I looked through the Senator's bill as it was printed here, and I found no authorization of Dam No. 3 in it, but I did find an authorization of Dam No. 3 in the so-called Norris bill. I had understood, however, that both sides were in favor of the construction of Dam No. 3, and so I had prepared an amendment to my proposal, and was intending to ask, thinking that there probably would be no vote on my proposition this afternoon——

Mr. McKELLAR. Section 8 of the pending bill, known as the Underwood bill, does provide authority for the construction of Dam No. 3.

Mr. JONES of Washington. I overlooked it, then, because I looked through the bill hurriedly awhile ago to find out; so I have prepared my substitute with a provision authorizing Dam No. 3, and I am glad to conform to the Senator's request, and ask that I may present my amendment intended to be proposed as modified in that particular so that it may be printed for the consideration of the Senate when the matter does come up.

The PRESIDENT pro tempore. The Senator from Washington is at liberty to modify his amendment in any way he wishes.

Mr. JONES of Washington. I desire to have it printed as modified.

The PRESIDENT pro tempore. It will be ordered printed as modified. The question is on agreeing to the amendment of the Senator from New York [Mr. WADSWORTH] as amended.

Mr. SIMMONS. Mr. President, before the amendment is voted upon I wish to make a few observations. I am not going to discuss to any extent the amendment offered by the Senator from New York. My objections to it were stated in the questions propounded by me while the Senator from New York was on the floor in advocacy of his amendment. I am going to state my objections without any elaboration whatever.

My objection is twofold: First, it invests in a commission of five the power to determine definitely whether this plant shall be operated by the Government or leased. True, it provides for approval by the President, but it does not provide for any voice by Congress in the matter of their decision. It provides that in case the commission decides it is not wise for the Government to operate the plant it may lease it, without prescribing any condition whatever as to the terms upon which it may make the lease. If the commission shall decide to lease, therefore, it can fix the terms of the lease to suit its own free will. I believe that part of the amendment requires the approval of the President, but it does not require the approval of Congress.

Mr. WADSWORTH. It does not, the only limitation being the 50-year period.

Mr. SIMMONS. So that Congress will have no opportunity, in case the commission leases it, to pass upon the question of whether or not that lease is satisfactory to it.

I think that is too much power to invest in this commission, and for that reason I am opposed to it. I think that both provisions of the Senator's bill should be subject to the approval of the Congress; but it was not for that purpose that I rose.

In the discussion in which I indulged yesterday I minimized the possible competition of fertilizers produced by the Government or by a lessee at Muscle Shoals with fertilizers produced by manufacturers or mixers of fertilizer in the country. I expressed the opinion that that competition would be negligible because of the limited amount of nitrogen required to be produced at this plant. The Senator from New York has to-day made the point that the original bill introduced by the Senator from Alabama had been amended so as to strike out the provision requiring the fertilizer produced to be sold either mixed or unmixed, according to demand.

Mr. UNDERWOOD. If the Senator will permit me, I should like to correct him. The words that were stricken out were "according to demand."

Mr. SIMMONS. That is what I intended to say. I withdraw what I said and will read the provision. The bill as introduced by the Senator originally provided:

> The United States, its agents, or assigns, shall manufacture nitrogen or other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand.

At the time I was discussing the proposition I did not know that the words "according to demand" had been stricken out by an amendment, but the Senator from New York called my attention this morning to the fact that they were stricken out. Upon an examination of the RECORD, I see that there was no discussion of the amendment, but that the Senator from Nebraska [Mr. NORRIS] suggested to the Senator from Alabama an amendment eliminating those words, and the Senator from Alabama accepted the suggestion and the amendment was agreed to without discussion on the floor of the Senate. The elimination of those words somewhat changes the situation, as I understood it at the time I was discussing the amendment.

The Senator from New York is no doubt correct in saying that with those words stricken out probably the entire project at Muscle Shoals might be converted into a complete fertilizer plant, which would amount to about 2,500,000 tons of completed fertilizer, and that that amount of fertilizer would bring about competition between the Government plant or its lessee and the independent fertilizer producers and mixers in the country. I think that result possibly would follow the elimination of those words, and therefore I shall insist that the words be restored.

With those words in the bill, my theory was that by reason of the freight charges there would be no demand for a completed fertilizer except within a limited area in proximity to the plant; that the freight cost of distributing the finished product would be so great that there would be practically no demand from distant sections of the country for the complete fertilizer, but that there would be a demand throughout the United States for the nitrogen produced at the plant.

There are only about 60 pounds of sulphate of ammonia in a ton of fertilizer, so that the manufacturers of fertilizer and the mixers of fertilizer throughout the country, without any excessive freight charge, might have purchased sulphate of ammonia from the plant at Muscle Shoals instead of importing it from Chile. Therefore, except as to the extent of the requirement of the area in immediate proximity to the plant, the competition that would be brought about would be only a competition between the Chilean nitrates and the nitrates produced at Muscle Shoals. My conclusion, therefore, was that such competition could not possibly affect injuriously the producers or mixers of nitrogen in any part of the country except in the territory immediately around the plant. Of course, nobody could object to the Government producing a product which would take the place of a product that is now not produced in this country, but is wholly imported. It was with that idea in mind that I made the observations with reference to the small and negligible competition, which would be brought about by the enactment of such a law, between the Government and the producers and mixers of fertilizer in the country.

Mr. DIAL. Mr. President, we have been debating this bill for something like a month and if all the speeches are finished I trust we may vote and dispose of it. Many of us have other bills which we are anxious to take up and dispose of, but we do not want to interfere with the consideration of the pending measure. I trust that Senators will realize that we have to reach legislation by compromise in a great degree. Speaking for myself, without conferring with anyone else, I would like very much, if we could possibly do so, to vote on the pending amendment and perhaps dispose of the bill to-day, so that next week we can go to other business. I do not think

it will help things on either side to debate it any longer, for Senators have made up their minds about it.

Mr. JONES of New Mexico. Mr. President, I fully agree with the Senator from South Carolina [Mr. DIAL] that we ought to dispose of the measure. Thus far I have had nothing to say on the subject, but in view of some of the statements which have been made during the discussion I feel that I should make a very short statement. I do not intend to consume any great length of time.

To my mind the real issue here is different from that indicated in statements which have been made by other Senators. I do not believe that there is necessarily involved at this time any question as to the permanent policy of the Government with respect to this individual enterprise. In other words, it is not a question of Government ownership and operation as against the question of individual ownership or operation. The amendment which is now the bill before the Senate introduced by the Senator from Alabama [Mr. UNDERWOOD] provides for two things—a lease of the property for 50 years or operation for an indeterminate time by the Government.

I think the question is whether we are now prepared to dispose of the property for a period of 50 years. The amendment offered by the Senator from New York [Mr. WADSWORTH] likewise gives an opportunity to dispose of the property for 50 years. There are some conditions embodied in the Underwood amendment regarding the method of disposing of it for that length of time. The Senator from New York would turn the property over to a commission to handle as it might think best, but with the privilege of disposing of the property for a term of 50 years upon such conditions as it might see fit to accept, with a few limitations specified in the amendment. I am inclined to believe, if we are going to provide for disposal of the property by lease for 50 years, that perhaps the manner suggested by the Senator from New York would be preferable in not stating minimum conditions, but leaving it absolutely to the President of the United States and the commission to be created by him.

Under the provisions of the Underwood substitute the President would have the right to fix terms, it is true, but we specify what have been called here the minimum terms and conditions. However, in expressing the minimum by the adoption of those terms we say that we are willing to have the property disposed of on those terms for that length of time. I am not willing to do that, and I wish to state that I do not believe I have information which would satisfy me as to what terms should be imposed in such a disposition of the property. I am unwilling at this time to undertake to prophesy the various uses to which the property might be put, the various industries which might be developed during a period of 50 years. The Government of the United States has expended upon the property about $150,000,000. A great city has been built there. A great manufacturing plant has been built there. We are now completing the dam which will furnish a very large amount of power. The possibilities of the stream are still unmeasured. It has been stated that a million horsepower may be developed there. We are called upon to say that we are willing to dispose of the property for 50 years upon a rental basis of about $2,000,000 a year.

It is true that some of the conditions are specified, one of which is that there must be the manufacture of fixed nitrogen. We do not know whether that is practicable or not. I have listened to the arguments here, and the more I have listened to them the more I have been convinced that the Senators have very little definite information regarding this subject. I have even heard it questioned that fixed nitrogen, as manufactured at that plant, can be used in the manufacture of fertilizer at all. As to what it is going to cost, no one has attempted to say, and I do not feel that we are justified at this time in disposing of this property under any conditions which we might impose in the light which we have at the present time.

Moreover, the bill proposed by the Senator from Alabama merely disposes of Dam No. 2, which has a limited horsepower, much less than we hope to see developed in the entire project. It does not provide for any future development. The attachment of Dam No. 3 to the proposition was voted down, as I recall, and it must be evident that if there is to be future development the leasing for 50 years of Dam No. 2, and that machinery, and the turning over of that city and all the other property connected with this project, would be ill advised.

Mr. HEFLIN. Mr. President, the authorization to build Dam No. 3 is in the Underwood bill.

Mr. JONES of New Mexico. Yes; but the proposal to dispose of Dam No. 3 is not in the Underwood amendment, as I understand it.

Mr. HARRISON. That is right.

Mr. JONES of New Mexico. The Senator from Mississippi [Mr. HARRISON] proposed an amendment of that kind, but it was voted down, so that all that is attempted here is to lease Dam No. 2, with the nitrate plants, and the city, the quarry, and other pieces of property in connection therewith. To my mind a lease of that sort, in the face of the future development which we hope may come, is equivalent to the putting of a monkey wrench into this tremendous machinery which we hope to see in operation there in the near future.

It has been said that to vote for the Norris bill would commit this country indefinitely to the policy of public ownership and public operation. I submit that it is not necessary to go that far to justify a vote for the Norris bill. It is true it does specify some things which are to be done during the next six years, but it is still within the control of Congress at any time to divert this great property to other uses if it should see fit.

To me it appears that there is only one question involved here now, and that is whether, with our meager information, with this shadow surrounding the whole proposition, we should dispose of this property now on any terms for a period of 50 years. I am unwilling to have it done. If the Norris bill shall be passed, the Government will have the property within its control and can make disposition of it from time to time as it shall see fit.

I know that at least some of the advocates of the Underwood amendment say that unless that is agreed to nothing will be done with this property. I do not believe that apprehension is well founded. I have not heard a single Senator say that he is not in favor of the future development and use of this property, and that he wants it utilized to the fullest measure. I think it is realized generally that there is one project there that ought to be developed and ought to be developed to its fullest extent. I hope we may show that it will produce a million horsepower; and if that can be done, either for the purposes of navigation or flood control or for the value of the power, or what not, it seems to me it ought to be done, and I want it done. I believe that all the Senators are willing that it should be done, and that whatever is necessary on the part of the Government to bring that about will be done. In this state of affairs I can not bring myself to conclude at all that we should try to fix minimum terms, or any other terms, for the disposition of this property for 50 years.

It has been said that unless we do something of this kind the bill will be vetoed by the President of the United States. I do not believe that, and I base my belief upon the statements of the President himself. He has specifically stated to us and to the Congress that he favors a sale of this property or a long-term lease, but he adds:

> If no advantageous offer be made, the development should continue, and the plant should be dedicated primarily to the production of materials for the fertilization of the soil.

In view of that statement, how can it be said that the President of the United States would veto a measure which complies in part with his expressed desire? It is true that he says that he prefers that it be handled in some other way; but if it can not be done in some other way, then he specifically says that he wants it developed and used for the production of fertilizer in order to replenish the soil. So I think that it can not be reasonably inferred from this express language of the President that he would veto a bill because it provided only one of the methods which he himself has said he is willing to accept for the development of this property.

In view of these conditions, as I see them, I shall feel compelled to vote against the Wadsworth amendment; I shall feel compelled to vote against the Underwood proposal when it comes to a final vote, or any method of disposing of this property which shall attempt to make disposition of it for a period of 50 years.

Mr. HEFLIN. Mr. President, I want to read just a line or two from the minority report filed by the Senator from North Dakota [Mr. LADD] for himself and other members of the Committee on Agriculture favorable to the Ford offer. This report was signed by the Senator from Kansas [Mr. CAPPER], the Senator from Mississippi [Mr. HARRISON], the Senator from Arkansas [Mr. CARAWAY], the Senator from Louisiana [Mr. RANSDELL], the Senator from South Carolina [Mr. SMITH], and myself. We say in this report, among other things:

> Certain objections to the Ford offer seem apparent, but we insist without fear of successful contradiction that none of the objections to the Ford offer can be remedied or solved by Government ownership

and operation at Muscle Shoals—by the Government going into the power business or entering the uncharted and hazardous field of operating nitrate plants at Muscle Shoals in the production of nitrogenous and other commercial fertilizers using electrochemical processes the commercial success of which is yet controversial. For Congress to adopt such a policy, when Henry Ford's offer makes it unnecessary for the Government to do so, would subject Congress to the just condemnation and reproach of all sober-minded people.

This minority of the committee proceeds to say:

1. The Ford offer takes the Government out of the fertilizer and power business.

The Norris bill sets the Government up in the fertilizer and power business.

The provision in the Underwood bill requiring fertilizer to be made at Muscle Shoals, just as the Ford offer did, would produce 40,000 tons of fixed nitrogen. Under the provisions of the Underwood bill it must be made into fertilizer right there at Muscle Shoals. We provide that they shall produce 2,400,000 tons of commercial fertilizer a year. That is more than a fourth of the fertilizer sold annually in the United States, which is now about 8,000,000 tons. Here is an opportunity to produce enough fertilizer at Muscle Shoals to control the price in the United States. Senators, the farmers of the South would rejoice at the opportunity to buy cheap fertilizer. We also provide in this bill, as we did in the Ford offer, that those who manufacture it shall not make more than 8 per cent on its production. Practically all of those who have testified before the Committee on Agriculture have stated that in their judgment fertilizer could be made and sold at Muscle Shoals for about half the price for which it is selling to-day. I see in that a great opportunity for service to the farmers of the South. God knows they need to have something done for them. They have not yet recovered from the deflation panic of 1920 and 1921. The fertilizer bill in 1920 in my State was $20,000,000. It is not hard for the farmers to understand that if they could get fertilizer for half price they would save in my State alone $10,000,000. It is not hard for the farmers of South Carolina, of North Carolina, of Tennessee, of Georgia, of all of our Southern States to easily calculate how much it will save to them.

We must not deceive ourselves. We know that we who are really fighting for the farmers are engaged in a mighty struggle with the Fertilizer Trust. It is not only operating from Baltimore or some other place out in the States, as suggested by the Senator from Mississippi [Mr. HARRISON], but it is right here in the Capital of the Nation. It is issuing bulletins right under our noses. It is giving warning to Senators who are friendly to them that the Underwood bill is as deadly to their interests as the Ford bill was. I can not understand why those on this side who supported the Ford bill, which had this fertilizer provision in it, weaker than it now is in the Underwood bill, can not go with us now and help to cinch this thing and pass this bill.

Mr. President, there is going to be wailing and gnashing of teeth on the part of some Senators if this Congress does not dispose of this bill. I want to sound a note of warning to them now if this makeshift offer by the Senator from Washington [Mr. JONES] goes through and the Senate walks up and confesses that it does not possess the intelligence necessary to dispose of this matter, that it is ready to confess that it does not know how to dispose of it, when millions of farmers are crying out to us asking that we shall let them enjoy some of the benefits to be derived from the use of that plant in making fertilizer, if they throw this opportunity away and leave it up in the air, under the provisions of the bill of the Senator from Washington, they will hear from that in the Southern States, where the farmers are now sorely oppressed by the Fertilizer Trust.

Under the fertilizer provisions of the Underwood bill we direct that they shall make fertilizer for the farmers and shall not charge over 8 per cent above the cost of production. The farmer is not going to be deceived in this matter. The farmers will know just what has happened here. They know that we have battled here for four years in favor of the Ford bill, demanding day in and day out that fertilizer be made at Muscle Shoals for the farmers, because we know it can be made and sold there for about half the price the farmer now has to pay for fertilizer. The farmers are going to wonder why some Senators have quit supporting a provision that practically all of us from the South have been supporting all the time. These same Senators, along with myself and others, have helped to make the fertilizer provision of the Underwood bill even stronger than it was in the Ford offer. They helped us to amend the Underwood bill so as to make certain that fertilizer would be made at Muscle Shoals. They already know by the terms that they have helped to write into the Underwood bill that whoever gets Muscle Shoals has got to make and sell fertilizer to the farmers as the law that we pass directs.

Mr. President, I can not understand just how some of my friends will reconcile that situation with the plant at Muscle Shoals dedicated to the work of making fertilizer for the farmer—40,000 tons a year—not for one year, with perhaps two or three years elapsing before making any more, but steadily every year, and, as the Senator from Louisiana [Mr. BROUSSARD] suggests, making over 2,000,000 tons of completed fertilizer. I stated that a little while ago. It will be a great blessing to our farmers, and, Senators, let me say, they would certainly appreciate such favorable consideration of them and their interests.

I am sorry to say that the farmer frequently finds himself forgotten when the election is over and some men are far removed from the reach of his ballot. This has been a long fight that we have been making here for cheap fertilizer for the farmer. And now I am sorry to say we find our forces somewhat divided. It does not make much difference how a battle is lost, if it is lost. Have we of the South not enough continuity of thought, unity of purpose, and concert of action at a time like this to seize upon the opportunity that opens the door in our faces? Shall we go off and try to hide our responsibility behind an amendment like that of the Senator from Washington [Mr. JONES], who lives 3,000 miles from Muscle Shoals, and permit him to direct our course in the matter of disposing of the Muscle Shoals project?

I regret to say that I see some few of my friends on this side flirting just a little bit with the dangerous, deceptive, and deadly measure of the Senator from the far-away State of Washington. His amendment provides for the appointing of a commission to tell us what we should do with Muscle Shoals.

Mr. President, the people of my State sent me here as one of their Senators to look after this and other situations for them, and I am trying to do my best to represent them. I want to appeal to my friends on this side of the Chamber not to follow off after this jack-o'-lantern arrangement which the Senator from Washington has suggested. Would it not be an embarrassing situation for us to stand up here before the country and say, "We confess we do not know anything about the subject after we have studied it and discussed it for four years; we now confess our incompetency and our impotency to deal with it; and we want a guardian appointed to tell us what we ought to do with it"? How ridiculous, Mr. President!

It will not be long now until the farmers of my State will be walking down the cool, moist furrows of the field; it will not be long now until they will be putting fertilizer in the ground; and oh, what a ray of hope it will bring to them to know that in the not far distant future they are going to have a mighty agency working for them and not for the Fertilizer Trust, helping to bring down the price of fertilizer and making sure a saving to the farmers of the South of more than a hundred million dollars a year. That is what I am working for, and that is what I hope to see accomplished.

Senators, I have been fighting for the farmers of the South in this matter ever since I came into the Senate a little more than four years ago. I have contended from the outset that some of the water power at Muscle Shoals should be used to make fertilizer. I seized upon the opportunity offered by the Ford bill, and I supported that bill as best I could. When Mr. Ford, without notice to me and my colleagues, withdrew his bid I had to look elsewhere for something to take its place. My colleague [Mr. UNDERWOOD] introduced a bill which carried the Ford provision as to fertilizer for our farmers; Senators on this side, as I have said, by offering amendments to it have perfected it and made it stronger, and it is now even better than the Ford bill so far as the farmers are concerned. Why should I not continue to support it?

Mr. President, whoever gets Muscle Shoals, I want to see to it at this session of Congress that they shall be required to make fertilizer and sell it at half the price at which it is selling to-day. That is what I am hoping to do. If I can accomplish that, I will have served the farmers of my State, the South, and the country well and faithfully.

This is the end of a hard and strenuous week for some of us, and I am not going to detain the Senate long.

I want to read, in conclusion, a little poem. I do not know who its author is, but it tells us a great truth when it says:

The politician talks and talks,
The actor plays his part;
The soldier glitters on parade,
The goldsmith plys his art.
The scientist pursues his germ
O'er the terrestrial ball,
The sailor navigates his ship,
But the farmer feeds them all.

The preacher pounds the pulpit desk,
The broker reads the tape;
The tailor cuts and sews his cloth
To fit the human shape.
The dame of fashion, dressed in silk,
Goes forth to dine, or call,
Or drive, or dance, or promenade,
But the farmer feeds them all.

The workman wields his shiny tools,
The merchant shows his wares;
The aeronaut above the clouds
A dizzy journey dares.
But art and science soon would fade,
And commerce dead would fall
If the farmer ceased to reap and sow,
But the farmer feeds them all.

Senators from the South, let us not forget the farmers in the South.

Mr. NEELY. Mr. President, I seldom disagree with my distinguished friend from Alabama [Mr. HEFLIN]. I have great respect for his judgment, and, if possible, even greater affection for his person; but I can not concur in his conclusion that if the Senate fails to dispose of Muscle Shoals it will be because we lack intelligence. If some power, human or superhuman, will instantly and securely apply effective Maxim silencers to the oral orifices of about 90 Members of this body, we can dispose of the entire pending question before this time day after to-morrow. And if the flood of oratory with which we have been deluged since early this morning, and which greatly exceeds the wasting flood of water at Muscle Shoals, can be restrained at once, we shall be able to dispose of the Wadsworth amendment within five minutes after I take my seat. The Senate is talking itself into disrepute, the country to tears, and necessary legislation to death. It is quite remarkable that so many have not yet learned that—

In all labor there is profit; but the talk of the lips tendeth only to penury.

As complemental to the poem which the able Senator from Alabama [Mr. HEFLIN] has just recited I submit the following:

Once upon a time one of those long-neglected but highly respectable and absolutely indispensable persons known as a farmer was shown a series of pictures, which he viewed with the keenest interest. The first at the top of the panel was the picture of a king. Under this picture was the legend "I rule over all." Next in order was the picture of a soldier and beneath it the inscription "I fight for all." Then followed a picture of a member of Parliament and the assertion "I make laws for all." The very last picture at the bottom of the panel was that of a United States Senator. Beneath this portrait was written the veracious boast "I talk for all." After reading the last of these legends our farmer friend, being unable longer to contain himself, snorted, "Yes; durn it; and I pay for all."

Senators, let us stop talking at the expense of the country. Let us give the people some legislative relief. Let us without further delay provide for the utilization of the water power at Muscle Shoals and thus supply the farmers the necessary fertilizer with which to make their impoverished land "rejoice and blossom as the rose."

Mr. NORRIS. Mr. President, I hope that we may have a vote on the Wadsworth amendment to-day, but before we have it I think I ought to say just a word in explanation of my attitude.

As I look at it, I have no choice between the Underwood substitute and the Wadsworth amendment; I can not support either one; and if we are to have either one of them, I do not care which it may be. Therefore I will content myself when my name is called by voting "present."

Mr. WADSWORTH. Mr. President, I desire to make one slight change in my amendment, which I am sure will not be objected to by any Senator present. On page 3, after line 2, I wish to insert "the members other than the Secretary of War and the Secretary of Agriculture shall be appointed by the President, by and with the advice and consent of the Senate."

The PRESIDENT pro tempore. Is there objection to the modification of the amendment? The Chair hears none, and by unanimous consent the amendment is modified as proposed.

SEVERAL SENATORS. Question!

The PRESIDENT pro tempore. The question is on agreeing to the amendment as amended proposed by the Senator from New York to the amendment of the Senator from Alabama.

Mr. WADSWORTH. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. BROUSSARD (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. Not knowing how he would vote, I transfer that pair to the junior Senator from Arkansas [Mr. CARAWAY] and vote "nay."

Mr. NORRIS (when his name was called). Present.

Mr. RALSTON (when his name was called). I am paired with the junior Senator from Missouri [Mr. SPENCER]. I understand, however, that if he were present he would vote "nay." I am therefore free to vote, and I vote "nay."

The roll call was concluded.

Mr. HARRISON. My colleague the junior Senator from Mississippi [Mr. STEPHENS] is paired with the junior Senator from Minnesota [Mr. JOHNSON]. If my colleague were present, he would vote "nay."

Mr. WALSH of Montana. My colleague [Mr. WHEELER] is unavoidably absent. If he were present, he would vote "nay."

Mr. OWEN (after having voted in the negative). I understand that my pair, the Senator from West Virginia [Mr. ELKINS], if present, would vote as I have voted. Has the Senator from West Virginia voted?

The PRESIDENT pro tempore. The Senator from West Virginia has not voted.

Mr. OWEN. With the understanding that he would vote as I have voted, I will allow my vote to stand.

Mr. GERRY. I desire to announce that the Senator from Arkansas [Mr. ROBINSON] is unavoidably absent. If present, he would vote "nay."

Mr. SWANSON. I desire to announce that my colleague [Mr. GLASS] has a general pair with the Senator from Connecticut [Mr. MCLEAN].

Mr. UNDERWOOD. I wish to announce that the senior Senator from Kentucky [Mr. STANLEY] is absent. He is paired with the junior Senator from Kentucky [Mr. ERNST]; but I understand that both Senators would vote the same way. If the senior Senator from Kentucky were present, he would vote "nay."

The result was announced—yeas 5, nays 65, as follows:

YEAS—5

Bingham	Norbeck	Pepper	Wadsworth
Edge			

NAYS—65

Ball	Ferris	King	Shipstead
Bayard	Fess	Ladd	Shortridge
Borah	Fletcher	McKellar	Simmons
Brookhart	Frazier	McNary	Smith
Broussard	George	Mayfield	Smoot
Bruce	Gerry	Means	Sterling
Butler	Gooding	Metcalf	Swanson
Cameron	Hale	Neely	Trammell
Capper	Harreld	Oddie	Underwood
Copeland	Harris	Overman	Walsh, Mass.
Cummins	Harrison	Owen	Walsh, Mont.
Curtis	Heflin	Phipps	Warren
Dale	Johnson, Calif.	Pittman	Watson
Dial	Jones, N. Mex.	Ralston	Willis
Dill	Jones, Wash.	Ransdell	
Ernst	Kendrick	Sheppard	
Fernald	Keyes	Shields	

NOT VOTING—26

Ashurst	Greene	McLean	Stanfield
Bursum	Howell	Moses	Stanley
Caraway	Johnson, Minn.	Norris	Stephens
Couzens	La Follette	Reed, Mo.	Weller
Edwards	Lenroot	Reed, Pa.	Wheeler
Elkins	McCormick	Robinson	
Glass	McKinley	Spencer	

So Mr. WADSWORTH's amendment as amended was rejected.

Mr. JONES of Washington. Mr. President, in order that it may be pending on Monday, I offer the amendment which I send to the desk and ask to have read.

The PRESIDENT pro tempore. The Senator from Washington offers an amendment, which will be stated.

The READING CLERK. It is proposed to strike out all after the enacting clause and to insert:

That the Secretary of War, the Secretary of Agriculture, and a third person to be appointed by the President of the United States, who, if not a public official of the United States, shall be paid out of the appropriation herein authorized, such compensation as may be fixed by

the President, be, and they are hereby, constituted a commission to investigate and study the proposals and questions involved in the use and disposition of the water-power resources and property of the United States at and connected with Muscle Shoals and to report to Congress on or before the first Monday in December, 1925, its conclusions and recommendations for the use or disposition of the same. The commission is authorized and directed to use in the work herein authorized such employees of the War and Agricultural Departments as can be used advantageously, and may employ such additional assistants as may be necessary within the limits of appropriations made for such purposes. The commission may invite proposals for the lease or purchase of such properties, or any part thereof, and report such proposals to Congress, with their recommendations in regard to the same. The appropriation of $100,000 is hereby authorized for carrying out the purposes of this act. Until legislation shall be enacted providing otherwise, the Secretary of War, with the approval of the President, is authorized temporarily to dispose of the power developed at Muscle Shoals from time to time upon such terms as he may deem wise, but no contract for the use of the power shall be made for a longer period than one year. No proposal for a lease of any of the property or resources involved herein for more than 50 years shall be considered. The production of an adequate supply of nitrates for war and fertilizer purposes is hereby declared to be the primary purpose of the Muscle Shoals development, and such purpose shall be given full consideration in the report and recommendations made to Congress hereunder.

SEC. 2. That the Secretary of War is hereby authorized to construct Dam No. 3 in the Tennessee River at Muscle Shoals, Ala., in accordance with report submitted in House Document 1262, Sixty-fourth Congress, first session: *Provided*, That the Secretary of War may, in his discretion, make such modifications in the plans presented in such report as he may deem advisable in the interest of power or navigation: *Provided further*, That funds for the prosecution of this work may be allotted from appropriations heretofore or hereafter made by Congress for the improvement, preservation, and maintenance of rivers and harbors.

Mr. CURTIS. Mr. President, this measure has been pending a long time; and from what has been said, not only on the floor but in private conversation, by the Senator from Nebraska [Mr. NORRIS], who has charge of the bill, I know that he is anxious to get through with it. I know that the same thing is true of the attitude of the Senator from Alabama [Mr. UNDERWOOD]. I should like, therefore, to ask these Senators if we can not enter into an agreement to vote upon this measure not later than Tuesday afternoon.

Mr. NORRIS. Mr. President, the Senator has correctly stated my attitude. I am anxious to get through with this legislation. I think we will finish it on Monday, but I am not going to enter into any agreement at any time until I know at least that whatever is before the Senate has been debated.

I want to say to the Senator from Kansas now that I take that position for this reason: I do not know what may come out of thin air in the way of a proposed substitute amendment. The bill of the Senator from Alabama [Mr. UNDERWOOD] was introduced here, and I had no opportunity to see it until it was introduced the day before we had agreed to take up the Muscle Shoals measure. If I make an agreement now to vote at a particular time on all amendments and on the bill to its final disposition, I do not know what else may happen or what else may come.

I want to say to the Senator that so far as I know there are no lengthy speeches to be made; so far as I know there are no amendments that will take time, but in order to be certain and not be taken by surprise again I am not going to make any agreement at this time for a time of final vote. I do not want to have the Senator misunderstand me. I am anxious to dispose of this matter, but I am not going to take any chance of that kind.

Mr. CURTIS. Mr. President, if we can not agree on a time to vote, can we not agree to limit debate, beginning Monday morning, to 20 minutes on each amendment and the bill itself, and that no Senator shall be permitted to speak more than once?

Mr. NORRIS. I will say to the Senator that if I could be assured that no other amendment would be offered except this one, I should not have any objection to it personally, although I have been told privately by some Senators that they wanted to make some remarks on the so-called Jones amendment if it came up. I do not know how long they will want to take, so I will not agree to that at this time.

Mr. UNDERWOOD. Mr. President, of course I am anxious to have a conclusion in regard to the passage of this bill. I have yielded wherever it was necessary for the public business to be transacted, but nearly one-half of the present session of Congress has passed. We have discussed this bill from every angle. Of course the responsibility for the transaction of public business does not rest directly on my shoulders; but I think the time has come when, if we can not get a reasonable agreement about the limitation of debate, the bill should be kept before the Senate continuously until we can arrive at a final vote, and I wish to say to the Senator from Kansas that so far as I am concerned I shall be glad to cooperate with him along that line.

Mr. WARREN. Mr. President, if we are unable to obtain an agreement for a final vote very soon, may we not be able to have some night sessions, so that either the Muscle Shoals bill may go along or we may use evening sessions in the transaction of other business, especially the passage of the appropriation bills?

Mr. CURTIS. Mr. President, if I may answer that question, I have the assurance of the Senator from Nebraska [Mr. NORRIS], the Senator from Alabama [Mr. UNDERWOOD], and other Senators, that if there is not an early disposition of this bill they will consent to night sessions to consider the appropriation bills or the Muscle Shoals bill.

Mr. WARREN. I am glad to know that.

Mr. BORAH. Mr. President, that would apply to all except the naval appropriation bill. I would not consent to night sessions on that bill while this debate is running.

Mr. UNDERWOOD. As the Senator from Wyoming knows, I have no desire in the world to interfere with the disposition of the supply bills. I desire to expedite them as far as possible; but there is other business pending before the Senate that is entitled to consideration, and after six weeks' consideration of this bill I think the Senate should insist on a continuation of its efforts to pass it until we reach a vote. At least it should make that effort.

Mr. WARREN. I shall hope to have the assistance of others in getting the appropriation bills before the Senate at a very early date.

Mr. UNDERWOOD. I shall have no opposition to offer to that course.

Mr. HARRISON. Mr. President, I would like to ask the Senator if we could not agree to vote on the Jones amendment by a certain time?

Mr. CURTIS. Let us see if we can not arrange that Monday.

Mr. HARRISON. Very well.

EXECUTIVE SESSION

Mr. CURTIS. 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 10 minutes spent in executive session the doors were reopened.

RECESS

Mr. CURTIS. I move that the Senate take a recess until Monday at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 55 minutes p. m.) the Senate took a recess until Monday, January 12, 1925, at 12 o'clock meridian.

ARBITRATION CONVENTION WITH SWEDEN

In executive session this day, the following convention was ratified, and, on motion of Mr. BORAH, the injunction of secrecy was removed therefrom:

To the Senate:

I transmit, with a view to receiving the advice and consent of the Senate to its ratification, an arbitration convention between the United States and Sweden, signed June 24, 1924.

For the information of the Senate, I transmit also copies of notes exchanged at the time of the signature of the convention between the Secretary of State and the Minister of Sweden.

CALVIN COOLIDGE.

THE WHITE HOUSE,
Washington, December 8, 1924.

The PRESIDENT:

The undersigned the Secretary of State has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, an arbitration convention between the United States and Sweden, signed on June 24, 1924.

At the time of the signature of the convention notes were exchanged between the Secretary of State and the Minister of Sweden stating the understanding between the two Governments that in the event of the adhesion by the Government of the United States to the protocol of December 16, 1920, under which the Permanent Court of International Justice has been

created at The Hague, the Government of the United States will not be averse to considering a modification of the convention or the making of a separate agreement under which the disputes mentioned in the convention could be referred to the Permanent Court of International Justice.

Copies of these notes are inclosed for the information of the Senate.

Respectfully submitted.

CHARLES E. HUGHES.

DEPARTMENT OF STATE,
Washington, December 6, 1924.

The Government of the United States of America and the Government of His Majesty the King of Sweden desiring, in pursuance of the principles set forth in Articles XXXVII–XL of the Convention for the Pacific Settlement of International Disputes signed at The Hague October 18, 1907, to enter into negotiations for the conclusion of an arbitration convention, have named as their plenipotentiaries, to wit:

The President of the United States of America: Charles Evans Hughes, Secretary of State of the United States; and

His Majesty the King of Sweden: Captain Axel F. Wallenberg, his envoy extraordinary and minister plenipotentiary at Washington;

Who, after having communicated to one another their full powers, found in good and due form, have agreed upon the following articles:

ARTICLE I

Differences which may arise of a legal nature or relating to the interpretation of treaties existing between the contracting parties and which it may not have been possible to settle by diplomacy, shall be referred to the Permanent Court of Arbitration established at The Hague by the conventions of July 29, 1899, and October 18, 1907, provided, nevertheless, that they do not affect the vital interests, the independence, or the honor of the two contracting States, and do not concern the interests of third parties.

ARTICLE II

In each individual case the contracting parties, before appealing to the Permanent Court of Arbitration, shall conclude a special agreement defining clearly the matter in dispute, the scope of the powers of the arbitrators, and the periods to be fixed for the formation of the arbitral tribunal and the several stages of the procedure. It is understood that on the part of the United States such special agreements will be made by the President of the United States, by and with the advice and consent of the Senate thereof, and on the part of Sweden by the King in such forms and conditions as he may find requisite or appropriate.

ARTICLE III

The present convention shall be ratified by the contracting parties. The ratification shall be exchanged at Washington as soon as possible, and the convention shall take effect on the date of the exchange of ratifications.

ARTICLE IV

The present convention is concluded for a term of five years, dating from the exchange of ratifications. In case neither contracting party should give notice, six months before the expiration of that period of its intention to terminate the convention, it will continue binding until the expiration of six months from the day when either contracting party shall have denounced it.

Done in duplicate at the city of Washington, in the English and French languages, this twenty-fourth day of June, one thousand, nine hundred and twenty-four.

[SEAL] CHARLES EVANS HUGHES.
[SEAL] AX. WALLENBERG.

EXCHANGE OF NOTES

JUNE 24, 1924.

Capt. AXEL F. WALLENBERG,
Minister of Sweden.

SIR: In connection with the signing to-day of a convention of arbitration between the United States and Sweden, providing for the submission of differences of certain classes which may arise between the two Governments to the Permanent Court of Arbitration established at The Hague under the conventions for the pacific settlement of international disputes concluded in 1899 and 1907, I have the honor to state the following understanding which I shall be glad to have you confirm on behalf of your Government.

On February 24, 1923, the President proposed to the Senate that it consent under certain stated conditions to the adhesion by the United States to the Protocol of December 16, 1920, under which the Permanent Court of International Justice was created at The Hague. In the event that the Senate gives its assent to the proposal, I understand that the Government of Sweden will not be averse to considering a modification of the convention of arbitration which we are concluding, or the making of a separate agreement, under which the disputes mentioned in the convention could be referred to the Permanent Court of International Justice.

Accept, sir, the renewed assurance of my highest consideration.

CHARLES E. HUGHES.

LEGATION OF SWEDEN,
Washington, D. C., June 24, 1924.

Hon. CHARLES EVANS HUGHES,
Secretary of State, etc.

SIR: I have the honor to acknowledge the receipt of your note of to-day's date, in which you were so good as to inform me in connection with the signing of a convention of arbitration between Sweden and the United States, that the President of the United States had proposed to the Senate the adherence of the United States, under certain conditions, to the protocol of the 16th of December, 1920, creating the Permanent Court of International Justice at The Hague, and that, if the Senate assents to this proposal, you understand that the Royal Swedish Government would not be averse to considering a modification of the convention of arbitration which we are concluding, or the making of a separate agreement, under which the disputes mentioned in the convention could be referred to the Permanent Court of International Justice.

Under instructions from the Swedish Minister of Foreign Affairs I have the honor to confirm your understanding of my Government's attitude on this point and to state that if the Senate approve the President's proposal, my Government will not be averse to considering a modification of the convention of arbitration which we are concluding, or the making of a separate agreement, under which the disputes mentioned in the convention could be referred to the Permanent Court of International Justice.

With renewed assurances of my highest consideration, I have the honor to remain,

Your most obedient servant,

AX. WALLENBERG.

NOMINATIONS

Executive nominations received by the Senate January 10 (legislative day of January 5), 1925

ATTORNEY GENERAL OF THE UNITED STATES

Charles Beecher Warren, of Michigan, to be Attorney General of the United States, vice Harlan Fiske Stone, nominated to be Associate Justice of the Supreme Court of the United States.

ASSISTANT SECRETARY OF THE NAVY

Theodore Douglas Robinson, of New York, to be Assistant Secretary of the Navy, vice Theodore Roosevelt, resigned.

UNITED STATES DISTRICT JUDGES

Thomas D. Thacher, of New York, to be United States district judge, southern district of New York, vice Learned Hand, appointed circuit judge.

Isaac M. Meekins, of North Carolina, to be United States district judge, eastern district of North Carolina, vice Henry G. Connor, deceased.

JUDGE OF JUVENILE COURT OF THE DISTRICT OF COLUMBIA

Kathryn Sellers, of the District of Columbia, to be judge of the juvenile court, District of Columbia. A reappointment, her term having expired.

PROMOTIONS IN THE REGULAR ARMY

TO BE LIEUTENANT COLONEL

Maj. John Cargill Pegram, Cavalry, from January 7, 1925.

TO BE MAJOR

Capt. Edward Gill Sherburne, Infantry, from January 7, 1925.

TO BE CAPTAINS

First Lieut. Walter Harold Sutherland, Finance Department, from January 6, 1925.

First Lieut. Michael Nolan Greeley, Quartermaster Corps, from January 7, 1925.

TO BE FIRST LIEUTENANTS

Second Lieut. Earle Everette Cox, Cavalry, from January 1, 1925.

Second Lieut. Thomas Russell Howard, Infantry, from January 1, 1925.

Second Lieut. Samuel James Adams, Infantry, from January 4, 1925.

Second Lieut. William Henry Webb, Coast Artillery Corps, from January 6, 1925.

Second Lieut. Albert Gillian Kelly, Infantry, from January 7, 1925.

PROMOTIONS AND APPOINTMENTS IN THE NAVY

Capt. Henry H. Hough to be a rear admiral in the Navy from the 27th day of November, 1924.

Capt. Harley H. Christy to be a rear admiral in the Navy from the 2d day of December, 1924.

Commander Edward J. Marquart to be a captain in the Navy from the 2d day of December, 1924.

Lieut. Frank G. Kutz to be a lieutenant commander in the Navy from the 5th day of June, 1924.

Lieut. Theodore D. Ruddock, jr., to be a lieutenant commander in the Navy from the 16th day of September, 1924.

Boatswain John B. Manghan to be a chief boatswain in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

Boatswain Clarence E. McBride to be a chief boatswain in the Navy, to rank with but after ensign, from the 23d day of January, 1924.

Boatswain John B. Carroll to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of April, 1924.

Boatswain Grover C. Gittens to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of June, 1924.

Boatswain Victor H. Kyllberg to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of July, 1924.

Boatswain George F. Kahle to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of September, 1924.

Gunner William Wilkinson to be a chief gunner in the Navy, to rank with but after ensign, from the 20th day of July, 1924.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of August, 1924:

Frederick P. Graziani.
Jacob S. Parker.
Del L. Young.
Joseph Pranis.
John J. Jesso.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Wilfred G. Lebegue.
Ellis L. Robinson.

Machinist James D. Goff to be a chief machinist in the Navy, to rank with but after ensign, from the 20th day of April, 1924.

Machinist Valers G. Savage to be a chief machinist in the Navy, to rank with but after ensign, from the 20th day of August, 1924.

Capt. Arthur L. Willard to be a rear admiral in the Navy from the 16th day of September, 1924.

Commander Frank R. McCrary to be a captain in the Navy from the 22d day of January, 1924.

Commander George F. Neal to be a captain in the Navy from the 4th day of February, 1924.

Commander Robert T. Menner to be a captain in the Navy from the 16th day of April, 1924.

Commander Merlyn G. Cook to be a captain in the Navy from the 2d day of June, 1924.

The following-named commanders to be captains in the Navy from the 5th day of June, 1924:

John P. Jackson.
William H. Allen.
Jesse B. Gay.
Joseph L. Hileman (an additional number in grade).
John V. Babcock.
Wallace Bertholf.
John Downes.
William W. Galbraith.
Charles T. Hutchins, jr.
James O. Richardson.

Commander Harry A. Baldridge to be a captain in the Navy from the 16th day of September, 1924.

Lieut. Commander Ralph B. Horner to be a commander in the Navy from the 8th day of June, 1923.

Lieut. Commander Elmer W. Tod to be a commander in the Navy from the 22d day of January, 1924.

Lieut. Commander Herbert B. Riebe to be a commander in the Navy from the 4th day of February, 1924.

Lieut. Commander Stuart W. Cake to be a commander in the Navy from the 19th day of March, 1924.

Lieut. Commander Richard S. Galloway to be a commander in the Navy from the 16th day of April, 1924.

Lieut. Commander Ralph C. Parker to be a commander in the Navy from the 2d day of June, 1924.

The following-named lieutenant commanders to be commanders in the Navy from the 5th day of June, 1924:

Thaddeus A. Thomson, jr.
Reuben R. Smith.
Homer H. Norton.
Charles S. Keller.
Joseph Baer.
John F. Cox.
Harry A. McClure.
Newton L. Nichols.
Cortlandt C. Baughman.
Jonas H. Ingram.
William F. Amsden.
Samuel L. Henderson.
Alfred H. Miles.
Harold H. Ritter.
Carl C. Krakow.
George N. Barker.
Louis J. Gulliver.
Francis A. L. Vossler.
Richard B. Coffman.

Lieut. Commander Emory F. Clement to be a commander in the Navy from the 30th day of August, 1924.

Lieut. Commander Schuyler F. Heim to be a commander in the Navy from the 16th day of September, 1924.

Lieut. William H. Burtis to be a lieutenant commander in the Navy from the 8th day of June, 1923.

Lieut. Walter O. Henry to be a lieutenant commander in the Navy from the 1st day of November, 1923.

Lieut. Carl T. Hull to be a lieutenant commander in the Navy from the 13th day of November, 1923.

Lieut. Thomas G. Berrien to be a lieutenant commander in the Navy from the 3d day of December, 1923.

Lieut. Hamilton V. Bryan to be a lieutenant commander in the Navy from the 2d day of January, 1924.

Lieut. Wilbur J. Ruble to be a lieutenant commander in the Navy from the 25th day of January, 1924.

Lieut. John R. Palmer to be a lieutenant commander in the Navy from the 4th day of February, 1924.

Lieut. John L. Hill to be a lieutenant commander in the Navy from the 5th day of February, 1924.

Lieut. Hartwell C. Davis to be a lieutenant commander in the Navy from the 6th day of February, 1924.

Lieut. Robert H. Grayson to be a lieutenant commander in the Navy from the 15th day of March, 1924.

Lieut. Terry B. Thompson to be a lieutenant commander in the Navy from the 19th day of March, 1924.

Lieut. John L. Hall, jr., to be a lieutenant commander in the Navy from the 26th day of March, 1924.

Lieut. Laurance T. Du Bose to be a lieutenant commander in the Navy from the 30th day of March, 1924.

Lieut. James H. Strong to be a lieutenant commander in the Navy from the 16th day of April, 1924.

Lieut. Arthur G. Robinson to be a lieutenant commander in the Navy from the 18th day of April, 1924.

Lieut. Walter E. Doyle to be a lieutenant commander in the Navy from the 25th day of May, 1924.

Lieut. Hardy B. Page to be a lieutenant commander in the Navy from the 2d day of June, 1924.

The following-named lieutenants to be lieutenant commanders in the Navy from the 5th day of June, 1924:

Karl E. Hintze.
Justin M. Miller.
Charles J. Parrish.
Paulus P. Powell.
Benjamin H. Lingo.
Lloyd H. Lewis.
Samuel N. Moore.
Stuart E. Bray.
Arthur W. Dunn, jr.
Philip C. Ransom.
Jerome A. Lee.
Henry A. Seiller.
Horace W. Pillsbury.
Walker Cochran.
Julian B. Timberlake, jr.
Franklin B. Conger, jr.
Robert D. Kirkpatrick.
Rawson J. Valentine.
August Schultz.
Maxwell Case.
Charles B. C. Carey.
William W. Meek.
Ellsworth Davis.
Oliver L. Downes.
Roy Pfaff.
Earle H. Quinlan.
Clark Withers.
Tunis A. M. Craven.
William G. B. Hatch.
Valentine Wood.
Leo H. Thebaud.
Leman L. Babbitt.
Alfred H. Donahue.
John D. Jones.
William Masek.
Gordon Hutchins.
Henry F. Floyd.
David R. Lee.
Ralph Martin.
Carl H. Jones.
Henry P. Samson.
Carleton F. Bryant.

Lieut. William J. Larson to be a lieutenant commander in the Navy from the 1st day of July, 1924.

Lieut. Alfred P. H. Tawresey to be a lieutenant commander in the Navy from the 9th day of July, 1924.

Lieut. John H. Buchanan to be a lieutenant commander in the Navy from the 21st day of July, 1924.

Lieut. Herman A. Spanagel to be a lieutenant commander in the Navy from the 30th day of August, 1924.

Lieut. Frank L. Lowe to be a lieutenant commander in the Navy from the 12th day of September, 1924.

Lieut. Theodore D. Westfall to be a lieutenant commander in the Navy from the 16th day of September, 1924.

Lieut. Reno W. Wicks to be a lieutenant commander in the Navy from the 16th day of September, 1924.

Lieut. Andrew H. Addoms to be a lieutenant commander in the Navy from the 17th day of October, 1924.

Lieut. (J. G.) George F. Mentz to be lieutenant in the Navy from the 3d day of June, 1922.

Lieut. (J. G.) Rony Snyder to be a lieutenant in the Navy from the 8th day of June, 1923.

Ensign Guy B. Hoover to be a lieutenant (junior grade) in the Navy from the 30th day of March, 1920.

Ensign Harold F. Hale to be a lieutenant (junior grade) in the Navy from the 31st day of July, 1922.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 22d day of October, 1922:

Walter F. Hinckley.
Joseph P. Tomelty.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 4th day of June, 1923:

Herman B. R. Jorgensen.
Emil Pohli.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June, 1923:

Leonard LeB. Lyons, jr.
Willis N. Rogers.
John M. Eggleston.

Ensign Joe E. Rucker to be a lieutenant (junior grade) in the Navy from the 5th day of December, 1923.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 3d day of June, 1924:

William L. Drybread.	Campbell D. Emory.
David W. Roberts.	Ralston V. Vanzant.
Silas B. Moore.	Francis J. Firth.
Nicholas B. Van Bergen.	Arthur H. McCollum.
Elwood D. Poole.	Lawrence C. Grannis.
Frank R. Talbot.	Bernard J. Skahill.
Joseph C. Cronin.	Melville E. Eaton.
Wyatt Craig.	Walter G. Schindler.
Keith R. Belch.	Howard N. Coulter.
George M. Brooke.	Edward P. Moore.
Paul E. Howell.	Donald L. Erwin.
David E. Carlson.	Marion C. Thompson.
Hezekiah W. Carroll, jr.	Elmer P. Abernethy.
Herbert W. Taylor, jr.	Eugene B. Oliver.
Carl S. Drischler.	John E. Rezner.
Charles F. M. S. Quinby.	James B. Voit.
Walter R. Jones.	Robert E. Canty.
Edmund Kirby-Smith, jr.	Casper H. Eicks.
George C. Miller.	Joel Newsom.
Stephen B. Cooke.	Ralph E. Hanson.
George H. Lyttle.	Willard R. Gaines.
Dashiell L. Madeira.	Angus M. Cohan.
Elmer A. Tarbutton.	Harold A. Carlisle.
Harry L. Bixby.	Herman Barter.
Irving D. Wilssie.	Charles F. Greber.
George D. Martin.	Charles W. Gray, jr.
Boynton L. Braun.	George C. Crawford.
Everett E. Pettee.	Lorenzo S. Sabin, jr.
Walter S. Dufton.	Thomas P. Kucera.
Franklin O. Johnson.	August J. Detzer, jr.
William G. Forbes.	Michael H. Kernodle.
Walfrid Nyquist.	Charles H. Judson.
Fort H. Callahan.	Charles F. Macklin, jr.
Rogers S. Ransehousen.	Robert P. Lewis.
George D. Lyon.	Jasper T. Acuff.
Herbert A. Tellman.	Hugh Peters.
Charles O. Glisson.	Lawrence E. Divoll.
Everard M. Heim.	John F. Madden.
James S. Freeman.	Louis G. McGlone.
Harlow M. Pino.	John W. Rice.
William V. Hamilton.	William A. Griswold.
Dewey G. Porter.	George G. Herring, jr.
Wakeman B. Thorp.	Morris J. Westfall.
Charles W. Roland.	Gale C. Morgan.
Robert W. Berry.	Francis H. Stubbs, jr.
William S. Price.	Edward C. Ewen.
Joseph A. Connolly.	Robert L. Pickens.
William R. Cooke, jr.	Edward I. McQuiston.
Donald T. Giles.	Frederick S. Steinbauer.
Donald F. Smith.	Thomas M. Dell, jr.
Julius A. McNamar.	Lawrence F. Connolly.
Apollo Soucek.	Kent H. Power.
Thomas Lee McCann.	Charles J. Marshall.
Edmund C. Mahoney.	Walter S. Keller.
Geoffrey E. Sage.	John R. Kivlen.
Delwyn Hyatt.	Peter M. Moncewicz.
Clarence E. Aldrich.	Walter F. Weidner.
George L. Russell.	Burtnett K. Culver.
John S. Crenshaw.	Clinton A. Misson.
Walton B. Pendleton.	Thomas A. Parfitt.
Leo B. Farrell.	Joseph R. Barbaro.
George C. Stevens.	Charles R. Lamdin.
William B. Cranston.	Charles S. Alexander.
William C. Gray.	Horace L. deRivera.
Frederick L. Entwistle.	Alex M. Loker.
Clement R. Baume.	Robert E. Jasperson.
Lamar M. Wise.	Daniel A. Frost.
Thomas L. Lewis.	William D. Hoover.
William D. Johnson, jr.	Edwin M. Crouch.
Leslie K. Pollard.	Richard R. Dennett.
Robert T. Kain.	Robert C. Brown.
Henry T. Wray.	John M. Campbell, jr.
Philip G. Nichols.	Dallas Grover, jr.
Edward A. Maher.	Lester R. Reiter.
Walter J. Lee.	Harold A. Houser.
Joseph M. Began.	Julius L. Thompson.
Blair M. Fuller.	Francis J. Bridget.
Hal C. Jones.	Albert B. Cook.
Stuart S. Purves.	James A. Roberts, jr.
John K. Lynch.	James N. McWilliams.
Oral R. Swigart.	John M. Hoskins.
Buell F. Brandt.	Lowden Jessup, jr.
Robert G. Willis.	Myron E. Thomas.
Leo J. McGowan.	James R. Hughes.
John P. Heath.	Jennings Courts.
Robert F. Hickey.	Frank S. McCrory.
Theodore R. Wirth.	Lionel L. Rowe.
Charles Bell.	Floyd F. Ferris.
Charles R. Brown.	George W. Snyder, 3d.
Frederick H. W. Jackson.	Raymond D. Edwards.
Joseph P. Rockwell.	

The following-named midshipmen to be ensigns in the Navy from the 5th day of June, 1924:

Willford M. Hyman.	Neville L. McDowell.
Ted C. Marshall.	Ralph V. Baldwin.
Leon W. Johnson.	

The following-named medical inspectors to be medical directors in the Navy with the rank of captain from the 30th day of June, 1924:

Henry E. Odell.
Joseph A. Murphy.

Surg. William J. Zalesky to be a medical inspector in the Navy with the rank of commander from the 29th day of November, 1923.

The following-named surgeons to be medical inspectors in the Navy with the rank of commander from the 30th day of June, 1924:

William D. Owens.
Curtis B. Munger.
John B. Mears.

The following-named passed assistant surgeons to be surgeons in the Navy with the rank of lieutenant commander from the 5th day of June, 1924:

Franklin F. Murdoch.	Thomas C. Anderson.
James A. Halpin.	William H. Whitmore.
Aubrey M. Larsen.	Earl C. Carr.
Ogden D. King.	Leo C. Thyson.
Lockhart D. Arbuckle.	Alma C. Smith.
George P. Shields.	Paul W. Wilson.
George B. Tyler.	Rolland R. Gasser.
Jack H. Harris.	William J. C. Agnew.
Leon W. McGrath.	Jesse W. Allen.
Kenneth E. Lowman.	Ross T. McIntire.
Melville J. Aston.	Mortimer T. Clement.
Harold L. Jensen.	John T. Bennett.
Russell J. Trout.	Erik G. Hakansson.
Louis H. Williams.	Ellis A. Stephens.
Irving W. Jacobs.	Rudolph D. Joldersma.
Robert L. Nattkemper.	Alanson L. Bryan.
John P. Owen.	John R. White.
Arthur Freeman.	Edgar Allen Brown.

Alfred L. Aldrich, a citizen of Illinois, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 11th day of June, 1924.

Harry L. Reinhart, a citizen of Ohio, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 13th day of June, 1924.

George R. Murray, a citizen of Massachusetts, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 13th day of June, 1924.

James C. Gladney, a citizen of Alabama, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 20th day of June, 1924.

Thomas H. Hayes, a citizen of Virginia, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 10th day of July, 1924.

Richard H. Gallagher, a citizen of New York, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 14th day of July, 1924.

The following-named passed assistant dental surgeons to be dental surgeons in the Navy with the rank of lieutenant commander from the 5th day of June, 1924:

George M. Frazier.	Frank S. Tichy.
Rufus A. Ferguson.	Alfred W. Chandler.
Albert Knox.	Everett K. Patton.
Cedric T. Lynes.	Richard C. Green.

Alfred R. Harris, a citizen of Nebraska, to be an assistant dental surgeon in the Navy with the rank of lieutenant (junior grade) from the 25th day of March, 1924.

Pay Director Frank T. Arms to be a pay director in the Navy with the rank of rear admiral from the 18th day of May, 1924.

Pay Inspector Charles W. Eliason to be a pay director in the Navy with the rank of captain from the 18th day of May, 1924.

The following-named passed assistant paymasters to be paymasters in the Navy with the rank of lieutenant commander from the 5th day of June, 1924:

Charles G. Holland.
George C. Simmons.

Chaplain Thomas B. Thompson to be a chaplain in the Navy with the rank of captain from the 23d day of November, 1921.

Chaplain John J. Brady to be a chaplain in the Navy with the rank of captain from the 15th day of July, 1923.

Acting Chaplain Thornton C. Miller to be a chaplain in the Navy with the rank of lieutenant (junior grade) from the 1st day of May, 1924.

Acting Chaplain George G. Murdock to be a chaplain in the Navy with the rank of lieutenant (junior grade) from the 10th day of May, 1924.

Acting Chaplain Joseph H. Brooks to be a chaplain in the Navy with the rank of lieutenant (junior grade) from the 6th day of June, 1924.

Acting Chaplain Stanton W. Salisbury to be a chaplain in the Navy with the rank of lieutenant (junior grade) from the 26th day of September, 1924.

The following-named assistant naval constructors to be naval constructors in the Navy with the rank of lieutenant commander from the 7th day of June, 1924:

Earl F. Enright.
Frederick G. Crisp.
Everett LeR. Gayhart.

Boatswain Earl Swisher to be a chief boatswain in the Navy, to rank with but after ensign, from the 12th day of February, 1923.

Boatswain Roy J. Jennings to be a chief boatswain in the Navy, to rank with but after ensign, from the 2d day of July, 1923.

The following-named boatswains to be chief boatswains in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Garrison Payne.	Robin Southern.
Joseph K. Konieczny.	Frank Jurgensen.
Walter W. Hedges.	John W. Collier.
Carl Axelson.	John C. Baldwin.
Gustave B. Martinson.	James F. Tracy.
Ernest R. Melbourne.	Henry Meyers.
Albert Speaker.	Archie O. Mundale.
George B. Kessack.	John H. Kevers.

The following-named boatswains to be chief boatswains in the Navy, to rank with but after ensign, from the 15th day of November, 1923:

Earl E. Reber.
John L. McDonald.

The following named boatswains to be chief boatswains in the Navy, to rank with but after ensign, from the 23d day of January, 1924:

Richard Monks.	Frans O. Anderson.
Harry H. Fennerty.	James C. Legg.
Roy O. Hampton.	Ashley D. Holland.
Edward J. Heil.	William P. Arrowsmith.

The following-named boatswains to be chief boatswains in the Navy, to rank with but after ensign, from the 20th day of February, 1924:

Harry B. Romberg.	Frederick P. Uhlig.
Oscar Leo.	Harry J. Kupbens.
Raymond A. Calkins.	George Cregan.
William W. Dyer.	

Boatswain George O. Augustine to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of March, 1924.

Boatswain Harry W. Weinberg, to be a chief boatswain in the Navy, to rank with but after ensign, from the 7th day of April, 1924.

The following-named boatswains to be chief boatswains in the Navy, to rank with but after ensign, from the 20th day of April, 1924:

James Wallace.	William H. Justice.
Peter S. Nystrom.	Lucius H. Truman.
Harry E. Montgomery.	Oscar Eng.
Owen J. Maloney.	

Boatswain James F. Dillard to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of June, 1924.

Boatswain John H. Anderson to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of July, 1924.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

John A. Lemanski.	Benjamin F. Blume.
Roy Childs.	Walter F. N. Nolte.
John Bjorling.	Elmer E. Callen.
Stanley B. McLaughlin.	

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Richard L. Reuling.	Leo E. Orvis.
Thomas H. Murphy.	Caesar Cooper.
Leslie W. Beattie.	Charles R. Brown.
Fred B. Chilson.	James Clancy.
Bernhardt E. Blossei.	Charles E. Keptner.
Oscar E. Dannegger.	William H. Recksiek.
Leroy H. Ripley.	Ellis H. Roach.
Thomas F. Cullen.	Chester C. Culp.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 15th day of November, 1923:

Henry L. Bixbee.	Harry T. Dodd.
Frank B. Finney.	Warren S. MacKay.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 23d day of January, 1924:

Joseph L. Marshall.	Christian W. Manegold.
Frederick C. Nantz.	John H. Hart.
William J. Volkman.	John P. Richardson.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of February, 1924:

Edward A. Wintermute.	Grover Williams.
John Gordon.	William A. Gerdts.
Frank C. Szehner.	William P. Montz.
Harold Osborne.	Joseph S. Weigand.
Thomas A. Marshall.	Mars W. Palmer.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of March, 1924:

Jesse E. Jocoy.
William E. Perschbach.
Ernest R. Frakes.

Gunner Robert F. J. Connolly to be a chief gunner in the Navy, to rank with but after ensign, from the 24th day of March, 1924.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of April, 1924:

John Brenner.
William R. Dillow.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of May, 1924:

Arthur F. Murphy.	Nat B. Frey.
Richard J. Ostrander.	Lawrence Fasano.
Edgar W. Mallory.	Charles M. Cunneen.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of June, 1924:

William M. Fitzgerald.	William H. Hughes.
Samuel A. Klish.	Robert S. Hazlett.
John C. Waldau.	Einar Bjorhus.
Frederick E. McCoy.	Charles W. Piper.

Gunner Milton Bergman to be a chief gunner in the Navy, to rank with but after ensign, from the 28th day of June, 1924.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 3d day of July, 1924:

Joseph R. Choate.
William H. Cady.

Gunner Thomas L. McCann to be a chief gunner in the Navy, to rank with but after ensign, from the 16th day of July, 1924.

Gunner Lloyd M. Harmon to be a chief gunner in the Navy, to rank with but after ensign, from the 20th day of July, 1924.

Gunner Charles E. Smitherman to be a chief gunner in the Navy, to rank with but after ensign, from the 20th day of August, 1924.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

Benjamin F. Strawbridge.	Robert E. Simon.
Leo Kampman.	Robert E. Sammons.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Walter F. Marriner.	John L. Kershaw.
Herman G. Mecklenburg.	Edward A. O'Neil.
Alexander B. Provost.	Clyde W. Jordan.
Albert A. Elliott.	Henry F. Mulloy.
John A. Peckham.	Thomas M. Arrowsmith.
Martin J. Moore.	Earle S. Nason.
Henry J. Behrends.	

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 15th day of November, 1923:

Wade Lash.
Louis J. Miller.

Machinist Lawrence E. Boyer to be a chief machinist in the Navy, to rank with but after ensign, from the 23d day of January, 1924.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 20th day of February, 1924:

Oscar F. Bandura.	Ray S. Jones.
Frank Carter.	Archie M. Bushnell.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 20th day of March, 1924:

Franklin P. Early.
George W. Weaver.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 20th day of April, 1924:

Denis J. Kiely.
Forest H. Howe.
Charles M. Leslie.

Machinist Henry Bullmer to be a chief machinist in the Navy, to rank with but after ensign, from the 20th day of May, 1924.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 20th day of July, 1924:

Edward L. Gench.
Roscoe C. Noland.
Stephen M. Henagan.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

Nicholas Mazzarella.
John Conboy.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

William G. Scott.	Frank Jackson.
Edouard Desormeaux.	James J. O'Donnell.
William G. McIntyre.	

Carpenter Joseph A. McDonough to be a chief carpenter in the Navy, to rank with but after ensign, from the 22d day of October, 1923.

Carpenter Eugene F. Smith to be a chief carpenter in the Navy, to rank with but after ensign, from the 31st day of October, 1923.

Carpenter Elias G. Williams to be a chief carpenter in the Navy, to rank with but after ensign, from the 15th day of November, 1923.

Carpenter John F. O'Brien to be a chief carpenter in the Navy, to rank with but after ensign, from the 4th day of January, 1924.

Carpenter Harry W. Schomaker to be a chief carpenter in the Navy, to rank with but after ensign, from the 23d day of January, 1924.

Carpenter William J. Waterworth to be a chief carpenter in the Navy, to rank with but after ensign, from the 20th day of March, 1924.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 20th day of April, 1924:

William E. Redfern.
George D. Forsyth.
Basil N. Procter.

Carpenter George J. Schindele to be a chief carpenter in the Navy, to rank with but after ensign, from the 20th day of June, 1924.

Pharmacist William C. Van Norden to be a chief pharmacist in the Navy, to rank with but after ensign, from the 20th day of March, 1924.

The following-named pharmacists to be chief pharmacists in the Navy, to rank with but after ensign, from the 20th day of May, 1924:

Caleb C. Petroy.
Neil H. McLean.
Matthew Birtwistle.

Pay Clerk Henry G. Conrad to be a chief pay clerk in the Navy, to rank with but after ensign, from the 29th day of December, 1922.

Pay Clerk Rufus J. Harrell to be a chief pay clerk in the Navy, to rank with but after ensign, from the 2d day of July, 1923.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Peter E. Brusky.
Bennie C. Smith.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 23d day of January, 1924:

William H. Misch.
Joseph A. Cossairt.
John R. Terry.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 20th day of February, 1924:

George W. Knoll.
Seymour Delong.
John R. Wallace.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 20th day of March, 1924:

Barr K. Parker.
Edward E. Sleet.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 20th day of April, 1924:

Carl M. Eysinger.	George G. Jordan.
George R. Heissel.	Charles T. Stanworth.
John W. Luce.	

Pay Clerk Harry S. MacKan to be a chief pay clerk in the Navy, to rank with but after ensign, from the 27th day of April, 1924.

Pay Clerk Albert Fender to be a chief pay clerk in the Navy, to rank with but after ensign, from the 20th day of May, 1924.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 20th day of June, 1924:

William J. Murphy.
John W. Nichols.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 20th day of July, 1924:

Maurice A. Herrlich.

Elmer A. Chatham.

Pay Clerk Theodore J. Vincent to be a chief pay clerk in the Navy, to rank with but after ensign, from the 20th day of August, 1924.

Machinist Thomas Downs to be a chief machinist in the Navy, to rank with but after ensign, from the 23d day of January, 1924.

Everett H. Dickinson, a citizen of Pennsylvania, to be an assistant surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

Battey B. Coker, a citizen of Georgia, to be an assistant surgeon in the Navy, with the rank of lieutenant (junior grade), from the 3d day of September, 1924.

Walter G. Kilbury, a citizen of Pennsylvania, to be an assistant surgeon in the Navy, with the rank of lieutenant (junior grade), from the 13th day of September, 1924.

Virgil H. Traxler, a citizen of Ohio, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

Francis W. Lepeska, a citizen of Minnesota, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

Wadsworth C. C. Trojakowski, a citizen of Connecticut, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

Otto W. Rogstad, a citizen of Minnesota, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

George H. Rice, a citizen of Virginia, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

Gunnar N. Wennerberg, a citizen of Minnesota, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 30th day of July, 1924.

Ensign Charles E. Beatty to be an assistant paymaster in the Navy, with the rank of ensign, from the 5th day of June, 1924.

The following-named ensigns to be assistant naval constructors in the Navy, with the rank of lieutenant (junior grade), from the 3d of June, 1924:

Clement F. Cotton. William J. Murphy.

William H. Magruder. Joseph C. Huske.

Lieut. Commander Herndon B. Kelly to be a commander in the Navy from the 30th day of March, 1924.

Lieut. Commander James Parker, jr., to be a commander in the Navy from the 5th day of June, 1924.

Lieut. Joseph R. Redman to be a lieutenant commander in the Navy from the 30th day of August, 1924.

Lieut. (Junior Grade) John B. Cooke to be a lieutenant in the Navy from the 31st day of December, 1921.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 3d day of June, 1924:

Francis D. A. Ford.

George L. Richmire.

Boatswain Harry J. DeVoto to be a chief boatswain in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

Commander George J. Meyers to be a captain in the Navy from the 27th day of November, 1924.

Lieut. Commander Patrick N. L. Bellinger to be a commander in the Navy from the 16th day of November, 1924.

Lieut. Commander William T. Mallison to be a commander in the Navy from the 27th day of November, 1924.

Lieut. (Junior Grade) Andrew L. Haas to be a lieutenant in the Navy from the 1st day of July, 1919.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 3d day of June, 1924:

Carl H. Sanders.

John J. Lenhart.

Justin H. Dickins.

James V. Carney.

Paymaster Lewis W. Jennings, jr., to be a pay inspector in the Navy, with the rank of commander, from the 20th day of November, 1923.

Paymaster Brantz Mayer to be a pay inspector in the Navy, with the rank of commander, from the 18th day of May, 1924.

Boatswain Herman Ruhle to be a chief boatswain in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

Boatswain Edward Burnett to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of August, 1924.

Boatswain Frederick J. Davis to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of September, 1924.

Gunner Raymond Cole to be a chief gunner in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of July, 1924:

Linwood C. Gray.

Christian Ohlschlager.

Hugh M. Norton.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of August, 1924:

Biven M. Prewett.

Wilber J. Meade.

Isaac L. Glenn.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 20th day of September, 1924:

George J. Byrne.

William F. Loughman.

John L. Hood.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 20th day of August, 1924:

Herbert N. Dinsmore.

Carl W. Dunlap.

Pay Clerk Robert D. Pace to be a chief pay clerk in the Navy, to rank with but after ensign, from the 11th day of September, 1924.

Pay Clerk Charles P. Doughty to be a chief pay clerk in the Navy, to rank with but after ensign, from the 20th day of September, 1924.

Pay Clerk John J. Shea to be a chief pay clerk in the Navy, to rank with but after ensign, from the 21st day of October, 1924.

Gunner Donald H. Bradley to be a chief gunner in the Navy, to rank with but after ensign, from the 20th day of August, 1924.

Gunner William Jamieson to be a chief gunner in the Navy, to rank with but after ensign, from the 21st day of October, 1924.

POSTMASTERS

ALABAMA

Eddie H. Payne to be postmaster at Wilsonville, Ala., in place of W. A. Daniel. Incumbent's commission expired February 11, 1924.

John F. Morton to be postmaster at Tuscaloosa, Ala., in place of E. A. Townsend. Incumbent's commission expired June 4, 1924.

John W. Owen to be postmaster at Red Level, Ala., in place of J. W. Owen. Incumbent's commission expired February 11, 1924.

CALIFORNIA

Joseph F. Owen to be postmaster at Placerville, Calif., in place of F. W. Rohlfing, resigned.

CONNECTICUT

Erle Rogers to be postmaster at Windsor, Conn., in place of J. G. St. Ruth. Incumbent's commission expired June 5, 1924.

Anna T. Harding to be postmaster at Rockyhill, Conn., in place of A. W. Dickinson, removed.

John F. Egan to be postmaster at Lakeville, Conn., in place of M. J. Stanton, removed.

FLORIDA

Adam E. Koehler to be postmaster at Pable Beach, Fla., in place of Ellen O'Donald, resigned.

ILLINOIS

Paul A. Witte to be postmaster at St. Peter, Ill., in place of Albert Brauer. Office became third class October 1, 1924.

IOWA

Ithamer J. Baldwin to be postmaster at Oelwein, Iowa, in place of F. H. Jamison. Incumbent's commission expired June 5, 1924.

George M. Woodruff to be postmaster at Mason City, Iowa, in place of A. J. Killmer. Incumbent's commission expired March 22, 1924.

Claus F. Jacobsen to be postmaster at Wilton Junction, Iowa, in place of C. H. Jasperson, resigned.

Lester F. Friar to be postmaster at Grimes, Iowa, in place of L. E. Friar, resigned.

KANSAS

Robert B. Slavens to be postmaster at Lecompton, Kans., in place of R. B. Slavens. Office became third class October 1, 1924.

LOUISIANA

William L. S. Gordon to be postmaster at New Orleans, La., in place of Charles Janvier. Incumbent's commission expired April 9, 1924.

MARYLAND

Floyd L. Kurtz to be postmaster at Freeland, Md., in place of J. M. Routson. Office became third class July 1, 1923.

MICHIGAN

Peter Trudell, jr., to be postmaster at Negaunee, Mich., in place of Peter Trudell, jr. Incumbent's commission expired September 13, 1922.

David E. Cleary to be postmaster at Clawson, Mich., in place of T. P. DeClaire, removed.

MINNESOTA

Oscar E. Linquist to be postmaster at Dassel, Minn., in place of D. E. Murphy. Incumbent's commission expired June 5, 1924.

Oswald H. Jacobson to be postmaster at Rothsay, Minn., in place of Christoffer Bjorgen, deceased.

MISSOURI

Roy E. Dusenbery to be postmaster at Van Buren, Mo., in in place of C. E. Dusenbery, resigned.

NEBRASKA

Willis I. Stebbins to be postmaster at Gothenberg, Nebr., in place of D. D. Price, resigned.

NEVADA

William H. Ayres to be postmaster at Winnemucca, Nev., in place of M. A. Macfarlane. Incumbent's commission expired June 4, 1924.

Katie O'Connor to be postmaster at Virginia City, Nev., in place of M. E. Nevin. Incumbent's commission expired June 4, 1924.

Arthur H. Keenan to be postmaster at Tonopah, Nev., in place of J. J. McQuillan. Incumbent's commission expired June 4, 1924.

James W. Johnson to be postmaster at Fallon, Nev., in place of G. W. Likes. Incumbent's commission expired June 4, 1924.

Edith Lemaire to be postmaster at Battle Mountain, Nev., in place of E. M. George. Incumbent's commission expired June 4, 1924.

NEW JERSEY

Preston Pedrick to be postmaster at Pedricktown, N. J., in place of K. A. Cooney. Incumbent's commission expired June 4, 1924.

David B. Rodman to be postmaster at Beverly, N. J., in place of W. H. Fish. Incumbent's commission expired June 5, 1924.

NEW YORK

James Carpenter to be postmaster at Northville, N. Y., in place of H. F. Corey. Incumbent's commission expired May 6, 1924.

Harry S. Bowers to be postmaster at Wayland, N. Y., in place of P. H. Zimmerman, deceased.

Emma Frey to be postmaster at Vestal, N. Y., in place of J. S. Crane. Office became third class April 1, 1924.

James McD. Reid to be postmaster at Amsterdam, N. Y., in place of S. K. Warnick, resigned.

OHIO

Russell C. Niles to be postmaster at West Milton, Ohio, in place of W. R. Hatfield. Incumbent's commission expired May 10, 1924.

OKLAHOMA

Thomas H. Starnes to be postmaster at Elmer, Okla., in place of T. H. Starnes. Office became third class July 1, 1924.

PENNSYLVANIA

Charles J. Levegood to be postmaster at Jersey Shore, Pa., in place of F. B. Dunkle. Incumbent's commission expired August 5, 1923.

Paul J. Kessler to be postmaster at Gilberton, Pa., in place of A. M. Boner. Office became third class October 1, 1924.

Fred Montgomery to be postmaster at Curtisville, Pa., in place of Mathilda Grubbs, not commissioned.

SOUTH DAKOTA

Ambrose B. Blake to be postmaster at Huron, S. Dak., in place of T. M. Simmons. Incumbent's commisison expired June 4, 1924.

TEXAS

Alexander P. Hicks to be postmaster at Taylor, Tex., in place of J. L. Brunner. Incumbent's commission expired May 6, 1924.

VIRGINIA

Randall M. McGhee to be postmaster at Seven Mile Ford, Va., in place of R. M. McGhee. Office became third class October 1, 1924.

Willie R. Hall (Mrs.) to be postmaster at Heathsville, Va., in place of W. R. Hall. Office became third class October 1, 1924.

Charles E. Black to be postmaster at Forwick, Va., in place of C. E. Black. Office became third class October 1, 1924.

WEST VIRGINIA

J. Sam Weddington to be postmaster at Fort Gay, W. Va., in place of Oscar Sipple, resigned.

CONFIRMATIONS

Executive nomination confirmed by the Senate January 10 (legislative day of January 5), 1925

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

James Rockwell Sheffield to be ambassador extraordinary and plenipotentiary to Mexico.

MEMBERS OF THE BOARD OF CHARITIES, DISTRICT OF COLUMBIA

John Joy Edson.
George M. Kober.

POSTMASTERS

CONNECTICUT

Albert N. Colgrove, Waterbury.

GEORGIA

Walker M. Cobb, Carrollton.
Albert N. Tumlin, Cave Spring.
Lula Plowden, Edison.
James M. Guy, Manchester.
Emma S. Brindle, Surrency.
Ulysses C. Combs, Sylvester.
Camillus L. Roberds, Villa Rica.

ILLINOIS

Ruby D. Gibson, Mason.

MARYLAND

Wilmer L. Barnes, Bel Air.
Grace Rowe, Emmitsburg.
Lester S. Wheeler, Glyndon.
George C. Eichelberger, Union Bridge.
F. Earle Dowling, Western Port.
William B. Cutshall, Woodsboro.

MISSOURI

Frank B. Veatch, Braymer.
Margaret M. Enis, Clyde.
John N. Hunter, Holt.
Jacob P. Seitz, Jamestown.

NEBRASKA

Clifton C. Brittell, Gresham.

NEW YORK

John W. Parkhurst, Pulaski.

OKLAHOMA

Ella M. Harding, Pryor.

PENNSYLVANIA

George A. Needle, Parkers Landing.

SOUTH CAROLINA

Thomas F. Bird, Inman.

WISCONSIN

Mary S. Blair, Almond.
Frank C. O. Muenich, Argyle.
Jay E. Lundmark, Balsam Lake.
Andrew Crahen, Brooklyn.
Homer J. Samson, Cameron.
Herman F. Barth, Cashton.
Hilda Wick, Catawba.
John W. Bell, Chetok.
Ernest R. Nickel, Chippewa Falls.
Selmer J. Tilleson, Clintonville.
Bertha S. Johnson, De Soto..
Louis E. Homsted, Dorchester.
Jerome F. Franklin, Eland.
Maude Adams, Eagle River.
Henry E. Steinbring, Fall Creek.
Ellen Hains, Fall River.

John W. Kane, Fredonia.
Charles H. Roser, Glidden.
Raynold G. Lidbom, Grantsburg.
Wellen G. Hartson, Greenwood.
Rudolph Zimmer, Hilbert.
Oscar E. Hoyt, Iron Ridge.
Emy M. Mollenhoff, Iron River.
Samuel P. Van Dyke, Kilbourn.
Albert H. Fries, Lone Rock.
John H. McNown, Mauston.
Frank Wachter, Melrose.
Walter H. Smith, Mondovi.
Edward J. Blum, Monticello.
Joseph G. Miller, Muscoda.
William W. Goynes, National Home.
Anton C. Martin, Nillsville.
Harriet N. Apker, North Freedom.
Fred M. Neumann, Norwalk.
William F. Sommerfield, Oakfield.
William Denomie, Odanah.
Jessie S. Hammond, Onalaska.
Paul Herbst, Park Falls.
Wilber E. Hoelz, Random Lake.
Monroe V. Frazier, Readstown.
James R. Stone, Reedsburg.
Harry W. Field, Rice Lake.
Eugene D. Recob, Richland Center.
Alfred H. Fischer, Ripon.
Mamie Auger, Saxon.
Robert M. Nichols, Sheboygan Falls.
Russell D. Stouffer, Shell Lake.
Leo Joerg, South Milwaukee.
William N. White, Waterloo.
Martin F. Walter, West Bend.

WITHDRAWAL

Executive nomination withdrawn from the Senate January 10 (legislative day of January 5), 1925

POSTMASTER

MINNESOTA

William E. Paulson to be postmaster at Benson in the State of Minnesota.

HOUSE OF REPRESENTATIVES

SATURDAY, *January 10, 1925*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We would offer tributes of praise and gratitude unto Thy name, O Lord Most High. In this solemn presence may we rededicate ourselves to righteous duty, righteous authority, and above all to a righteous God. Do Thou fulfill in us the purposes of Thy holy will. Create within us a deeper desire to grow in knowledge and love for the truth. May our devotion to Thee and our country be as a sacred flame. Touch all hearts that are hurt and sweeten all cups that are bitter and fill our lives with goodness and happiness. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had insisted upon its amendments to the bill (H. R. 10982) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1926, and for other purposes, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. WARREN, Mr. SMOOT, Mr. STERLING, Mr. OVERMAN, and Mr. HARRIS as the conferees on the part of the Senate.

ENROLLED BILLS SIGNED

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 2309. An act for the relief of Robert Laird, sr.; and

H. R. 9076. An act to amend section 2 of the act entitled "An act to provide the necessary organization of the customs service for an adequate administration and enforcement of the tariff act of 1922 and all other customs revenue laws," approved March 4, 1923.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bills:

H. R. 2309. An act for the relief of Robert Laird, sr.; and

H. R. 9076. An act to amend section 2 of the act entitled "An act to provide the necessary organization of the customs service for an adequate administration and enforcement of the tariff act of 1922 and all other customs revenue laws," approved March 4, 1923.

PRINTING THE MEMORIAL ADDRESS ON LATE PRESIDENT WOODROW WILSON

Mr. KIESS. Mr. Speaker, I present a privileged resolution from the Committee on Printing.

The SPEAKER. The gentleman from Pennsylvania presents a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 394

Resolved, That 22,000 additional copies of Senate Document No. 174, Sixty-eighth Congress, second session, entitled "Memorial address delivered before a joint session of the two Houses of Congress December 15, 1924, in honor of Woodrow Wilson, late President of the United States, by Dr. Edwin Anderson Alderman," be printed for the use of the House, to be distributed through the folding room.

Mr. GARRETT of Tennessee. Mr. Speaker, may I ask the gentleman a question? There was a resolution, as the gentleman knows, taken up by unanimous consent——

Mr. KIESS. You mean to authorize the printing?

Mr. GARRETT of Tennessee. Yes. That was passed the day after the address was delivered, but has not passed the Senate so far as I know. It was a concurrent resolution and provided for the printing of 25,000 copies, 17,000 for the use of the House, and 8,000 for the use of the Senate. As the Chair will remember, that resolution was taken up by unanimous consent at my request on the day after the memorial address was delivered. I did not confer with the gentleman, but simply followed the precedent that was fixed in the case of the address on the late President Harding. Is this to be in addition to the copies authorized in that resolution?

Mr. KIESS. This is in addition. At the present time there are no copies available. The Senate a few days ago passed a Senate resolution providing for the printing, I think, of 20,000 additional copies for use of the Senate, and the gentleman from South Carolina [Mr. STEVENSON], of the Committee on Printing, introduced this resolution, and the printing is being held up at the Government Printing Office until we can take some action so that all can be printed at the same time.

Mr. GARRETT of Tennessee. And these will go through the folding room?

Mr. KIESS. Yes.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. KIESS. I yield.

Mr. GARNER of Texas. How many do you provide for in this resolution?

Mr. KIESS. Twenty-two thousand, in order to give 50 copies to each Member.

Mr. GARNER of Texas. That illustrates what usually happens. I think I asked the gentleman from Tennessee [Mr. GARRETT] at the time if the gentleman intended for them to go through the folding room, and I understood they were to go through the folding room, but they went to the document room. This simply illustrates that they ought never to be sent to the document room, but should go to the folding room because gentlemen sitting around me here, as well as myself, have been unable to get a single copy from the document room. Somebody "hogged" them all. That is all there is to it.

Mr. STEVENSON. Mr. Speaker, I want to correct any misapprehension right there. What the gentleman has stated is true, but those that were printed were not printed as a result of the resolution which was passed here. They are still to be printed. Those that were printed were printed under the power of the Printing Committee, which had $200 worth of them printed, and that limited number of copies went to the document room.

Any copies that are now printed under a general resolution, whether it provides that they shall go through the folding room or not, must go through the folding room, because the statute so provides, and the copies provided by the resolution of the gentleman from Tennessee [Mr. GARRETT] will go through the folding room, and in this resolution we have taken the precau-

tion to put in the resolution itself that they shall go through the folding room.

Mr. GARNER of Texas. May I ask the gentleman from Tennessee what is the matter with his resolution?

Mr. GARRETT of Tennessee. I do not know. I do not think the Senate has acted upon it.

The SPEAKER. The Chair thinks the gentleman is mistaken about that. It has been acted on by the Senate.

Mr. STEVENSON. I can tell the gentleman about that also. It is a handsome volume that is being printed, with a handsome photograph of the former President in the front of it, and they had to make the cut and prepare the binding, and that is what is delaying it.

Mr. KIESS. Mr. Speaker, I move the adoption of the resolution.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

REFUND OF TAXES ON DISTILLED SPIRITS

Mr. GREEN, chairman of the Committee on Ways and Means, presented a privileged report on the bill (H. R. 10528) to refund taxes paid on distilled spirits in certain cases, which was referred to the Committee of the Whole House on the state of the Union.

CONSOLIDATION OF NATIONAL BANKING ASSOCIATIONS

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes.

Mr. WINGO. Mr. Speaker, in order to jog up the absent Members I ask that the vote on the motion be taken by tellers.

Tellers were ordered; and the Chair appointed as tellers the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Arkansas [Mr. WINGO].

The House divided; and the tellers reported that there were 50 ayes and no noes.

Mr. RUBEY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will bring in the absent Members, and the Clerk will call the roll. All those in favor of the motion of the gentleman from Pennsylvania to go into Committee of the Whole House on the state of the Union will answer "aye," and those opposed will answer "no."

The question was taken; and there were—yeas 307, nays 4, answered "present" 1, not voting 119, as follows:

[Roll No. 23]

YEAS—307

Ackerman	Brumm	Davis, Tenn.	Hadley
Aldrich	Buchanan	Dickinson, Iowa	Hall
Allen	Bulwinkle	Dickinson, Mo.	Hammer
Allgood	Burdick	Doughton	Hardy
Almon	Burtness	Dowell	Harrison
Anderson	Busby	Doyle	Hastings
Andrew	Butler	Drane	Haugen
Anthony	Byrnes, S. C.	Driver	Hawes
Aswell	Byrns, Tenn.	Dyer	Hawley
Ayres	Cable	Elliott	Hayden
Bacharach	Campbell	Evans, Mont.	Hersey
Bacon	Cannon	Fairfield	Hickey
Bankhead	Carter	Faust	Hill, Ala.
Barbour	Casey	Fenn	Hill, Wash.
Barkley	Celler	Fisher	Hoch
Beck	Chindblom	Fleetwood	Holaday
Beers	Christopherson	Foster	Hooker
Begg	Clarke, N. Y.	Frear	Howard, Nebr.
Bell	Cleary	Fredericks	Howard, Okla.
Berger	Cole, Iowa	Free	Huddleston
Bixler	Cole, Ohio	Freeman	Hudson
Black, N. Y.	Collier	French	Hudspeth
Black, Tex.	Colton	Frothingham	Hull, Iowa
Bland	Connally, Tex.	Fuller	Hull, Morton D.
Blanton	Connery	Funk	Hull, William E.
Bloom	Cook	Gallivan	Jacobstein
Boles	Cooper, Ohio	Gambrill	James
Box	Cooper, Wis.	Garber	Jeffers
Boyce	Cramton	Gardner, Ind.	Johnson, Ky.
Brand, Ga.	Crisp	Garner, Tex.	Johnson, S. Dak.
Brand, Ohio	Croll	Garrett, Tex.	Johnson, Tex.
Briggs	Crosser	Gasque	Johnson, Wash.
Britten	Crowther	Goldsborough	Johnson, W. Va.
Browne, N. J.	Cullen	Green	Jones
Browne, Wis.	Dallinger	Griest	Kearns
Browning	Darrow	Guyer	Keller
Kelly	Major, Mo.	Reece	Taylor, W. Va.
Kendall	Manlove	Reed, Ark.	Temple
Kerr	Mapes	Reid, Ill.	Thatcher
Ketcham	Merritt	Robinson, Iowa	Thomas, Okla.
Kiess	Michener	Romjue	Tillman
Kincheloe	Miller, Ill.	Rosenbloom	Tilson
Kindred	Miller, Wash.	Rouse	Timberlake
King	Minahan	Rubey	Tucker
Kopp	Moore, Ga.	Sabath	Tydings
Kurtz	Moore, Ohio	Salmon	Underhill
Kvale	Moore, Va.	Sanders, Ind.	Underwood
LaGuardia	Moores, Ind.	Sanders, N. Y.	Upshaw
Lampert	Morehead	Sandlin	Valle
Lanham	Morgan	Schafer	Vestal
Lankford	Morrow	Schneider	Vincent, Mich.
Larsen, Ga.	Murphy	Sears, Fla.	Vinson, Ga.
Lazaro	Nelson, Me.	Sears, Nebr.	Vinson, Ky.
Lea, Calif.	Nelson, Wis.	Seger	Wainwright
Leatherwood	Newton, Minn.	Shreve	Ward, N. Y.
Leavitt	Newton, Mo.	Sinclair	Wason
Lehlbach	Nolan	Sinnott	Watkins
Lilly	O'Connell, N. Y.	Smith	Watres
Lowrey	O'Connor, La.	Snell	Watson
Lozier	Oldfield	Speaks	Weaver
Luce	Oliver, Ala.	Spearing	White, Kans.
Lyon	Paige	Sproul, Ill.	White, Me.
McClintic	Park, Ga.	Stalker	Williams, Ill.
McDuffie	Parker	Steagall	Williams, Mich.
McFadden	Patterson	Stengle	Williams, Tex.
McKenzie	Peavey	Stephens	Williamson
McKeown	Peery	Stevenson	Wilson, La.
McLaughlin, Mich.	Perkins	Strong, Kans.	Wingo
McLaughlin, Nebr.	Phillips	Summers, Wash.	Winter
McReynolds	Prall	Sumners, Tex.	Wood
McSwain	Quin	Swank	Woodruff
McSweeney	Ragon	Sweet	Woodrum
MacGregor	Rainey	Swing	Wright
Madden	Raker	Swoope	Wurzbach
Magee, N. Y.	Ramseyer	Taber	Wyant
Magee, Pa.	Rathbone	Taylor, Colo.	Yates
Major, Ill.	Rayburn	Taylor, Tenn.	

NAYS—4

Gilbert	Rankin	Sanders, Tex.	Thomas, Ky.

ANSWERED "PRESENT"—1

Garrett, Tenn.

NOT VOTING—119

Abernethy	Fish	Mansfield	Schall
Arnold	Fitzgerald	Martin	Scott
Beedy	Fulbright	Mead	Shallenberger
Bowling	Fulmer	Michaelson	Sherwood
Boylan	Geran	Milligan	Simmons
Buckley	Gibson	Mills	Sites
Burton	Gifford	Montague	Smithwick
Canfield	Glatfelter	Mooney	Snyder
Carew	Graham	Moore, Ill.	Sproul, Kans
Clague	Greenwood	Morin	Stedman
Clancy	Griffin	Morris	Strong, Pa.
Clark, Fla.	Hill, Md.	O'Brien	Sullivan
Collins	Hull, Tenn.	O'Connell, R. I.	Tague
Connolly, Pa.	Humphreys	O'Connor, N. Y.	Thompson
Corning	Jost	O'Sullivan	Tincher
Cummings	Kent	Oliver, N. Y.	Tinkham
Curry	Knutson	Parks, Ark.	Treadway
Davey	Kunz	Perlman	Vare
Davis, Minn.	Langley	Porter	Voigt
Deal	Larson, Minn.	Pou	Ward, N. C.
Dempsey	Leach	Purnell	Wefald
Denison	Lee, Ga.	Quayle	Weller
Dickstein	Lindsay	Ransley	Welsh
Dominick	Lineberger	Reed, N. Y.	Wertz
Drewry	Linthicum	Reed, W. Va.	Wilson, Ind.
Eagan	Logan	Richards	Wilson, Miss.
Edmonds	Longworth	Roach	Winslow
Evans, Iowa	McLeod	Robsion, Ky.	Wolff
Fairchild	McNulty	Rogers, Mass.	Zihlman
Favrot	MacLafferty	Rogers, N. H.	

So the motion of Mr. McFADDEN to go into Committee of the Whole House on the state of the Union was agreed to.

The following pairs were announced:

Mr. Longworth with Mr. Garrett of Tennessee.
Mr. Moore of Illinois with Mr. Arnold.
Mr. Denison with Mr. O'Connell of Rhode Island.
Mr. Treadway with Mr. Corning.
Mr. Vare with Mr. Mead.
Mr. Winslow with Mr. Deal.
Mr. Mills with Mr. Geran.
Mr. Hill of Maryland with Mr. Pou.
Mr. Gifford with Mr. Montague.
Mr. Dempsey with Mr. Linthicum.
Mr. Burton with Mr. Stedman.
Mr. Davis of Minnesota with Mr. Abernethy.
Mr. Purnell with Mr. Shallenberger.
Mr. Robsion of Kentucky with Mr. Canfield.
Mr. Snyder with Mr. Lindsay.
Mr. Strong of Pennsylvania with Mr. Weller.
Mr. Tinkham with Mr. Sullivan.
Mr. Zihlman with Mr. Wilson of Mississippi.
Mr. Morin with Mr. Martin.
Mr. Gibson with Mr. Wilson of Indiana.
Mr. Fish with Mr. Smithwick.
Mr. Edmonds with Mr. Bolling.
Mr. Clague with Mr. Sites.
Mr. Beedy with Mr. Kunz.
Mr. Connolly of Pennsylvania with Mr. Lee of Georgia.
Mr. Rogers of Massachusetts with Mr. Boylan.
Mr. Scott with Mr. Carew.
Mr. Simmons with Mr. Davey.
Mr. Evans of Iowa with Mr. Milligan.
Mr. Curry with Mr. Dominick.
Mr. Porter with Mr. Favrot.

Mr. Reed of New York with Mr. Greenwood.
Mr. Schall with Mr. Rogers of New Hampshire.
Mr. Fairchild with Mr. O'Brien.
Mr. Sproul of Kansas with Mr. Mansfield.
Mr. Fitzgerald with Mr. Buckley.
Mr. Thompson with Mr. Clark of Florida.
Mr. Wertz with Mr. Mooney.
Mr. McLeod with Mr. Drewry.
Mr. Larson of Minnesota with Mr. Fulmer.
Mr. Michaelson with Mr. Quayle.
Mr. McLafferty with Mr. O'Connor of New York.
Mr. Reed of West Virginia with Mr. Fulbright.
Mr. Tincher with Mr. Oliver of New York.
Mr. Voigt with Mr. Cummings.
Mr. Roach with Mr. Clancy.
Mr. Leach with Mr. Griffin.
Mr. Lineberger with Mr. Hull of Tennessee.
Mr. Perlman with Mr. Dickstein.
Mr. Knutson with Mr. Glatfelter.
Mr. Ransley with Mr. Collins.

The result of the vote was announced as above recorded.

The doors were opened.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. LEHLBACH in the chair.

Mr. WINGO. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, the legislation which you are to consider to-day is probably of as fundamental importance to the future of the whole American people as any legislation which you will consider in this Congress, or which was considered in the Sixty-seventh Congress. A great principle is involved in the branch-banking features of this legislation. The proponents of the bill and most of those who appeared before the committee in favor of the bill, recognize the fundamental soundness of the principle of unit banking, and content themselves entirely with arguments of expediency in favor of this legislation. They said to us, "This branch banking is wrong; branch banking is undemocratic; branch banking is contrary to the principles which have controlled American banking ever since it became an established public institution in the public interest; branch banking has resulted everywhere that it has been tried in monopolistic banking. We have no brief for it; we know of no excuse for it; it is wrong; but we say you must pass this legislation, not to preserve the Federal banking system as a sound banking system, but in order to enable it to compete with State bank systems, which we say are unsound."

That is the argument we had. We had no other sort of argument from the beginning to the end except that representatives of great branch-banking systems in the State of California came before the committee and undertook to say that up to this time it had not been an evil in California; that although branch banking had spread out from municipalities into the country, that although country branches have reduced discount rates, putting local institutions out of business, it had not resulted uneconomically in California up to that time. Then came before the committee the representatives of the unit banks in California, and they told a very different story, a very much larger story, and a very striking story of the effect of branch banking in a great State where it is carried to the point it had been carried in California. They told us of great banking institutions, with resources of four or five million dollars, being driven out of business by the unfair methods of the branch-bank systems.

They told us about the Bank of Santa Maria, with resources of over $4,000,000, which—during the summer of 1920, I think—was met, as many banks were, by a period of depression. We were told that a great branch-banking system asked them to sell out, and they said, "No; they would not sell out"; and then we were told that this branch-banking system actually came and bought up $80,000 of its savings-bank deposits for the purpose of trying to put it out of business, presenting them all for payment on the same day. We were told then that the Bank of Santa Maria was compelled eventually not to sell out to this branch-banking system but to sell out to one of its competitors to keep from going into liquidation.

Those are not pleasant things to hear, and before I go any further I want to emphasize the fact that there is no prejudice involved in anything which I have said or am about to say. The branch-banking situation in the State of Maryland has not progressed to a point where the principle of unit banking or the principle of branch banking has been able to assert its effect, so that the situation is not acute in Maryland.

What is the condition in a community where there is unit banking? Before going into that I want to emphasize the fact that this bill is a branch banking bill, and it must be approached from that standpoint. Tell me that in municipalities of over 100,000 inhabitants you can have a branch bank with an unlimited number of branches and then not have branch banking throughout the State! Suppose the banks in Philadelphia and the banks in Pittsburgh establish branches and that the result is—and it must be the result, because it has been the result everywhere else—that unit banks are gradually absorbed until practically the financial resources of those two great cities are in one or two banking groups. They constitute the reserves of the country banks; they are in close touch with the country banks. There is no closer business relationship that I know of than that which exists between a city reserve and its country correspondent. Suppose they become successful in branch banking. Naturally as business men they want to spread. They go into the country and ask the cooperation of their country bankers, their correspondents, in having this legislation changed so that restrictions outside of the municipality may be done away with. The country banker at first demurs. He does not think it is the right thing to do. Then they go to some prominent man in the country who is a country banker, and they say, "Here, we have thought for some time we needed a director in our bank in your community, and we have selected you, and we want you to be a director in our city institution, with its branches." Of course, he becomes a director. That is the first step. Then they ask him, as a director in their branch-bank system, to assist them in changing this legislation. He goes to his Congressman and tells the Congressman that an effort is going to be made at the next session of Congress to extend this branch banking from the municipality to the country, and he asks him to support that legislation.

I tell you Members of the Sixty-eighth Congress that if this legislation is passed you will have certainly within less than 10 years universal branch banking in the United States. The last publication of the Federal reserve system tells us that one-third of the financial resources of this country are now in the hands of branch banking systems. Suppose this legislation is passed, and the national banks go into the branch bank business. The natural resistance of the American people against branch banking becomes less and less. If the financial resources of the municipalities in the States which now permit branch banking get into the control of the branch banking systems, then in a few years there will not be one-third of the total financial resources in the hands of the branch bank systems but two-thirds. Then where will come the resistance against further branch-banking legislation? One of the members of our committee for months and months in the course of these discussions said, "No, we do not want to let the camel get his nose under the tent," but by this legislation you are not only letting him get his nose under the tent, but you are letting him get his hump under the tent, because there can be no other result of this legislation except further legislation along the same line.

I have here a copy of the Magazine of Wall Street, of January 3, 1925. It is published at 42 Wall Street, and it can fairly be presumed to represent the inmost thoughts of that financial center. What do I find there? I find a picture of the Bank of Montreal, a magnificent marble building and in front of it a small shack, with the sign "Bank of Montreal" upon it, and underneath the picture the following legend:

> The Canadian reading a well-known name nailed up above a shack on the fringes of his country sees not merely the makeshift quarters of a new branch, but bulking large behind it the head office, impressive with the dignity of a business record stretching back over 100 years.

Then in the course of the article of which that is an illustration, I find this statement:

> One of the provisions of the Canadian banking act is that no bank can be chartered with less than a half million dollars capital.

Just think of it—a half million dollars capital! The article continues:

> This large capital required discourages the establishment of new banks, but if it keeps the Yellowstone Jacks on the range—

And that is, the farmer—

> doing what they were intended to do, and what they know best how to do, it does not sound so bad.

Do not let us delude ourselves, my friends, with the idea that this is not straight out branch banking legislation with all that that implies. A man knows more about his local situation than he does of anything else. I can remember when, down in my county, there was one bank, and if you wanted to have a note discounted there you had to carry to it not a note but a petition.

I can remember when the operations of that bank directorate was conducted largely as if they were conferring largess on

a benighted multitude. I can remember when it was almost impossible to get capital to start an independent business, simply because the established businesses were in the hands of those who controlled that institution, and there was no object for them to extend credit to one who wanted to begin an independent business. That is not the condition any more in my county. Independent unit banking, competitive banking, is the advance guard of democracy itself under modern conditions. [Applause.] You show me a community where there is real competitive independent banking and I will show you a community where there is equality of economic opportunity, and that is democracy, the very best democracy that we know anything about. You show me a community which is dominated by monopolistic banking and I will show you a community where the only way to get along is to suppress yourself and try in one way and another to make yourself a spoke in the wheel of that monopoly.

Now, my friends, I, of course, have not a monopoly of wisdom on this thing. It is a thing I have thought about for years and years. I have never personally felt the hardship of it. I have never sought personally a loan I did not receive; I never wanted one I did not look for; but I have seen the effect of this thing. I know what it means, and I know if our people ever get under the control of this situation again—and that is what the extension of branch banking means—it will take almost a political revolution to get us out from under it. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has seven minutes remaining.

Mr. GOLDSBOROUGH. Why, my friends, a great city—the city of Philadelphia, the city of New York, the city of Chicago, the city of Baltimore—gets under the domination of a banking monopoly. What does that mean? Does that mean only banking? Oh, no. Who will control the newspapers where these monopolies exist. The people who control the finances will control the press, and the people who control the finances and the press will control the political activities, and there is no way on earth to get out from under it except for it to become so corrupt, so inefficient, so dictatorial, and so unsound as to cause a political revolution. Why and how can people's opinion on fundamentals change as rapidly as they have seemed to change? In 1922, in October, only a little more than two years ago, the American Bankers' Association adopted the following resolution:

Resolved by the American Bankers' Association, That we view with alarm the establishment, express our disapproval of and opposition to branch banking in any form in the United States.

They say, "Branch banking in any form in the United States."

Resolved, That we regard branch banking, or the establishment of additional offices by banks, as detrimental to the business interests of the people of the United States. Branch banking is contrary to public policy, violates the sacred principles of our Government, and concentrates the credit of the Nation and the power of money in the hands of the few.

That is the resolution that the American Bankers' Association passed only two years ago.

Mr. NELSON of Wisconsin. Is it not true that they have twice before passed substantially the same resolution?

Mr. GOLDSBOROUGH. I think that is so.

Mr. BLANTON. Is that their position now?

Mr. GOLDSBOROUGH. It is not.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. BYRNS of Tennessee. What does the gentleman say in reply to the argument that, in those States where branch banking is permitted the State banks, unless the members of the Federal reserve system will do likewise, it will result in breaking down the Federal reserve system?

Mr. GOLDSBOROUGH. I have this to say, that branch banking in States like California, where it has been carried nearly to its final limits, there has been almost a revolution. The people there are seeing the effects of it, and in my judgment in a short time it will be broken up in California, and the people of New York and of Ohio, and of other States will see what happened there, and that situation will create a wholesome public sentiment throughout the United States, and that if we let the States themselves work on this situation and keep their bank policy sound in a short time the banking situation will be reestablished on sound lines. That is what I think, and I think that is the remedy rather than for us to disregard the principle and do something for the sake of expediency which we think is wrong.

Mr. CELLER. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. CELLER. Have not a great many of the national banks surrendered their national charters because they could not compete in States where they allow the State institutions to have branches in States where the Federal reserve system have branches?

Mr. GOLDSBOROUGH. I have no doubt of it.

Mr. CELLER. I have in mind the Irving National Bank, where they could not compete, and they surrendered their national charter and opened a great many branches.

Mr. GOLDSBOROUGH. I have no doubt of it. But there are 48 States, and if we allow each one of them to work this thing out for themselves they will find out that it is wrong, and they will reestablish their banking on a sound basis, and the national bank system will be left in its integrity.

Mr. CELLER. How do you answer this proposition—that national banks really operate branches now?

Mr. GOLDSBOROUGH. They do that because they took over State banks that had branches in operation.

Mr. CELLER. Will they not do that eventually, so that your proposition will not get around that?

Mr. GOLDSBOROUGH. I do not think so.

Mr. WILLIAMS of Texas. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. WILLIAMS of Texas. How many branch banks are operating in California at the present time?

Mr. GOLDSBOROUGH. I can not answer that.

Mr. WILLIAMS of Texas. Is it not a fact that the exercise of the right of State banks in California to establish branch banks has driven the national banks out of the State of California?

Mr. GOLDSBOROUGH. It has driven a lot of national banks out of business, but the point of saturation has been reached there. California will recognize its own situation, and it will be a shining example to the rest of the country.

Mr. WILLIAMS of Texas. If they have reached that state, will they not drive all the national banks out of existence?

Mr. GOLDSBOROUGH. It has reached that state.

Mr. WINGO. Right at that point, will the gentleman permit——

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. WINGO. I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Maryland is recognized for five minutes more.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. WINGO. My information is that the branch banking, having reached its fullest force in California, has so alarmed some of the banks that were engaged in branch banking as State banks that more than one of them is now contemplating the surrendering of State charters and becoming national banks.

Mr. GOLDSBOROUGH. That is very interesting to the committee, I will say to the gentleman from Arkansas.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. GARNER of Texas. As I understand, this bill provides, as in the case of California, if they decided that their system was not in the interest of the promotion of the State, and they repealed their law—if I understand this bill, it undertakes to carry the repeal of the national banks and granting the national banks an opportunity for branch banking in California.

Mr. GOLDSBOROUGH. That is the construction.

Mr. GARNER of Texas. What does the Supreme Court say about that? Does the gentleman say that that State has the power to contravene the act of Congress in relation to banks with a 99-year charter?

Mr. GOLDSBOROUGH. I have discussed that with the gentleman from South Carolina [Mr. STEVENSON]. He thinks they would. I doubt it myself.

Mr. NELSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. NELSON of Wisconsin. Suppose we passed this bill, and under this bill they established national banks there. Then what will California do?

Mr. GOLDSBOROUGH. The section has been so construed as to mean that if California, by legislation, does away with branch banking that will automatically prevent the national banks from engaging in branch banking.

Mr. NELSON of Wisconsin. They would have to quit, then?

Mr. GOLDSBOROUGH. They would have to stop.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. KINCHELOE. Does the gentleman contend that that would be retroactive?

Mr. GOLDSBOROUGH. I doubt very much whether it would be constitutional.

Now, in closing I will quote very briefly from the Comptroller of the Currency, who appeared before our committee in favor of this legislation. This is what he says:

Branch banking is centralized as distinguished from coordinated banking. The Federal reserve system is coordinated banking, recognizing the wisdom and necessity of coordination produced by detached, independent authority. It preserves the independent community spirit in the handling of its resources and provides mobilization and fluidity for emergency conditions.

That is what he thinks about the principle of branch banking. Here is another thing he says:

We have a situation in some States where little banks are being wiped out and the unit banks disappearing. You will find some cities where there are nothing but the branch banks of the big city institutions, where if a man wants to borrow money he can not go down to his old friend who knows him well and regards him favorably. He has got to go to the manager of the branch bank, who has about the same flexibility in meeting local conditions that the railroad agent would have.

That is another thing he says. And here is what he says on page 12 of the hearings.

Mr. GARNER of Texas. Who is this?

Mr. GOLDSBOROUGH. Mr. Dawes. He says:

I will only mention a few of the considerations which are directly corollary to the above general principles. In branch banking, character loans are impossible. By character loans is meant loans to people whose collateral is perhaps faulty from a technical standpoint, but who are entitled to credit on account of their constructive influence in the community and initiative, enterprise, and character. This applies with particular force to the young, aggressive type of man who has built up the western and pioneering sections of the country. Jim Hill, for example, at the beginning of his career, did not have the kind of collateral which would pass the scrutiny of a branch banker. The development of America is dependent on nothing more than on the independent unit bankers of vision, courage, and independence, whose first interest in the creditor is his character.

Second, the essentially monopolistic nature of branch banking can not be successfully controverted. The mere statement of developments in foreign countries which have had unrestricted branch banking is probably sufficient to demonstrate this. According to the figures published in the Bulletin of American Institute of Banking for July, 1923, in 1842 there were in England 429 banks and in 1922 only 20 banks. Of these 20 banks 5 controlled practically all of the banking of the nation. There are about 7,900 branches in operation. In Scotland there are only about 9 banks, with about 1,400 branches, and in Ireland about 9 banks, with about 800 branches. In 1885 in Canada there were 41 independent banks. Under the operation of branch banking the number was reduced to 35 by the year 1905. I am informed that at the present time there are only 14 banks in Canada, operating about 5,000 branches. There are no independent unit banks in western Canada; in fact, none west of Winnipeg. Banking control through the branch system is concentrated in the cities of Montreal and Toronto.

The coercive power of a branch banker bent on expansion is very great. He is able to temporarily reduce interest rates until he gets banking control, and the cost of this can easily be reimbursed after he has secured a monopoly. The branch banker can secure the services of the employees of the unit banks by higher salaries. They can have the patrons of their own institutions influence and compel their customers and people who depend upon them for business accommodations to transfer their accounts from the unit banks into the branch banks.

The third point which is frequently of very great importance is the ability to take care of emergency situations. When an acute emergency arises in a community it is impossible to get prompt and effective assistance where the local representative is compelled to refer back to the head office in another city. Even if the control of the institution were disposed to go to extreme lengths to relieve an emergency, by the time the necessary red tape was unrolled, the assistance would be too late.

Mr. Whipple, president of the First National Bank of Turlock, Calif., on pages 185 and 186, in discussing the coercive power of a great branch-banking system, says:

The most flagrant case of coercion on the part of a California branch bank occurred at Santa Maria. That case was threshed out before the Federal Reserve Board on September 12, 1923. The documents are on record there, but if you will permit me at this time I will just briefly go over the case. Santa Maria is a small town in a territory devoted to raising beans and barley. The depression in the barley and bean crop in 1921 was very great.

This institution—the Bank of Santa Maria—was quite unique in the banking annals of this country. Although the town has about 5,000 or 6,000 inhabitants, the Bank of Santa Maria had about $5,000,000 in deposits, with its head office in Santa Maria. There were three or four small branches surrounding the city, from about 5 to 7 miles distant. It therefore became quite attractive bait. One large branch-banking system, which desired that deposit liability, in order, I think, to swell its own totals, approached the Bank of Santa Maria and desired that it sell out to them. The Bank of Santa Maria declined to do so. At that time, when the Bank of Santa Maria was put under pressure by this other organization, the president of the bank was ill in the hospital, and the cashier, owing to demands due to the depression which were made upon him and being one of those men who are quite common in country banking, who sometimes sit up nights with a customer, was driven almost to distraction by the demands made upon him; the bank incidentally had borrowed and rediscounted with its correspondents and the Federal reserve bank about $1,000,000. Its customers were unable to sell their beans and barley. At that time, in order to coerce this institution into selling out, this large branch-banking organization——

Mr. DRUM. Why don't you give the name?

Mr. WHIPPLE. Very well; I will be glad to make it a part of the record—the coercive institution was the Bank of Italy. At that time the Bank of Italy sent a man into the country soliciting the business of the Bank of Santa Maria. It even went so far as to buy up between $60,000 and $80,000 savings deposits, held them three months, and presented them all at one time, about the middle of July, 1921, a time when there was the greatest demand for money in the community.

Shortly after that a vice president of the Bank of Italy, Mr. McDonald—not this one [referring to Mr. Mcdonnell]——

Mr. WINGO. Presented the accounts for collection?

Mr. WHIPPLE. Yes.

Mr. WINGO. What happened then?

Mr. WHIPPLE. They presented them to the Bank of Santa Maria for payment. The bank, fortunately, was able to meet the demand and paid with a smile. But shortly after that, three or four days, the vice president, Mr. McDonald, of the Bank of Italy, came around and asked the cashier of the institution, "How did you like the crack we gave you? We are going to give you another one." The heads of the institution in desperation went down to the Pacific-Southwest in Los Angeles and saw Mr. Stern, the former superintendent of banks and now the executive vice president of the Pacific-Southwest, and offered to sell the Bank of Santa Maria to the Pacific-Southwest at its own price and on its own terms. Mr. Stern so testified last fall before the Federal Reserve Board. He told them they were not ready at that time to take over any institutions, and that they could not take them over. Three months later the cashier and president of the Bank of Santa Maria went again to Los Angeles, saw Mr. Stern and his associates, and repeated the offer and it was accepted. That was the first unit institution the Pacific-Southwest took over. It went into the branch-banking business from that time on.

In discussing the constant and progressive centralization, which is a certain tendency of branch banking, Mr. Whipple says, testimony on pages 188 and 189:

But in another manner, are there points of similarity between California branch banking on the one hand and Canadian, English, French, and German branch banking on the other. Reference is made to the constantly diminishing number of branch-banking systems through mergers in all the States mentioned. Constant and progressive centralization is apparently an inherent characteristic of branch banking. If that centralization should afford a very narrow control over the credit structure, as is becoming apparent, it can not be denied that the trend would be antisocial. Let us examine it. I quote again from that very competent Canadian authority, Mr. McLeod:

> "In Canada, through mergers and other eliminations, the 'big three' banks in 1922 controlled 58.81 per cent of the banking resources of the nation against 39.11 per cent 10 years before. In 1900 there were 36 banks in Canada; in 1912, 26; in 1922, 17; and now, 14. In England, where mergers have been general for several years, suggestions of nationalization, the logical sequence, are already heard. But nationalization of banking would be a calamity. Danger is seen from possible failure of any great financial unit in the credit structure, as big banks have no more immunity from failure than small ones, a fact exemplified by the Merchants Bank collapse."

In England but five banks control over 87 per cent of the banking resources of the nation and the process of absorption continues.

On the question of interest rates where branch banks have a monopoly, testimony on page 194:

The cost of banking services and rates charged agriculturists in Canada, where branch banking is universal, should be interesting. In western Canada rates run from 6 to 12 per cent, with an average of over 8. In some sections 9 per cent is the regular rate, in spite of a statutory rate of 7 per cent. In most cases the banks get a slightly larger return still by discounting the interest in advance. Canadian banks also make a profit of no small amount by their ability, through permission granted by law, to issue currency in the amount of their capital stock which is loaned out at interest to their customers. By acknowledged agreement, Canadian banks pay but 3 per cent on term deposits as against an almost universal rate in western America of 4 per cent. It is true that Canadians may deposit their funds in loan and trust companies at a higher rate, but the record of most of such companies in Canada has been such that Canadians prefer to patronize the chartered banks in spite of their lower rate of interest on savings accounts. And Americans can get a rate even higher than 4 if they wish to.

As to whether or not large branch-banking systems are less liable to failure, we have significant testimony on pages 192 and 193 of the hearings:

Under somewhat similar conditions branch banking did not save Australia. In 1893, out of 28 banks with 1,700 branches, 13 failed in six months for £90,000,000. This necessitated a moratorium for five years. Nor is the situation in the spring-wheat section as bad as some would like to paint it. "On January 31, 1924, out of 928 member banks in the ninth Federal reserve district, the district suffering the economic collapse of the small-grain industry, 668 banks, or 72 per cent, were without obligation to the Minneapolis reserve bank and have not asked for assistance." And even by the failures in that sorely afflicted section, there has not been caused such a nation-wide concern over the soundness of the banking structure as has existed in Canada because of the failure of the Home Bank with its 78 branches, the forced absorption of the Merchants' Bank with 400 branches, and the merger of several other banks with branches because of unsatisfactory condition. These banks were broadly based, with risks supposedly diffused along the lines of insurance, with branches everywhere, yet they failed. They failed because of the shortcomings of their management, the usual cause of bank failures. And in all the recent and more distant failures of Canadian branch banks the managerial shortcomings occurred principally at the home office. In the Toronto Globe of May 13, 1922, mention is made of the defense of Mr. Macarow, late general manager of the defunct Merchants' Bank of Canada, by Mr. LaFlamme, his counsel, who stated that on account of the size of Canadian banks with their widespread branches, it was humanly impossible for any one man in the head office to be in touch with the whole system. The editor of the Globe, in commenting on this, asked, "Are our banks too big either for safety or convenience?"

California has recently witnessed a similar transaction of managerial shortcoming. In order to avoid a dismal branch-bank failure due to head-office mismanagement, one of the smaller California branch-bank systems was obliged to be taken over by two larger ones. Something has been made of the statement that California was fortunate in having such banks capable of taking over a weaker sister. But supposing it had been one of the larger which had gotten into difficulties. Would it have been taken over so assuredly and would the resulting concentration have been so palatable? The merger of the Merchants' Bank of Canada has been hailed with anything but approval. In Canada very recently the necessary merger between the Banque Nationale and the Banque d'Hochelaga was accomplished by the raising of funds through the sale by the Province of Quebec of its bonds in the amount of $15,000,000. And in South Africa, where but two great branch-banking systems—the Standard and the National Bank of South Africa—had the field to themselves, the difficulties of the latter obliged the South African Government to go to its rescue. This may be a straw indicating which way the wind will blow when through mergers and otherwise banking in both England and Canada and possibly even in California will have come under so narrow a centralization of control that the Government will be obliged to take them over.

Gentlemen of the committee, I can not urge too strongly my unyielding conviction that the American Congress should not put its approval upon the branch-banking features of this legislation, but should notify the American people that it intends to sustain the age-old democratic doctrine and principle of unit and competitive banking. [Applause.]

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The gentleman from South Carolina is recognized for 15 minutes.

Mr. STEVENSON. Mr. Chairman and gentlemen, the question of branch banking is an interesting one, but it is one upon which the committee is not divided. The gentleman from Maryland [Mr. GOLDSBOROUGH] has just made some impassioned pleas against branch banking. I demonstrated my position about that before he ever opened his mouth, and the branch-banking feature of this bill is not a partisan matter. I introduced it myself in the early days of December, 1923, as bill H. R. 3246, long before this bill was drawn, and it was noticed in the press, and when we came to the preparation of this bill the Comptroller of the Currency, who approved my measure, had it written into this bill and we all agreed on it—those who agreed to report this bill.

Mr. NELSON of Wisconsin. Mr. Chairman, will the gentleman permit a question for information?

Mr. STEVENSON. Yes.

Mr. NELSON of Wisconsin. Does not the gentleman represent a branch-bank State?

Mr. STEVENSON. Yes; I represent a branch-bank State, and I organized a bank 25 years ago, and have been president of a bank and attorney for a bank nearly all that time. I have been against branch banking, and I stand against them to-day.

Now, what is the situation, and what do we want to cure? You gentlemen are being told that there is no branch banking now under the Federal reserve system, and this is to prevent branch banking. Let us get the facts. That is all we want. How many branch banks are there in the Federal reserve system to-day? Now, mind you, this is to curb, not to extend, branch banking, and it is to put all the members of the Federal reserve system on a level with each other and without any undue discrimination against any.

Now, what is the situation to-day? You have, first, State member banks, in States that allow branches. They are in the Federal reserve system with all their branches. That is No. 1. You have, second, banks that are now national banks which were once State banks, and which establish branch banks wherever they please, and now the State banks have their branches all over the State. There is State branch banking. Then you have the national banks which have branches that they have acquired by absorbing and consolidating with State banks that had branches. And they are not limited to the municipality; they go all over the State. That is the second kind of branch banking they have in the Federal reserve system, and it has been going on since 1865. The act of 1865 still gives them that right. All that a bank which is in the national system and wants branches has to do is to go out and get a few people interested with it and organize a State bank; that is, in a State where branch banking is allowed. In such a State a bank desiring branches can have agencies or branches in a half dozen different sections, or in every county in the State. They go out and get them all fixed and then the State bank comes up and nationalizes and brings all those branches into the system; then it consolidates with the big bank that has procured it to go through that procedure, and the big bank then has its branches and they are not limited to any locality. They can have them scattered all over the State.

Mr. NELSON of Wisconsin. Will the gentleman yield, just for information?

Mr. STEVENSON. Certainly.

Mr. NELSON of Wisconsin. Because I am curious. Suppose we defeat branch banking affirmatively in this bill, would not the consolidating section in the present law make it very much easier to do this?

Mr. STEVENSON. No, sir; not a bit. They can do it as slick as a ribbon, and it has been done many times. There are banks in the city of New York to-day with 20 or 30 branches, I am informed, that they acquired in that left-hand way. It was purely a case of financial fornication of the most unblushing kind. [Laughter.] Yet they say we are establishing branch banks.

Now, let us look at another thing. Third, you have branches in the Federal reserve system established by the dictum of the Comptroller of the Currency, who has assumed to say that he can allow a national bank to establish as many agencies for receiving deposits and paying checks as he sees fit. That is the third kind of branch banking you have in the Federal reserve system, and that is not limited by law, but according to my judgment it is absolutely unlawful and unjustifiable, and that is one reason I drew this bill. I will show presently that we cut that out, root and branch.

What has been the result of that? You heard the distinguished gentleman speak of the St. Louis case yesterday, did you not? What happened there? There is a State which prohibits branch banking absolutely, and yet the Comptroller of the Currency, under his unlimited powers, and as he con-

strues the national bank law as it stands to-day, went out there and allowed a national bank to establish branches in face of a State law prohibiting it. That is what happened, and yet you say we have no branch banking. What did they do? They put that bank there, with branches, in a State that prohibits it. The State went into court to stop it, and what happened? The Supreme Court, with a divided court, finally held that the State had a right to stop it, but Mr. Taft, Mr. Van Devanter, and Mr. Butler dissented and held that the State had absolutely no remedy and that the comptroller, without any control whatsoever upon him by legal limitation or otherwise, could give a national bank the right to put branches in a State where there are no branches allowed as a result of State legislation, and that the State had no remedy unless the courts of the United States would interfere, and they would not, as you know. Now, I call attention to the fact that one of the majority judges is off the bench and another goes off this month. How long before the minority will be the majority?

Mr. DYER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. DYER. The gentleman, in speaking of the St. Louis case, states that the then comptroller, Mr. Crissinger, gave permission to have that done?

Mr. STEVENSON. Yes.

Mr. DYER. Mr. Crissinger denied that to me, and we have been curious in St. Louis to know whether Mr. Crissinger did do it.

Mr. STEVENSON. I do not know, because that happened amongst the crowd that I am after. They are acting in violation of the right of a State to prevent branch banking if it so desires, and three justices of the Supreme Court held that a State is remediless, and I say it is time we should remedy it. So we have written a clause in the bill which we think will remedy it, and I think this is the proper time for me to call it to your attention.

Mr. TUCKER. Is that the original bill the gentleman offered?

Mr. STEVENSON. No; but this is a clause from it. You will find it on page 10 of the bill, line 16:

> The term "branch" or "branches" as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned.

You take that right away from them; you take away from the comptroller the right to say that banks can maintain offices at which they can pay checks and receive deposits. You take that right absolutely away through that clause, and we have so written this bill that no power under the Federal Government shall have the right to go into a State and allow any national agency to establish or maintain any branch bank in violation of the law of the State. That is but a tardy recognition of the democracy which I represent, namely, that a State has the right to have its laws respected on great police matters like that.

Mr. NELSON of Wisconsin. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. NELSON of Wisconsin. I wish to agree with the gentleman, and I compliment him highly for that provision, and every word he has said is correct; but does the gentleman stand for the extension of branch banking?

Mr. STEVENSON. No; I stand for the curbing of it, and I will come to that now. What do we do about that? I have told you what the situation is. Now, what do we do about it? We provide that no member bank of the Federal reserve system, wherever situated, shall have a branch beyond the corporate limit of the city in which it exists. Ah, gentlemen, you may talk about monopoly, but monopoly of finance is only possible where you can cover a State like they have done in California with tentacles that are handled and manipulated by a central figure sitting in San Francisco, in that way covering the whole region and taking into its fold the business of the whole section.

That is what is monopoly. When it is all in one city it is impossible, because of the accumulations of capital in a city, for it to obtain a dominating control on the business so as to destroy the business of its competitors in any legitimate way.

So we say, first, you can not, any of you, have a branch outside of the city where you exist; second, you can not, any of you, have a branch in any State where the State law forbids it; and, third, you can not have a branch in any municipality of less than 25,000 inhabitants, because no bank needs more than one establishment in a town of 25,000 inhabitants; you can not have more than one in a city between 25,000 and 50,000, because, certainly, any bank can serve its customers with its home office and one branch in a city of that size.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. GARRETT of Tennessee. In the event a State which now permits branch banking should in the future pass a statute prohibiting it, would the national banks that have branches come within the provisions of the State law?

Mr. STEVENSON. I propose to offer an amendment which will clearly make that the case. It was the intention to do that, but some question has arisen about it.

What we propose to do is to enact a law which will automatically stop once and forever the spreading of the resources of banks all over a whole territory or a whole State or the entire country; second, to automatically conform to the policy of the State in which the national bank or the member bank is located as to this question of branch banking, and always be ready to comply and compelled to comply with the State legislation on that subject, thereby recognizing the right of the State to control its local affairs through its police regulations as to that matter.

Mr. BRIGGS. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BRIGGS. Does not the bill as now drafted legalize the institution in the establishment of branch banks by national banks?

Mr. STEVENSON. Yes; it legalizes it by limiting it. It is already legalized.

Mr. BRIGGS. I mean does it not specifically legalize it to the extent that branch banks have already been established by national banks?

Mr. STEVENSON. That has been legalized already.

Mr. BRIGGS. Then why should there be any specific action here? If it is legal already, why should there be any confirmatory decree given them by the Congress of the United States?

Mr. STEVENSON. We are not giving any confirmatory decree; we are giving a limiting decree.

Mr. CELLER. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. CELLER. I understand the bill seeks to put State member banks and national banks on a parity, is not that true?

Mr. STEVENSON. That is the proposition.

Mr. CELLER. Is the gentleman familiar with the regulations laid down by the Federal Reserve Board with reference to entrance into the Federal reserve by State banks and State trust companies?

Mr. STEVENSON. Yes; I am entirely familiar with those matters.

Mr. CELLER. Is the gentleman willing to allow an amendment of this proposed act, providing that the regulations which are now applicable to State member banks shall also apply to national banks?

Mr. STEVENSON. No; I do not propose to consent to the enactment of any regulation passed by the Federal Reserve Board on anything. I will tell you now that they are divided all to pieces, and some of them have gone wild on the subject of branch banking. If we listened to them, inside of five years we might have the most infernal monopoly of banking that ever was built up in any country, and I do not propose to begin now by enacting their regulations into law for the government of this country.

Mr. CELLER. I do not mean that. I mean is the gentleman willing to provide that any regulations issued by the Federal Reserve Board as applicable to State branch banks shall also be applicable to national branch banks?

Mr. STEVENSON. I can not conceive that the Federal Reserve Board will discriminate unjustly against any State member bank.

Mr. CELLER. We have now the situation where they do.

Mr. STEVENSON. I differ from the gentleman, but I am not going to argue that, because that is not involved in this bill.

The question here is whether, in so far as the branch-banking feature is concerned, we recognize an evil which my distinguished friend from Maryland [Mr. GOLDSBOROUGH] has portrayed, and portrayed very vividly, even to the extent of exhibiting a Wall Street magazine here that looked like it came from Russia, it was so red [laughter], and I call your attention to the fact that most of the Wall Street journals are opposed to this bill.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. May I have just two more minutes to conclude?

Mr. WINGO. I yield my friend two minutes additional. [Applause.]

Mr. STEVENSON. Now, gentlemen, to conclude and to sum up what I have said, you have now three forms of branch banking in the Federal system, and they are all of them being abused and all of them wide open. We propose now to say there shall be only one form, and it shall not be a monopolistic form, but shall be a form which is confined to the municipality where the parent bank exists and can not spread out and become an octopus all over the State. We provide for its regulation so it will not be allowed to have branches in every little hamlet in this country. We provide one branch in cities between 25,000 and 50,000, two branches between 50,000 and 100,000, and for cities above 100,000 they can have as many as the comptroller will allow, and that is discretion enough to give him, according to the experience we have had with these financial toll gates which he allowed to be established all over this country. [Applause.]

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. STEAGALL]. [Applause.]

Mr. STEAGALL. Mr. Chairman and members of the committee, I sympathize with the view of the gentlemen who are chiefly interested in this legislation, even though they predicate their appeal upon a mere matter of expediency. I have great respect for the bankers of the country. I have nothing harsh to say about them. I am always glad to have the benefit of their counsel and advice in all banking legislation. It is not improper to say, however, that the gentlemen who are pressing this legislation to meet what appears to them to be an expediency should remember that they established their institutions and entered the banking business with full knowledge of the law as it existed, and I do not hesitate to say it is unwise and unsound as a policy to change the great principles of our national banking system from time to time merely to meet the necessities of competition on the part of some of the national banks of the country. It is not unfair to say this is why this legislation is before us.

Gentlemen tell us that our national banking system is in great peril; that the Federal reserve system is in jeopardy. That is substantially the language of the report, and I shall not take the time to read it. I ask the members of this House if they believe there is any real basis for that statement? The American people have never been able to boast of such a system as we have to-day and have had ever since the American Congress in its wisdom enacted the great Federal reserve system. Under that law we have experienced a prosperity never known in our history. We have financed the greatest war that ever afflicted mankind, and we emerged from that conflict the creditor nation of the world and the financial center of the universe. [Applause.]

I would not be disrespectful, but all this talk about the danger of destruction of our national banking system is ridiculous. There is nothing whatever to it. I do not indorse what the gentleman from Wisconsin [Mr. NELSON] had to say in his speech during the general debate, but he produced figures showing that the national banks last year made net profits of something over $300,000,000 and declared dividends of over $200,000,000. This shows a period of remarkable prosperity.

Mr. WINGO. Will the gentleman yield?

Mr. STEAGALL. I yield with pleasure.

Mr. WINGO. The chief statistician of the city banks of New York came out with a statement a day or two ago showing that the deposits of national banks have grown to over $17,000,000,000 in 1924, whereas in 1900 they were only about two billion and a half. Coming down to recent years, in 1921 they were only $12,000,000,000. They grew three and a half billion dollars last year.

Mr. STEAGALL. Yes; and gentlemen tell us the national banking system is facing destruction. The figures just given show the profits being made and the dividends being paid. I submit that they do not look like destruction. I should like to get my business closer to that kind of destruction. If our national banks are on the verge of ruin, I want to go into the same kind of bankruptcy. [Laughter.]

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. STEAGALL. Yes. I yield with pleasure.

Mr. JACOBSTEIN. It seems to me an interpretation of those statistics might not be accurate. Is it not true that the national banks control a much smaller percentage of the total resources of he country to-day than they did before? To-day they comprise only 47 per cent of the resources.

Mr. STEAGALL. I can not yield to the gentleman to read those figures. The fact is, there has been much growth in State banks in 25 years, and the proportion is not quite the same between State banks and national banks. They are divided about equally in resources, according to my recollection. It is true some national banks have left the system, but the fact can not be counted for in all cases upon the score that they were unable to meet the competition of branch banks. The truth is, the national system is growing all the time.

More new banks are coming in than are going out. There has been considerable controversy growing out of the inauguration of the Federal reserve system and this accounts for some of the national banks converting into State banks. Everyone in the sound of my voice knows that we have had controversy between the Federal reserve system and the Federal Reserve Board.

The gentleman from South Carolina [Mr. STEVENSON], my very able colleague on the committee, calls attention to the fact that some national banks, by taking over State banks, have as high as 20 to 40 branches, and then joining the Federal reserve system. Let me say in reply to the gentleman if that is true the necessity for this legislation does not exist. Certainly it may be said that the banks to which he refers are not facing destruction. The plain fact is the gentleman from South Carolina makes the error that everybody makes who is advocating this bill, and that is that instead of recognizing an evil and attempting to remove or cure it, the gentleman would embrace the evil and embody it in our national law. [Applause.]

Mr. STEVENSON. Will the gentleman yield?

Mr. STEAGALL. In just a moment. My conception of what our national banking system should be is that we should make it a pattern and not a copy, and certainly we should never make our great national banking system subject to the whim of a State legislature as is proposed in this bill. Now I yield to the gentleman from South Carolina.

Mr. STEVENSON. I think the gentleman misunderstood my argument. I made no argument that it was necessary for the perpetuation of the national banks. I made the argument that it was necessary to stop State-wide branch banks because it was leading to monopoly and was going to be destructive of the financial interests of this country.

Mr. STEAGALL. And the gentleman proposes to stop it by writing that principle into the national banking law. This proposed law will not close a single branch bank in the United States, but would open the door and establish branch banking in all cities of the country as provided in this bill.

Let me say this: The gentleman says that everybody on the committee who signed the report agreed to the bill. There are many members of the committee who do not agree to anything. There is one thing that every member does agree to, and that is that the principle of branch banking is un-American, monopolistic, and destructive. Will any member of the Banking and Currency Committee look a Member in the face and say branch banking is desirable anywhere? Will any Member of the House face this proposition and say that branch banking is desirable anywhere? I pause for an affirmative answer.

Mr. JACOBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In a moment. I want to say right there that, although this bill limits its operations to cities, you can not draw a distinction in principle between the city and the town. You can not divide a principle with a municipal line. If branch banking is sound in one part of a county, it is sound in the other part as a matter of principle, and you can not get away from it. What are you going to say to a suburban community out beyond the corporate limits, where they have a little town—a community center—the center of their business activity and their domestic and commercial life, where they do their shopping and buy their groceries and all that sort of thing? Why are they not entitled to a branch bank just the same as the community just inside the corporate lines of the city if it is a sound thing to do?

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McFADDEN. They have the right to have a unit bank in that community to serve the community.

Mr. STEAGALL. Yes, they have that right, and they have a right to have unit banks everywhere else. That is the system that ought to obtain in this country, and instead of embodying the principle of branch banking into our national banking laws, we ought to amend the law and say to these national banks that go out and do what my friend from South Carolina [Mr. STEVENSON] says, "You can buy your State banks and have your branches if you want to, but you can not come into the Federal reserve system with your branches." [Applause.] But he does not favor that. His cure for the evil is to embrace it. The way he would deal with that

despised character to which he referred is not by going home, locking the door, and spending the night alone, but he would go visiting in the community and embrace all of the evil of which he speaks! That is what this bill does, gentlemen! [Laughter.] Do not let anyone in this House be deceived. I do not care how you vote on the bill. There are some reasons for it, of course. The comptroller, a brilliant man, was able to stir up some reason for it, although there is not a man in this House who can read Comptroller Dawes's statement and vote for this bill if he will accept his logic and reason.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WINGO. Speaking about stopping the branch-bank evil, Congress, if it wanted to check the branch-bank evil, could repeal the law which authorizes the national banks to get State banks with branches and then rename them.

Mr. STEAGALL. Yes; certainly.

Mr. WINGO. In addition to that, it could say to these national banks that now have these branches, "You must close your branch banks and wind them up by, say, 1930"; at some distant time, so that it would not disturb their business. It could say that they would have to enter upon a policy of liquidating these branch banks at once. It could do that.

Mr. STEAGALL. Oh, yes; that is true, and the gentleman from South Carolina [Mr. STEVENSON] talks about the St. Louis case. That is not a typical case, because I do not believe they have branch banking there, but that is where the comptroller went and authorized a branch bank contrary to the State law. And the gentleman from South Carolina deplored the fact that the Supreme Court overrode the Comptroller of the Currency by only a majority opinion instead of a unanimous opinion. He referred to the action of the comptroller in establishing branches contrary to State law in the city of St. Louis as a great evil, and yet this bill is designed to accomplish by law the very thing which the gentleman says the Comptroller of the Currency did contrary to law. We turn our backs upon the protection offered by the Supreme Court of the United States, and pull down the bars and put this evil on the community wherever opportunity is found under State laws to do so. Gentlemen have their own views. I have no interest in this matter whatsoever. I have studied it purely in pursuance of my duties as a member of this committee. That is why I am giving my views to this House. Gentlemen may vote on the bill as they see fit. Remember this, however, that when you do it you are doing what every member of the Banking and Currency Committee says is a vicious thing in principle, and which no member of the committee will indorse in principle, and you do it simply because some gentlemen say that it is necessary in order to enable them to meet competition in banking in some certain communities in the United States.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McKEOWN. Is there any requirement of these banks that do branch banking to get the permission of the Comptroller of the Currency to establish the branch bank as against the local community that wants to put up a bank and get a charter?

Mr. STEAGALL. I suppose the gentleman refers to branches that would be authorized under this law?

Mr. McKEOWN. Yes.

Mr. STEAGALL. Yes; they would have to get permission of the Comptroller of the Currency. I desire to call attention to something in that connection. This bill does not do even what gentlemen who advocate it profess to want to do. They say that it is vicious in principle, but that it is necessary to take care of bankers in certain communities who want to meet competition of branch banks in existence under State law. Why do not they write this bill so as to restrict its operation to those communities where it is desirable for a national bank to put up a branch to meet competition of a State branch actually in operation?

The gentleman from South Carolina [Mr. STEVENSON] knows that that question has been fought out but that in the committee my view was not adopted. This bill authorizes the establishment of branch banks in any State where the Comptroller of the Currency will permit it, not because it is necessary to meet competition of branch banks operating under State law, but you can put up a branch bank in any State this bill authorizes, whether there is a system of branch banking in operation or not. I ask the gentleman if that is not so?

Mr. STEVENSON. Yes; but where the legislature provides the State may allow it——

Mr. STEAGALL. Ah, that is the point. The whole argument in favor of this bill is that you are meeting an exigency, and yet you will not stop there. You will not put in this bill a provision which will limit its operation to communities where there is actual competition.

Mr. WINGO. And the committee voted it down.

Mr. STEAGALL. I do not want to say what happened in committee. I raised it in the committee to test the good faith of the men who say they are merely trying to come to the relief of those gentlemen who are now being destroyed by unfair competition.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. GARNER of Texas. As I understand the gentleman, each member of the committee, Republican and Democrat alike, are opposed to this legislation in principle?

Mr. STEAGALL. Absolutely. I will ask the gentleman to read the statement of Comptroller Dawes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I yield the gentleman five additional minutes.

Mr. GARNER of Texas. As I understand the gentleman, the reason is it is the principle of monopoly in banking?

Mr. STEAGALL. Yes.

Mr. GARNER of Texas. Now the committee proposes by law to recognize the principle of monopoly in banking and put it on the statute books?

Mr. STEAGALL. Absolutely.

Mr. GARNER of Texas. Is it not a further fact the Republican Party and the Democratic Party both for the last 25 years have denounced monopoly of all character, and yet you are calling upon us to sanction by law a proposition of monopoly?

Mr. STEAGALL. Absolutely; the gentleman states the whole argument in a nutshell, and that is what you are voting on. I am not trying to control or influence anybody's vote. I simply want to give the facts about this legislation to this House and let gentlemen know what they are voting on. You are voting, gentlemen, for branch banking, which no man in this House will rise and defend, and which the Comptroller of the Currency bitterly assails and which has been denounced as un-American and destructive by the American Bankers' Association, until this bill was before it with influences at work in favor of it, and, of course, every man in this House understands how easy it is for the influences in back of this bill to get the American Bankers' Association to indorse it. Before the bill was before them and before the pressure was brought to bear on them they have always condemned it and bitterly opposed branch banking in any form.

Mr. BLACK of New York. Will the gentleman yield?

Mr. STEAGALL. I will with pleasure.

Mr. BLACK of New York. As a matter of fact, if the committee was only desirous of restricting the extension of branch banks, would not they have let the law stand as it is, because section 9 of the Federal reserve act contains plenty of power residing in the Federal Reserve Board to refuse admission to the Federal reserve system to the banks that maintain branches, and there is plenty of power in the Federal reserve system to curb those banks which maintain too many branches.

Mr. STEAGALL. I will say this to the gentleman: I do not think the Federal Reserve Board has power now to exclude a State bank from membership in the board because it has branches. That question was fought out when the Federal reserve act was passed. The law specifically provides State banks may be admitted, and when they come in they come in with all the rights they have under the State laws, and there is nothing to keep the gentlemen who are so busy with this bill here from bringing in a measure which will accomplish what the gentleman has in mind—denying membership to any bank that has branches.

Mr. BLACK of New York. Have not they attempted to do that under regulation?

Mr. STEAGALL. There was an order of the Federal Reserve Board denying membership to State banks that had branches, but the comptroller—and I will say to the gentleman that matter was discussed at considerable length in our committee, probably more in the special committee investigating the Federal reserve system—I was clearly of the opinion that the Federal Reserve Board did not have that authority, and they so decided finally and withdrew the order. But legislation can be accomplished if the influences back of the legislation that got the American Bankers' Association to reverse its record and declare in favor of branch banking will make the effort. Then it would be easy to put through such an amendment.

Mr. MacGREGOR. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. MacGREGOR. I am moved by the question proposed by the gentleman from Texas [Mr. GARNER] to inquire if the

very purpose of this legislation is not to protect what the Democratic Party claims as its great project, the Federal reserve system?

Mr. STEAGALL. No, I do not think so; and I do not think the Federal reserve system is in any danger on the score of branch banking. I would like to talk about an hour on the Federal reserve system and some of the things that I think ought to be done to stop controversies with member banks, but I have not time now——

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I yield the gentleman two additional minutes.

Mr. BARKLEY. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. BARKLEY. I want to ask the gentleman about this branch-bank proposition which is bothering me a little bit. I am not quite so rabid about it as the gentleman from Alabama.

Mr. STEAGALL. I am not rabidly against it. I am just against. The men who now favor the bill have been teaching me the dangers of branch banking for years.

Mr. BARKLEY. I withdraw that. This bill, as I understand, only permits branch banking in cities where the parent bank is located?

Mr. STEAGALL. That is correct.

Mr. BARKLEY. Does it extend into any State where the State does not authorize branch banking?

Mr. STEAGALL. It does not. They are going to do that later on. You may take my word for that. This bill is only the beginning. It is the first step, you know. You have been in Congress long enough to know that you do not do it all at one time when you start out to do a thing that is hard to defend or to depart from a sound and long-established principle.

Mr. BARKLEY. Take a city of considerable size, like the city of Washington, or any other large city, where there is a large and well-established bank that has a reputation for integrity and soundness that is universal among the people, and the people desire to transact business with that bank, and in order that they may do that the bank establishes branches or "offices," as they term them, at various places throughout the city for the convenience of the people. What serious objection is there to permit them to establish branch banks in various sections of the city?

Mr. STEAGALL. The gentleman lives in a realm with which I am unfamiliar. I am merely a human being. My experience teaches me that men plant their money with a view to profit and to prosper in business. I do not think there are any banks established in this country except where it is thought there is a field affording an opportunity to get deposits and do a profitable business.

Mr. BARKLEY. Does not that also apply to the fellow who does not want a branch bank established in his community because he wants to establish a bank himself? That would be true whether in a city or in the country.

Mr. STEAGALL. This bill authorizes branch banks where there is not a State bank in operation, as I have just pointed out.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. McFADDEN. I yield one more minute to the gentleman.

The CHAIRMAN. The gentleman is recognized for one minute more.

Mr. STEAGALL. I am not going fully into the matter. It would take too long. We put national banks in the Federal reserve system, whether they wished to go in or not. We made them subscribe 6 per cent of their stock in the Federal reserve system, and made them carry 3 per cent of the regular time deposits, and all they get back is 6 per cent. At the same time the Federal reserve system has been making hundreds of millions of dollars within a few years, putting it into the Treasury and laying aside a surplus, and not paying it back to the men who earned it and who are entitled to it. I think I may say that the friction between the national banks and the Federal reserve system is responsible for the situation that now exists in the relations of the national banks with the Federal reserve system. My friends, the national banking system should be the pattern; it should blaze the way. It should lead, the States and the financial institutions of the country to follow after it along sound lines and sound principles of banking. That is the policy that I advocate. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. The gentleman from Pennsylvania [Mr. McFADDEN] is recognized.

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. WILLIAMS].

The CHAIRMAN. The gentleman from Michigan is recognized for 15 minutes.

Mr. WILLIAMS of Michigan. Mr. Chairman and gentlemen of the committee, the bill under consideration is one to liberalize and modernize the national bank act in various particulars. It has not been proposed nor reported from the committee with any idea of hostility to the State banking institutions. State banks on the whole are rendering a very valuable and necessary service. The laws under which they operate, at least in many of the States where there is the greatest business and commercial activity, have been perfected and liberalized to meet the needs of the people and the development of commerce. The national bank act, on the other hand, has not been given by Congress the attention it deserves. The result has been that in recent years the aggregate resources of State banks have been increasing much more rapidly than has been the case with national banks. This matter is touched upon in the December 1, 1924, annual report of the Comptroller of the Currency, as follows:

In 1870 there were 325 State banks and 1,612 national banks. In 1884 there were 817 State banks, exclusive of savings banks, and 35 trust companies, with aggregate resources of $760,000,000, and 2,625 national banks, with aggregate resources of $2,283,000,000. Twenty years later, in 1904, there were 6,923 State banks, exclusive of savings banks, and 585 trust companies, with combined resources of $5,240,000,000, while there were 5,331 national banks, with aggregate resources of $6,656,000,000. In the next 20-year period, bringing this up to June 30, 1924, we find 17,436 State banks, exclusive of savings banks, and 1,664 trust companies, with aggregate resources of about $25,140,000,000, and 8,085 national banks, with aggregate resources of $22,566,000,000. The increase in aggregate resources of State banks and trust companies for the year ended June, 1924, was $1,478,000,000, as against an aggregate increase for the national banks of $1,054,000,000. Forty years ago the national banks had 75 per cent of the banking resources of commercial banks and trust companies in the United States, whereas by June 30, 1924, they had dropped to about only 47 per cent. During the past two years the increase in national banks resources was about $1,860,000,000, as against an increase in the resources of State banks and trust companies of about $3,540,000,000.

And I want to say in that connection that the mere matter that these national banks have been able to survive and still exist and are prosperous or not does not meet the question that is now before this House.

Since January 1, 1918, 206 national banks, each with capital of $100,000 or over, have given up their national charters and taken out State charters. They carried with them total assets of $2,234,000,000, being about 10 per cent of the total assets of the national banking system.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Michigan. Yes.

Mr. BRIGGS. How many State banks have given up their charters and become national banks?

Mr. WILLIAMS of Michigan. I do not care to be interrupted. I just want to give the facts bearing on the situation before us. After that, if I am given time, I shall be glad to yield in answer to questions.

For a number of years the Comptrollers of the Currency in their annual reports have pointed out the trend in banking which the foregoing figures so forcibly indicate. Everyone, including practically all State bankers, believes that the country needs national banks and a strong national banking system. The situation, however, is such as to arouse great apprehension.

Surely no extended argument need be made to demonstrate the necessity for such legislation as will continue and strengthen the national banking system. It was because of needs arising out of the Civil War that the national bank act was passed in 1863.

The fundamental features of that act are well based. The banks organized under it have performed a great service and have carried the strength of the system and its efficient administration into many sections of the country where the same degree of stability could not be afforded under local laws. National banks are given the bank-note circulation privilege, which is a large factor in supplying the money needs of the country. They are the backbone of the Federal reserve system, which has proven itself a most valuable asset in our national life. Methods of examination under the national law and banking practices denied or authorized by the Comptroller of the Currency have served as salutary precedents for the banking departments of the States. There was a time when the national bank act exemplified the best thought of the banking world for the guidance of State legislatures. Unfortunately, in later years in many respects the act has not been kept up with the needs of modern business, and we are now compelled to look to the legislation of some of the States which is leading and pointing the way.

The bill before you is designed to meet some of the more pressing needs of the situation. There are some other important phases of the national bank law that should be given consideration by Congress at an early date. As to most of the features of this bill there should be but little controversy. These features pertain to matters that are obviously necessary if we desire to relieve national banks from handicaps under which they are now suffering in competition with State institutions. Other proposals in the bill are for the purpose of facilitating the business of national banks and for their protection, even though it might be said that they are not absolutely essential. I will not discuss any of these various features of the bill because when read before the House any further necessary explanation can then be made.

Banks have been leaving the national system and converting into State institutions in alarming numbers for various reasons. Some of these reasons relate to the general lack of liberality in the national law, for the correction of which in the main this bill is directed and to which proposals for changes I have just referred but have not discussed.

The principal additional reason for such conversions has been because of the competition arising out of the development of branch banking as practiced in a considerable number of the States. With reference to this subject of branch banking there is a wide divergence of opinion. The Banking Committee by a considerable majority vote have dealt with this subject, mainly in sections 7, 8, and 9 of the bill. Section 7 amends section 5155 of the Revised Statutes and prevents any State bank having branches outside of the place of its location, established subsequent to the approval of this act, from converting into a national bank and retaining such branches. It changes the law upon this subject, which has been in force for nearly 60 years. Section 8 amends section 5190 and gives the right to national banks to establish branches in the city in which it is located, provided that the law of the State where such bank is located permits State institutions to operate such branches. It limits the number of branches that any national bank may establish in cities of not more than 100,000 population. Section 9 amends section 9 of the Federal reserve act by providing that State member banks shall not hereafter establish any branches outside of the city in which the office of such bank is located and by providing further that no State nonmember bank may join the Federal reserve system without relinquishing such branches as it may have in operation outside of the city in which the parent bank is located. It further limits the number of branches that may be established by a State member institution in cities of not more than 100,000 population. I am frank to say that I am not wholly in accord with the provisions of these sections, and yet, even though they are not changed to meet my views, I shall vote for the bill because of two reasons: (1) The fact that the bill carries so many other vital and necessary amendments to our banking laws, and (2) because the general features of these sections affecting branch banking are no doubt in conformity with the present thought of a majority of the bankers of the country, and we should feel our way carefully with reference to this important question. If later developments should make it necessary to change or modify these sections, we can do so in the light of our experience in working under them if they should be adopted.

There is no question but what in this country generally there is a very strong feeling against the branch-banking idea. I would do nothing to encourage branch banking here as it exists, for instance, in the Dominion of Canada and in Great Britain generally. Academically and theoretically I agree in the main with the views of those who are so strongly against branch banking. However, having said this, I must respectfully urge that sections 7, 8, and 9 have been drafted more from the standpoint of theories and prejudices against branch banking rather than from the standpoint of facing the conditions as they actually exist. It can be said with certainty that these three sections represent an attempt to curtail the development of branch banking, and those who are strongly opposed to branch banking surely ought to support this bill. Whether the sections referred to, enacted into law, will actually accomplish the desired effect is another question.

The Comptroller of the Currency told our committee that under State law city-wide branch banking is permitted in Kentucky, Michigan, Pennsylvania, Tennessee, Wyoming, Massachusetts, Mississippi, New York, and Ohio, and that in the latter State branches are permitted in contiguous territory; that county-wide branch banking is permitted in Maine and Louisiana; that state-wide branch banking is permitted in Arizona, California, Delaware, Georgia, Maryland, North Carolina, Rhode Island, South Carolina, and Virginia.

Section 5155 of the Revised Statutes of the United States which has remained unchanged since its adoption in 1865, and which it is proposed to amend by section 7 of this bill, reads as follows:

> It shall be lawful for any bank or banking association organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them, as it may elect to retain; the amount of the circulation redeemable at the mother bank and each branch to be regulated by the amount of capital assigned to and used by each.

It will be thus seen that 20 of the States permit branch banking, and the Federal law has recognized it in a limited way since 1865. Furthermore, under the act of November 7, 1918, two or more national banking associations may consolidate, and the consolidated bank under this act shall hold and enjoy—

> all rights of property, franchise, and interest in the same manner and to the same extent as was held and enjoyed by the national bank so consolidated therewith.

By virtue of these Federal laws, national banks have been permitted to maintain branches in States which recognize branch banking as legal. Twenty-nine national banks were operating 101 branches in October, 1923, in accordance with these provisions. Under the department's interpretation of the Federal law, national banks in many cities have been permitted also to operate so-called "tellers' windows."

There are many of these "tellers' windows," which for most practical purposes are in reality branches, in operation to-day. These so-called "tellers' windows" have an uncertain status awaiting a final determination by the Supreme Court as to their legality. These conditions affecting national banks have not permitted them in any full sense to meet the branch-banking competition from State institutions.

We hear much about California, where branch banking is so highly developed, and yet we learn from the Federal Reserve Bulletin of December, 1924, page 932, that the aggregate resources of banks operating branches in the State of New York are nearly four times the amount of similar banks located in California, and that four States—Rhode Island, Louisiana, Massachusetts, and Michigan—show a larger aggregate of resources in banks operating branches than is shown for unit banks, while in California and New York two-thirds of the banking resources are reported by banks operating branches. Furthermore, we are informed by the same publication that approximately one-third of the aggregate resources of the 28,468 banks in the country are reported by the 681 banks operating branches, and that 21.2 per cent of the resources reported by the 8,080 national banks are reported by the 108 national banks operating branches and that nearly one-sixth of the resources reported by the 18,818 banks not members of the Federal reserve system are reported by the 382 institutions of this class operating branches; and that 56.2 per cent of the aggregate resources reported by banks operating branches are reported by the State banks in the Federal reserve system, and 29.9 per cent are reported by national banks, and 13.9 per cent by nonmember banks. Of the 2,095 branches now being operated, approximately 462 were in operation in 1913, and 1,633 have been established during the succeeding years. These figures include the so-called "tellers' window" branches. I will not attempt to give the statistics as applying to all of the States which permit branch banking. The fact that branch banking has obtained considerable strength in these States can not be questioned. In Alabama, Georgia, Louisiana, Maryland, Virginia, North Carolina, and South Carolina there are 134 banks operating 319 branches. Of this number only 20 are members of the Federal reserve system. The remaining 114 nonmembers are operating 233 branches. It is an interesting fact that in these States the home offices of many of these banks are located in the smaller cities, as, for instance, in Virginia in such towns as Clintwood, Columbia, Gloucester, Keller, Keysville, Louisa, Staunton, Tappahannock, Urbanna, Wakefield, and Williamsburg. In Georgia there is a bank located at Savannah which has branches in Atlanta, Augusta, and Macon. There is branch banking in almost two-thirds of the cities of this country of over 200,000 inhabitants. The congestion in traffic and other impelling reasons have seemed to make it necessary for banks in the larger cities to maintain branches for the accommodation of their patrons and to bring to them the highest degree of acceptable service. In Detroit where there are only three national banks remaining (which operate 21

branches) there were at the beginning of last year 182 branches in operation. In the city of Cleveland, where only three national banks survive, there were 74 branches in operation. In New Orleans, where there is only one national bank remaining, there were 42 branches. In Buffalo there were 32 branch banks. In Cleveland there is one bank with 54 branches located in and outside of that city. Forty State banks and trust companies, located in the city of New York, out of 63 have 245 branches.

In the State of California, in June, 1924, there were 576 independent unit banks and 99 banks operating branches. Of the unit banks 326 were operating under State charters imposing no restrictions upon the branch-banking privileges and 250 were national banks. There were 538 branches in operation in that State. The branch-banking institutions of California have 1,600,000 depositors, representing two-thirds of the banking public. Of the State banks 19 are members of the Federal reserve system. These 19 banks have in the neighborhood of 264 branches, of which 164 are either within the city or in immediately contiguous territory. The 5 larger State banks, all of them members of the Federal reserve system, have aggregate resources of $1,000,000,000. Of these larger banks the Bank of Italy has 75 branches, 12 in the parent city and 63 out of the parent city. The Mercantile Trust Co. has 46—27 in San Francisco and 19 outside. The Pacific Southwest Trust & Savings Bank has 75 branches—33 in Los Angeles and 42 outside. The Security Trust & Savings Bank has 34 branches, one-half in the city of Los Angeles and the balance outside. The five largest State banks with branches are member banks and have on deposit with the Federal reserve bank approximately $50,000,000, upon which they are drawing no interest. These five banks have borrowed but little, if anything, from the Federal reserve bank.

Mr. STENGLE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Michigan. I am sorry I can not, because I have a lot of material to put before the House and I fear I shall not probably be able to do that.

Mr. STENGLE. I wish the gentleman would yield later.

Mr. WILLIAMS of Michigan. Very well.

If sections 8 and 9 of the bill are adopted there will be four different kinds of banking carried on in California.

(1) Those nonmember State banks with reference to which there will be no limit as to the branch-banking privilege.

(2) State member banks doing a branch-banking business more or less state-wide, which will not be permitted if they remain in the Federal reserve system to establish any additional branches outside of the city in which the home office is located.

(3) National banks having branches both within the city of the parent institution and outside of such city, under the statute, section 5155.

(4) National banks without any right to establish branches outside of the city in which they are located.

Let us now summarize briefly some of the principal arguments for and against branch banking. Those who are opposed to branch banking make the argument that it means absentee ownership and control, largely doing away with character banking; that branch banks do not have the same close touch with the people of the community and are not so largely interested in local and civic affairs; that one seeking a loan of any considerable size must await the determination of the central office and is very apt to secure the loan only by the pledging of collateral; that the practice leads to oppressive measures in dealing with local unit banking competition and an ultimate monopoly of the banking business and a centralization of funds; that the competition between branch-banking systems often results in more branches being established than are needed to serve the community.

Those who favor branch banking insist that this system makes a higher loaning limit available to borrowers; that if the need for funds by borrowers in any community is greater than deposits, it can be supplied by transfer of funds either from another branch or from the parent institution; that there is more security in the loaning of the excess funds of the banking institution in the various communities served by it through such transfer of funds than where outside commercial paper is purchased or excess funds are loaned at distant points, as is frequently done by unit banks; that there is a greater security in banking operations thus carried on because of the wider scope of operations, some communities being prosperous while others may be suffering depression; that a greater safety in management is available because of the advice and suggestions that emanate from the home office and from men of wider experience than is the case with most small unit banks; that there is a better check upon operations of the branch through examinations made from the parent institution than is the case with the small unit bank; that it carries an enlarged service to its customers through contact with the parent institution and is better able to extend trade assistance; that if a branch bank does not give better service and do a proper amount of character banking and keep the good will of the public it can not succeed, and these factors are all taken into consideration in its management; that it tends to decentralize the banking business and establish new centers away from a few of the larger cities and is contrary to the tendency of unit banks to pyramid reserves in the large reserve centers; that it tends to promote competition and to reduce interest rates.

We have seen that, for good or evil, branch banking through State law has gained a strong foothold. A very large part of the business of branch banking is being carried on by institutions that are not within the Federal reserve system and can not be made members of such system except by their voluntary action. In view of the fact that they have not joined the system up to this time, it can be safely said that they will not do so if section 9 of this bill is enacted, because they will then have a freer field of operation and can extend their business without the competition that now comes from the State member banks, with their ability to operate additional branches outside of the city in which they are located, provided such present member banks remain with the Federal reserve system. Will there not be a tendency upon the part of larger State member banks operating outside branches to withdraw from the Federal reserve system in order to carry on the further extension of their business, which they regard as logical and proper, and in order to meet the competition from State nonmember banks, which will be in no way affected by this proposed legislation? There is a grave possibility, if section 9 is adopted, that considerable harm will be done the Federal reserve system without accomplishing any adequate result in the way of curtailing the further development of branch banking.

It should be our desire to encourage State banks to join the Federal reserve system, which now has as members less than one-tenth of such institutions. Futhermore, national banks with the privilege only of establishing branches within the city where they are located will not be in a position either to meet the competition from present State member banks, whether they remain in the Federal reserve system or not, so far as concerns their branches outside of the city where their main business is located or the competition arising from State banks not members of the Federal reserve system and which presumably will not come into that system after the enactment of section 9. The question then arises as to whether through the adoption of section 9, sufficient relief is given to the national banks, especially in those States where State-wide branch banking is permitted, to justify the restrictive features of this section. While it is quite possible that the views that I voice are only those of a minority in this House, yet I can not refrain from urging that the better plan in the light of the conditions as they actually exist would be to give to national banks the right to establish branches under regulations of the Comptroller of the Currency to the same extent as is permitted to State institutions in the States where such national banks are located and to attempt no restrictions whatever upon the right of State member banks to establish branches under local law, or upon the right of State institutions to join the Federal reserve system because of maintaining branches. The resolutions of the Federal Reserve Board of November 7, 1923, as modified under date of April 7, 1924, meet every present need as to the relation between State banks and the Federal reserve system, as pertains to the subject of branches. These rules can be modified from time to time as conditions may demand and are not as inflexible as the proposed section 9. The resolutions of November 7, 1923, are as follows:

Resolved, That the board continue hereafter as heretofore to require State banks applying for admission to the Federal reserve system to agree as a condition of membership that they will establish no branches except with the permission of the Federal Reserve Board; be it further

Resolved, That as a general principle State banks with branches or additional offices outside of the corporate limits of the city or town in which the parent banks are located or territory contiguous thereto ought not be admitted to the Federal reserve system except upon condition that they relinquish such branches or additional offices; be it further

Resolved, That as a general principle State banks which are members of the Federal reserve system ought not be permitted to establish or maintain branches or additional offices outside the corporate limits of the city or town in which the parent bank is located or territory contiguous thereto; be it further

Resolved, That in acting upon individual applications of State banks for admission to the Federal reserve system and in acting upon individual applications of State banks which are members of the Federal reserve system for permission to establish branches or additional offices, the board, on and after February 1, 1924, will be guided generally by the above principles; be it further

Resolved, That the term "territory contiguous thereto" as used above shall mean the territory of a city or town whose corporate limits at some point coincide with the corporate limits of the city or town in which the parent bank is located; be it further

Resolved, That this resolution is not intended to affect the status of any branches or additional offices established prior to February 1, 1924, either those of banks at the present time members of the Federal reserve system or those of banks subsequently applying for membership in said system.

The further declaration of the Federal Reserve Board of April 7, 1924, is as follows:

(1) That it would, "as a general principle, restrict the establishment of branches * * * to the city of location of the parent bank and the territorial area within the State contiguous thereto, * * * excepting in instances where the State banking authorities have certified, and the board finds that public necessity and advantage render a departure from the principle necessary or desirable."

(2) That as a general principle it would not consider applications for permits to establish branches unless State authorities "regularly made simultaneous examinations of the head office and all branches," such examinations being of a character to furnish the board with "information as to the condition of each bank and the character of its management" sufficient to enable the board "to protect the interests of the public."

(3) That it would, as a general principle, require each bank establishing or maintaining branches to maintain for itself and branches "an adequate ratio of capital to total liabilities and an adequate percentage of its total investments in the form of paper or securities eligible for discount or purchase by Federal reserve banks."

(4) That it would not "consider any application to establish a branch, agency, or additional office until the State banking authorities have approved the establishment, * * * and the directors or executive committee and the Federal reserve agent of the Federal reserve bank of the district have made a report upon the financial condition of the applying bank or trust company, the general character of its management, what effect the establishment of such branch, agency, or additional office would have upon other banks or branches in the locality in which it is to be established, and whether, in their opinion, it would be in the interest of the public in such locality, together with their recommendation as to whether or not the application should be granted."

(5) That unless extended by the board a permit should become void after six months if the branch had not been established and opened within that time.

(6) That the board reserves the right to cancel any permit granted in the future whenever it shall appear, after hearing, that such branch, agency, or additional office is being operated in a manner contrary to the interest of the public in the locality in which it is established.

It is impossible at this time to curtail the development of branch banking within any of the States where the people have said through their laws that they desire branch banking to be permitted. It must not be overlooked that this vast development of branch-banking business in various sections of the country must indicate an economic need for such institutions. That kind of a development does not merely happen by accident. These branch-banking institutions are without doubt giving a service and performing business functions that are regarded as needful and advantageous by their customers.

I would not urge anything that would tend to hasten the development of branch banking and would only propose to give to national banks the opportunity of legitimately meeting competition in those States where that kind of competition exists, so that they may continue to be prosperous and so that this apparent weakness in the national banking system to deal with situations of this kind may be eliminated. Some fear has been expressed that to do what I propose would lead to branch banking upon a nation-wide scale. Any dangers along this line can be easily obviated by appropriate legislation if any such dangers exist. It should be remembered that we have 48 States, many of them not permitting branch banking at all and whose people are opposed to the idea in every way. It is hardly to be conceived that any State would allow a bank located in another State to open and operate a full-fledged branch bank within its borders. This could not be done, except by definite legislation of the State in which such bank might be proposed to be located.

In conclusion, it may be said that some of the large State banks have joined the Federal reserve system with the assurance that their rights under their State charters would not be interfered with. To attempt to do so at this time will violate the terms upon which these banks entered the system and will place unnecessary handicaps in the way of the proper development of the Federal reserve system. The adoption of section 9 will create further confusion, and it will be largely unavailing in securing the objects desired by those who propose this kind of legislation. There is involved a serious encroachment upon the principle of State rights in this proposal. [Applause.]

The CHAIRMAN (Mr. MAPES). The time of the gentleman from Michigan has expired.

Mr. WILLIAMS of Michigan. I am sorry I have not further time in which to carry out the conclusions based on these figures.

Mr. STEAGALL. Mr. Chairman, I would like to ask the gentleman from Pennsylvania if it is his thought that he will be able to finish this bill to-day? I am having some inquiries over here on that point. For my own part I think it would be perfectly safe to say that it is impossible to finish this bill to-day.

Mr. McFADDEN. I am hoping that we can finish the debate to-day. The general debate will probably be closed within a half hour. There are not many pages in the bill, and I hope we can finish it this afternoon if the Members will stay with us. I think we should make the attempt. Does the gentleman wish to use some of his time now?

Mr. STEAGALL. Yes. I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

The CHAIRMAN. The gentleman from Texas is recognized for 10 minutes.

Mr. BLACK of Texas. Mr. Chairman and gentlemen, with most of the provisions in the McFadden bill I am in thorough harmony and accord, and I believe that some of them are urgently necessary for the efficiency of the national banking system, and I would gladly join in advancing their progress. But as to those provisions which will enlarge and extend the opportunity for branch banking in the national banking system I am not in harmony and accord.

Now I will admit that these provisions of the bill relating to branch banking have been adroitly and ably argued by the gentleman from South Carolina [Mr. STEVENSON] and other gentlemen who have talked on his side of the question. I will admit that these provisions are hedged about with certain limitations and restrictions. These limitations and restrictions, of course, have been brought about by that large sentiment in the country among the people which is opposed to monopolistic banking. But we need not try to deceive ourselves or fail to take into account the fact that the real advocates of these provisions of the bill are the ones who expect immediately to use them, if they are enacted into law, in establishing branch banks in the cities of their domicile.

It is true, as has been stated, that the bill limits the power and authority of a national bank to establish branches to the city of its domicile. It is true also that the bill limits the authority to those national banks which are located in a State which now permits branch banking. I understand also that the gentleman from Illinois [Mr. HULL], an able member of the committee, proposes to offer other amendments at proper places in the bill, which will provide that the authority shall only extend to national banks located in those States which at the very time of the passage of this act permit branch banking. In other words, if a State now prohibiting branch banking in the future should amend its laws so as to permit branch banking, then the national banks in that State would not have the authority to establish branches.

Mr. WATKINS. Will the gentleman yield?

Mr. BLACK of Texas. In just a moment and I will be glad to yield to the gentleman. Now, the interrogatory I want to propound is this: Why these limitations and restrictions? If branch banking is a sound, economic development; if it is wise; if it will be helpful to the people of the United States, then why not grant the same authority to all national banks, regardless of where they are located.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. BLACK of Texas. I can not now.

Mr. JOHNSON of Texas. For just a question in that connection.

Mr. BLACK of Texas. Yes; I will yield.

Mr. JOHNSON of Texas. Is it not true that if this bill is adopted the next step will likely be that we make this

uniform with reference to all States, and would not that be the result?

Mr. BLACK of Texas. Undoubtedly that would be the next logical step in accordance with the way things usually go. I will now yield to the gentleman from Oregon.

Mr. WATKINS. Suppose we pass this bill and some national banks adopt branch banking in cities of those States which allow it now; could such a State in the future circumscribe and prevent branch banking to the extent that it would eliminate those national banks?

Mr. BLACK of Texas. No; I do not think so. I do not think any State would have that much power. Congress has the power under the Constitution to establish national banks, and no State would have the right to pass a law which would interfere with that power.

Mr. RATHBONE. Will the gentleman yield?

Mr. BLACK of Texas. I can not yield. I wish I had the time, but I have only five minutes more. If I have the time, I will yield to the gentleman. Now, after having made a careful study of this whole subject, having listened to the hearings, and studied the recommendations of different prominent and able men, I am forced to these two conclusions: Either branch banking is a wise, helpful, economic development and ought to be extended to all national banks similarly situated, or else it is an evil that ought to be guarded against, and the power and authority of Congress ought to be exercised in this bill to further limit and prohibit it instead of extending and expanding the authority.

Now, I take the view that it is an evil; I take the view that it will not be helpful to the economic development of the country, and therefore I expect to oppose the provisions of this bill and do what I can to make the language of the bill more prohibitive and more restrictive in character.

At the present time we have more than 8,000 national banks in the United States; to be exact, we have 8,085. The combined resources of these banks, including their capital stock, their deposits, their surplus, and their undivided profits, are more than $22,000,000,000.

The most of these 8,000 national banks are operating and conducting their banking business as independent banking units. I believe in that. Independent banking is in accordance with the very genius of the country.

Mr. CARTER. How many branch banks are there now?

Mr. BLACK of Texas. I have not the figures, but I will insert them before the consideration of this bill is concluded. A great Virginian named Patrick Henry once made a notable speech, with which we are all more or less familiar, and in that speech he said something like this:

> When will we resist British tyranny? Will it be when a British soldier is stationed at every door?

The CHAIRMAN (Mr. MAPES). The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Mr. Chairman, I ask one more minute.

Mr. STEAGALL. Mr. Chairman, I will yield the gentleman one more minute.

The CHAIRMAN. The gentleman from Texas is recognized for one additional minute.

Mr. BLACK of Texas. I ask, When will we preserve our independent banking system? Will it be when every independent bank is either absorbed or driven out of business by these larger banking units and a branch bank is established in every section of our larger cities? No. The time to preserve it is now, and therefore I intend to use such power and influence as I may have on that side of the question. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK of New York. Mr. Chairman and gentlemen of the committee, I am not opposed to branch banking as such; in fact, I think that banks are about the best scenery we have in the country. But I am opposed to this bill; in the first place, because I think it is a lopsided proposition. It is neither 100 per cent good nor is it 100 per cent bad; it is about 2 per cent good.

When I first saw this bill I thought it was my duty to consult with our State superintendent of banks, Mr. George McLaughlin, who happens to be the president of the National Association of Supervisors of State Banks, and I consulted the right man. It seems that the supervisors of State banks at a conference concluded that this bill, without amendment, was an injurious proposition to the State banks, and they based it on this conclusion: It seems that the Federal Reserve Board, anxious to meet the competition of the State banks against the national banks, and unable to get the congressional action it seeks in this bill, passed certain regulations. These regulations were to retard the State banks in their competition with national banks. The regulations are generally known as Regulations H. This bureaucracy, known as the Federal Reserve Board—with which I have no quarrel generally, and with which Mr. McLaughlin has no other quarrel but these regulations—saw fit to make certain conditions which should apply only to State banks and not apply to national banks. And I say this, that Mr. McLaughlin, operating on behalf of all the State banking administrations of the country, is acting on behalf of a democratic principle in government.

The Federal Reserve Board and the Federal reserve system was never supposed to be the fiscal administration of State banking systems. It was never supposed to be anything more than an accommodation, a credit system; but it proposes under these regulations to go into the internal administration of State banking departments in the interest of the competitive help which the national banks required because they could not get legislation. And I say this: When you give the national banks legislation, then stop the artificial help they are getting from the regulations. That is the only fair thing to do. The best argument I have on that situation is the statement which the gentleman from Pennsylvania [Mr. MCFADDEN] put in the RECORD. You will find on page 1469 of the RECORD the following:

> The board has for years been attempting to get Congress to enact legislation putting national banks on an equal footing with State banks with regard to branch banking, and Congress has so far failed to enact such legislation. This congressional inactivity, combined with the rapid spread in recent years of branch banking on the part of State banks, together with the absorption of national banks and their conversion into branches, has compelled the board to do what it could to relieve the situation through the issuance of these regulations, but the board did so very reluctantly and would much prefer to see the subject dealt with by Congress.

I say that when Congress deals with the subject let Congress take over this function of legislating and let Congress legislate on these conditions. Let Congress make conditions equally applicable to the national banks and to the State banks. Let Congress do away with these artificial stimulants that the Federal Reserve Board has given the national banks.

I also quarrel with the committee as to the question of emergency mentioned in the report. There is no such emergency as the committee would point out justifying this bill.

The New York Times of this morning, reviewing last year's developments among the banks, has this to say: "Condition statements of the national banks have shown, with few exceptions, a record growth in 1924." There is no need for this hasty legislation and there is no emergency justifying this bill.

Mr. NELSON of Wisconsin. Will the gentleman yield?

Mr. BLACK of New York. I can not yield now.

The day before yesterday the Phoenix National Bank absorbed the Metropolitan Trust Co. The national banks can get along with these regulations, and those who say that they are against branch banking but for this bill can get sufficient relief against State competition by the broad provisions of section 9 of the Federal reserve act.

Mr. Chairman, under leave granted to extend my remarks in the RECORD I insert the following proposed amendment to the McFadden bill:

> Amendment to be offered to the McFadden bill by Mr. BLACK of New York: Page 11, line 3, after the word "That," strike out everything down to line 7 on page 19 and insert in lieu thereof the following: "Section 9 of the Federal reserve act be amended to read as follows:
>
> "'SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, desiring to become a member of the Federal resreve system, may make application to the Federal Reserve Board, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board may permit the applying bank to become a stockholder of such Federal reserve bank if it conforms to this act.
>
> "'SECTION 1. BANKS ELIGIBLE FOR MEMBERSHIP
>
> "'In order to be eligible for membership in a Federal reserve bank, a State bank or trust company must have been incorporated under a special or general law of the State or district in which it is located,

"'No applying bank can be admitted to membership in a Federal reserve bank unless—

"'(a) It possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national bank act, or

"'(b) It possesses a paid-up, unimpaired capital of at least 60 per cent of such amount, and, under penalty of loss of membership, complies with the rules and regulations herein prescribed by the Federal Reserve Board fixing the time within which and the method by which the unimpaired capital of such bank shall be increased out of net income to equal the capital required under (a).

"'In order to become a member of the Federal reserve system, therefore, any State bank or trust company must have a minimum paid-up capital stock at the time it becomes a member, as follows:

If located in a city or town with a population of—	Minimum capital if admitted under clause (a)	Minimum capital if admitted under clause (b)
Not exceeding 3,000 inhabitants	$25,000	$15,000
Exceeding 3,000 but not exceeding 6,000 inhabitants	50,000	30,000
Exceeding 6,000 but not exceeding 50,000 inhabitants	100,000	60,000
Exceeding 50,000 inhabitants	200,000	120,000

"'Any bank admitted to membership under clause (b) must also, as a condition of membership, the violation of which will subject it to expulsion from the Federal reserve system, increase its paid-up and unimpaired capital within five years after the approval of its application by the Federal Reserve Board to the amount required under (a). For the purpose of providing for such increase every such bank shall set aside each year in a fund exclusively applicable to such capital increase not less than 50 per cent of its net earnings for the preceding year prior to the payment of dividends, and if such net earnings exceed 12 per cent of the paid-up capital of such bank, then all net earnings in excess of 6 per cent of the paid-up capital shall be carried to such fund, until such fund is large enough to provide for the necessary increase in capital. Whenever such fund shall be large enough to provide for the necessary increase in capital, or at such other time as the Federal Reserve Board may require, such fund, or as much thereof as may be necessary, shall be converted into capital by a stock dividend or used in any other manner permitted by State law to increase the capital of such bank to the amount required under (a): *Provided, however,* That such bank may be excused in whole or in part from compliance with the terms of this paragraph if it increases its capital through the sale of additional stock: *Provided further,* That nothing herein contained shall be construed as requiring any such bank to violate any provision of State law, and in any case in which the requirements of this paragraph are inconsistent with the requirements of State law the requirements of this paragraph may be waived and the subject covered by a special condition of membership to be prescribed by the Federal Reserve Board.

"'The application for membership shall be on such forms as prescribed by the Federal Reserve Board and shall be subject to such rules and regulations as the board may prescribe within the provisions of the Federal reserve act.

"'In passing upon an application the Federal Reserve Board shall consider—

"'(a) The financial condition of the applying bank or trust company and the general character of its management;

"'(b) Whether the corporate powers exercised by the applying bank or trust company are consistent with the purposes of the Federal reserve act; and

"'(c) Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to prevent proper compliance with the provisions of the Federal reserve act and the regulations of the Federal Reserve Board made in conformity therewith.

"'Such bank or trust company shall reduce to and maintain within and exercise its powers with due regard to the safety of its customers.

"'Such bank or trust company shall not reduce its capital stock except with the permission of the Federal Reserve Board.

"'Such bank or trust company shall reduce to and maintain within limits prescribed by the laws of the State in which it is located any loan which may be in excess of such limits.

"'Such bank or trust company may accept drafts and bills of exchange drawn upon it of any character permitted by the laws of the State of its incorporation, but the aggregate amount of all acceptances outstanding at any one time shall not exceed the limitations imposed by section 13 of the Federal reserve act; that is, the aggregate amount of acceptances outstanding at any one time which are drawn for the purpose of furnishing dollar exchange in countries specified by the Federal Reserve Board shall not exceed 50 per cent of its capital and surplus, and the aggregate amount of all other acceptances, whether domestic or foreign, outstanding at any one time shall not exceed 50 per cent of its capital and surplus, except that the Federal Reserve Board, upon the application of such bank or trust company, may increase this limit from 50 per cent to 100 per cent of its capital and surplus: *Provided, however,* That in no event shall the aggregate amount of domestic acceptances outstanding at any one time exceed 50 per cent of the capital and surplus of such bank or trust company.

"'The board of directors of said bank or trust company shall adopt a resolution authorizing the interchange of reports and information between the Federal reserve bank of the district in which such bank or trust company is located and the banking authorities of the State in which such bank is located.

"'Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Federal Reserve Board, and stock issued to it shall be held subject to the provisions of this act.

"'All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relates to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section 5209 of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within 10 days after the date they are called for shall subject the offending bank to a penalty of $100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal reserve bank by suit or otherwise.

"'The Federal Reserve Board shall have the right to order a member bank—

"'To discontinue any unlawful or unsafe practices.

"'To make good an impairment of its capital.

"'To make good encroachments upon reserves.

"'To comply fully with any of the applicable provisions of this act.

"'As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

"'Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined.

"'If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

"'Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than 25 per cent of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash-paid subscription with interest at the rate of one-half of 1 per cent per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

"'Banks becoming members of the Federal reserve system under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section 5240 of the Revised Statutes as amended by section 21 of this act. Subject to the provisions of this act made pursuant thereto, any bank becoming a member of the Federal reserve

system shall retain its full charter and statutory rights as a State bank or trust company and may continue to exercise all corporate powers granted it by the State in which it was created and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than that which could be borrowed lawfully from such State bank or trust company were it a national banking association.

"'The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this section and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

"'It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal reserve system upon hearing by the Federal Reserve Board.'"

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MORTON D. HULL].

Mr. STENGLE. Will the gentleman yield for a question before he begins his address?

Mr. MORTON D. HULL. I wish to say in advance that I shall be very much obliged if gentlemen do not interrogate me while I am speaking.

Mr. STENGLE. I did not want to interrogate the gentleman, but wanted to offer a question and have it discussed. I am looking for light and I thought the gentleman could give it to me.

Mr. MORTON D. HULL. I do not know whether I can or not. The gentleman can wait and see.

I have no sympathy with harangues which are addressed to popular prejudice and directed against successful business. If there are profiteers in the banking business, there are profiteers in all kinds of business, large and small.

According to my own convictions, the banking fraternity have an interest in the welfare of the community which, as a matter of fact, makes them more responsive to the public service than almost any other business in America. I therefore have a high respect for the banking profession. While I say this, I do not wish to join in any proposal that can in any way justify the harangues such as I have heard suggested through the centralization of bank control or the control of large resources, and therefore, while I am in favor of this bill, I have been reluctant to accept its provisions with reference to branch banking without offering to the Members of this House certain amendments.

A better understanding of these amendments perhaps will be had by a brief recital of the facts. You know that the Federal law, broadly speaking, does not permit branch banking. It has been suggested on the floor that it does, and it does in a limited way. The gentleman from Oklahoma [Mr. CARTER], I believe, asked how many national banks were engaged in the branch-banking business. My recollection is that out of over 8,000 national banks there are something over 100 that do a branch-banking business. State banks, however, in 17 States are expressly authorized to do a branch-banking business, and there has resulted competition on the part of these State banks with national banks for new business that has been embarrassing to the national banks in those particular jurisdictions. As a result there have been withdrawals from the national banking system and to that extent a weakening of the whole structure of the Federal reserve system, and it is feared that if these withdrawals continue, they may result in a gradual undermining of the whole Federal reserve system.

This bill proposes, in order to put national banks on an even competitive basis with State banks, that wherever by present State law or by any State law hereinafter enacted, State banks are permitted to do a branch-banking business, national banks shall be permitted to do a branch-banking business. There are certain geographical limitations, that branch banking so conducted in such jurisdictions shall not be outside of the city limits of the domicile of the parent bank and shall be limited in the number of branch banks. With these particular limitations, I am not immediately concerned. I am willing to go along with this bill so far as it is necessary to put national banks now on an even competitive basis with State banks, but I am reluctant to go any further.

I think we should retain the authority in this Congress to determine how much further branch-banking business on the part of the national banks shall go, and therefore I am proposing that instead of permitting national banks to do any branch-banking business wherever now or hereafter State banks are permitted to do branch-banking business that we shall provide that wherever at the time of the approval of this act State banks are authorized by law to do a branch-banking business national banks shall be permitted to do a branch-banking business, but that we shall retain for ourselves the right to determine how much further at any time in the future we may wish to go with the license to national banks to do branch banking instead of surrendering that discretion to the States.

The bill proposes also, with reference to State banks, that State member banks hereafter shall not be permitted to establish branch banks outside of the domicile of the parent banks; and that applying banks—that is, branch banks that may in future seek to come into the Federal reserve system—shall not be permitted to come into the Federal reserve system unless they drop any branch banks that may exist outside of the city in which the parent bank is located.

I am proposing, with reference to those State banks that are members of the Federal reserve system, that wherever at the time of the approval of this act branch banking is not permitted, State banks shall not be authorized to take advantage of any law that may thereafter be passed in their own States permitting branch banking, to establish thereafter a few branch banks, and then come into the Federal reserve system.

Mr. STEAGALL. Will the gentleman permit an interruption?

Mr. MORTON D. HULL. In just a moment.

I know the question will be asked what will happen in case States not now permitting branch banking shall hereafter pass laws permitting branch banking. It will be said that in such event an unbalanced situation will again arise, and we shall have national banks in any such jurisdiction handicapped in competition with State banks. If that should happen, that would be true, and we would again have to come back to Congress and review the subject in the light of longer experience and a better understanding of the whole situation.

I am bringing this suggestion to your minds that the bill as presented here really accelerates, to my mind, the growth of branch banking, because it makes it a matter of interest to national banks in the jurisdictions which do not now permit branch banking to go to legislatures of those particular States and to get branch-banking legislation given to their own State banks, and then they will be in a position to come in and do branch banking themselves. I am hoping and expecting, if the amendments which I shall propose are adopted, that they will create an interest in the States which do not now permit branch banking which will retard the growth of branch-banking legislation on the part of those States. It will be against the interests of the national banks in any such State to have an act passed which will permit State banks to do a branch-banking business; they will be interested in going before the legislatures of their States and using their influence against any State permitting branch banking.

Furthermore, it will be in the interest of State banks that are members of the Federal reserve system, if my amendments are adopted, if they value their membership in the Federal reserve system, to work against legislation in their own States permitting branch banking.

So I have the confident feeling that the adoption of my amendments, which I shall propose, will retard the branch banking in any State which does not now permit it and may prevent altogether legislation of that kind.

I want to say that under the provisions of this bill there are three methods by which national banks doing a branch-banking business can come into being as branch-banking national banks. One is by consolidation of a national bank with a State bank that is doing a branch-banking business. The second way is by the conversion of a State bank doing branch-banking business into a national bank, and the third is by the application of the national bank made to the Comptroller of the Currency, asking permission to open up a branch bank, and receiving permission from the Comptroller of the Currency.

The last is the way ordinarily, I assume, in nine cases out of ten that national banks would go into the business of branch banking. The others, the backdoor methods, would

probably only take up a few cases. It means, however, in order to get the amendments I am proposing that they will have to be made to four sections of the bill.

Now, Mr. Chairman and gentlemen, these amendments are not made in any spirit of hostility to the bill, but in an effort to reconcile differences and to work out some practical plan for the settlement of the pressing problem in the banking world and to enable us to pass some legislation on this general subject.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CELLER. Mr. Chairman and gentlemen——

Mr. STENGLE. Will the gentleman yield for a question before he begins? I do not want to take up his time but there is a question that bothers me and I want to be right. A statement was made by the gentleman from Alabama [Mr. STEAGALL] that the entire committee agreed that the whole thing was wrong in principle. I would like for somebody to prove that it is right in practice, if it is wrong in principle.

Mr. CELLER. Well, I have only five minutes but I will do the best I can. Gentlemen of the committee, as a vice president of a small New York City bank, and somewhat familiar with the conditions in New York City, I wish to state at the outset that I am in favor of this bill, but on condition that the amendments suggested by the New York State superintendent of banks, in whole or mainly in part, shall be accepted by the committee.

Furthermore, I want to take exception to the remarks of the distinguished gentleman from Pennsylvania [Mr. MCFADDEN], in reference to what he said yesterday in criticism of the attitude of our superintendent of banks, Mr. McLaughlin. Mr. McLaughlin has under his control in State bank resources over $9,000,000,000. This is more than the combined State bank resources of the States of Michigan, Illinois, Pennsylvania, and Massachusetts. He has never had a bank failure under his supervision. He brings to bear upon his important work a rare skill, broad experience in banking affairs, and a splendid integrity of purpose, and therefore anything he may say deserves careful consideration by anyone anywhere. I think the heavy strictures laid on Mr. McLaughlin for suggesting amendments to this House are as unjustifiable as they are unfounded.

Now, what are the conditions with reference to New York? I do not care whether you believe in branch banking or not. I know, however, that every well known political economist in the United States is in accord on the efficacy of branch banking. You have in your hearings this statement by Prof. O. M. W. Sprague, in the Quarterly Journal of Economics:

> Upon few subjects has the concensus of opinion of both economists and financial writers been more general than upon the advantages of branch banking over a system of separate local banks. Its superiority in respect to safety, economy, the equalization of rates for loans, and the diffusion of banking facilities can not be questioned.

I am not a political economist, but as an observer of general banking conditions I say, branch banking is with us and is with us to stay. It is too late to stop it, even if it is an evil. It has progressed too far. Comparatively few States prohibit branch banking and in these States where it is allowed the branches are limited to the cities or counties. This bill in the main seeks to arrest the present growth and development of branch banking and in that sense is praiseworthy. It will prevent State banks and trust companies which are members of the Federal reserve bank from opening additional branches beyond the corporate limits of the city where the parent bank is situated and at the same time will allow national banks the right to open branches within the same municipalities, but such branches shall be limited to said municipalities. The national banks shall have the same rights as well as the same limitations as State banks. If a State prohibits branches to State banks, then a national bank in that State shall likewise be denied the right of branching out.

In States allowing branch banking a very anomalous situation has arisen. State banks have branched out but national banks could not legally acquire branches except by merger and consolidation. This has given rise to a condition of unfair competition, with State banks having the better of it.

The New York Corn Exchange Bank has 58 branches. It is a State member bank of the Federal reserve. Our Bank of Manhattan, being one of the oldest banks in New York City, has 33 branches. The Manufacturers' Trust Co. of New York has, I believe, 12 branches. It is unfair to make the national banks in New York City, with no legal power to branch, meet that competition, where these State banks are enabled by our State law to reach out and get all the business to be had in the city of New York, with its five great boroughs and hundreds of small communities. For that reason and because this bill seeks to put national banks on a parity and equality with State banks I am for this bill; but you do not go far enough, and unless you go the distance in the main suggested by Mr. McLaughlin, the State superintendent of banks in the State of New York, I am going to be against the bill. Why do I say that? When the State banks entered the Federal reserve system, principally in 1917—a great many of them were impelled to do so by patriotic motives as a result of the World War—they were distinctly told that the charter rights granted to them by the State banking department would not be interfered with; but the Federal Reserve Board has constantly, by regulations under section 9 of the Federal reserve act, sought to lay down most rigid and exacting conditions upon State banks seeking to establish branches. These regulations are direct interferences with charter rights. They have told the State banks that they have to have their reserves in a certain form, their assets and investments in a certain form, and that the operation of their branches must be under certain prescribed conditions. Now, what is sauce for the goose shall be sauce for the gander. Amend the bill before us to provide that any regulations or rules laid down by the Federal Reserve Board concerning State member banks in the opening of branches shall with equal force be binding upon national banks opening branches. Further, amend your bill so that charter rights guaranteed State banks concerning branches shall not be abridged or taken away. New York State, for example, requires an increase of paid-up capital of $100,000 for each branch of a State bank. When a national bank in New York seeks to open a branch let that national bank likewise pay in as additional capital $100,000. In other words, let there be equality all along the line, then I shall vote for the bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WINGO. Mr. Chairman, I yield four minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, this bill presents a new theory of legislation. If this bill becomes a law it will be known as homeopathic legislation. In order to cure the evil of branch banking, the bill would legalize and establish branch banking. But, gentlemen, permit me to digress just one moment to refer to remarks made yesterday by the gentleman from Indiana [Mr. WOOD]. I suppose in years to come when students will be looking for the history of the legislation on branch banking they will study the learned and scholarly presentation of the case to be found on page 1580 of the RECORD of January 9, 1925, made by the chairman of the Republican Congressional Committee, the distinguished gentleman from Indiana [Mr. WOOD]. I am sure that his presentation will stand out in glaring contrast to the arguments on Federal banks and national banks that have been made in this House throughout the history of the country. I am not standing here to-day to defend anyone. Surely the statesman attacked by the gentleman from Indiana needs no one to defend him. But, gentlemen, you all must admit that whether you like the Senator or not, there is not a man living to-day, Member of the House or Senate, who has written more sound legislation than the distinguished Senator from Wisconsin, ROBERT M. LA FOLLETTE. Senator LA FOLLETTE has contributed his genius to every important piece of legislation that has been passed by the American Congress in the last quarter of a century. He has the ability to understand conditions. Senator LA FOLLETTE has sought to write laws carrying out the spirit and intent of the Constitution applied to existing conditions and to fit changed conditions brought about by the growth of commerce, industry, and finance. A study of the history of the legislation concerning our Federal reserve system will show what an important part Senator LA FOLLETTE took in the making of these laws. Yet yesterday we heard the feeble attempt made to the extent of the gentleman's limitations to ridicule this great statesman. The record of Senator LA FOLLETTE as a statesman, an economist, and a legislator will stand out and live long after many inconspicuous and colorless Representatives dragged into office by a party emblem will have been entirely forgotten. The gentleman took occasion to refer to the Senator's absence during consideration of the Howell-McNary bill. Such criticism I would consider ungenerous, if not unfair, as it is public knowledge that the Senator at the time was seriously sick, stricken with pneumonia. Even the Senator's enemies will admit that he is not the kind of a man that runs away, stays away, or avoids declaring himself on any issue. As to my colleague's reference to those of us who followed the Senator in the last election, I say that

we have nothing to regret. I did what I believed was the proper thing to do, and, under the same conditions and circumstances, I would do it over again.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Chairman, I yield now to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, I desire to say a few words in explanation of section 4 of this bill, which seeks to amend section 5138 of the Revised Statutes. This section 4 was incorporated in this bill at my suggestion and as a result of a bill, H. R. 4096, which I introduced in the last session of Congress. The only new matter introduced into section 5138 of the Revised Statutes by this amendment is in the last four lines which read as follows:

except that in the outlying districts of such a city banks now organized or hereafter organized may, with the approval of the Comptroller of the Currency, have a capital of not less than $100,000.

Section 5138 of the present national bank act now provides that—

No association shall be organized with a less capital than $100,000, except that banks with a capital of not less than $50,000 may, with the approval of the Secretary of the Treasury, be organized in any place the population of which does not exceed 6,000 inhabitants, and except that banks with a capital of not less than $25,000 may, with the sanction of the Secretary of the Treasury, be organized in any place the population of which does not exceed 3,000 inhabitants. No association shall be organized in a city the population of which exceeds 50,000 persons with a capital of less than $200,000.

In the year 1904 or 1905 the Comptroller of the Currency, acting upon the opinion of the Solicitor of the Treasury, permitted the organization of several banks in places within the territory added to the city of New York by the extension of its corporate charter. The charter granted to the city of Greater New York in 1898 included a considerable territory in which there were located country and farming districts and small towns and villages. Many such districts and towns and villages still exist with not a very great increase of population. They are still, to all intents and purposes, separate and distinct communities, having populations of from 5,000 to 20,000 inhabitants. Subsequent Comptrollers of the Currency, following the precedent established, issued charters to banks in such communities, not only within the territory added to the city of New York, but, as I am informed, in similar territory added to other cities in the United States, such as Boston and Chicago, so that there now exist in territory such as described upwards of 15 or 20 national banks having capital in varying amounts from $50,000 up to $200,000.

Recently the Comptroller of the Currency, acting upon the opinion and under the direction of the Attorney General, has declined to issue charters or permit the incorporation of national banks anywhere within the city of Greater New York, with a less capital than $200,000, as provided in the last sentence of section 5138 of the Revised Statutes, and he has also issued instructions to all banks within the territory of the city of Greater New York having a less capital than $200,000 to increase the amount of such capital to the sum of $200,000.

Many of such banks which were organized under the previous ruling of the Comptroller of the Currency now find it exceedingly difficult to comply with the directions of the present Comptroller of the Currency, especially those banks which were organized in the smaller villages within the territory of the city of Greater New York. The present stockholders of these banks, for the most part, are men of moderate means and are unable to furnish the additional capital required in proportion to their present holdings of stock, and even if they could do so the earnings of these banks are insufficient to pay a reasonable return on such additional capital. It is also very difficult to sell to other investors the additional capital stock required, because of the fact that there would not be any immediate prospect or guaranty of a reasonable rate of income upon such investment, particularly if the present small surplus accumulated by these banks is distributed among the present stockholders, which must be done in justice to them before such a large increase of capital is made.

The laws of the State of New York permit the incorporation of State banking institutions within the city of Greater New York with a capital of $100,000, and if section 5138 is not amended as proposed these banks and banks similarly situated will in all probability be obliged to withdraw from the national banking system and incorporate as State banking institutions, or will have to discontinue entirely or sell out to some large bank and become branch banks.

It seems to be unjust that national banks in these small outlying communities or villages should be required to have the same minimum capital as is required for national banks in the heart of the financial districts of large cities. These communities are for the most part residence districts, and the banks serve a large number of customers who carry comparatively small balances on deposit. They render an important service to the community and their earnings are small as compared with the amount of service they give. A large majority of the residents of these communities are men having their business connections in the center of the city of New York, and consequently their moneys for the most part are on deposit in banks near their business places, their family or household accounts only being carried in local banks.

In the year 1918 a situation similar to the present one arose in connection with the banks located as hereinbefore stated. Prior to that time these banks had been permitted by the Comptroller of the Currency to carry the same reserve as country banks were required to carry under section 143 of the Federal reserve act, but in that year the then Comptroller of the Currency required such banks to carry the same reserve as the large city banks located in the heart of the financial districts. Application was at that time made to the Congress for an amendment to the Federal reserve act, and pursuant to such application the Congress amended sections 144 and 145 of the Federal reserve act so as to provide that banks located in the outlying districts of reserve cities and central reserve cities, or in territory added to such cities by the extension of their corporate charters, might be permitted by the Federal Reserve Board to carry the same reserve as was required to be carried by country banks. Such amendment was approved September 26, 1918, and the Federal Reserve Board promptly granted relief to the banks in the outlying districts to carry the same reserve as country banks.

I believe that this amendment to section 5138 is just and fair to all the banks which may be affected by it. If enacted into law it will place the matter entirely within the discretion of the Comptroller of the Currency; so that if in the future any of the communities become large and metropolitan in character, an increase of capital can be required as changed circumstances may warrant.

The Treasury Department is in favor of this amendment, and on this point I would like to call the attention of the committee to part of a letter addressed to me by the Undersecretary of the Treasury on February 29, 1924, as follows:

I received your letter of January 28, 1924, with the inclosed copy of H. R. 4096, to amend section 5138 of the Revised Statutes of the United States in relation to the amount of capital stock required for national banking corporations. I think there is a real need for some such modification as your bill provides in the capital requirements for banks located in the outlying districts of the larger cities. The suburban districts of our large cities under modern development have their own peculiar business and banking needs and are more or less economically independent.

It is very interesting to note that the Comptroller of the Currency in his last annual report strongly recommends the amendment proposed in section 4 of this bill. On this subject his report states:

Under the present law a national bank can not incorporate in a city of over 50,000 population with a capital of less than $200,000. This provision was probably a wise one at the time the national bank act was passed, because at that time practically all large cities could be roughly divided into a large business section and a single residential section. On account of the growth of some cities and changed conditions, due to the introduction of automobiles and changes in transportation, community business centers have developed at various points through parts of cities that were formerly exclusively residential. The requirements in a banking way of these districts are practically identical with those of smaller independent municipalities. There is necessity for banking facilities without the requirements of as large a capital as $200,000. Inability to provide banking facilities on account of this $200,000 limitation has had a tendency to deprive these communities of banking facilities and to promote the establishment of State rather than national banks and to create additional demands for branch banks. Such a provision would be unobjectionable and, in fact, very advantageous to permit the establishment of banks with capital of $100,000 in these outlying districts. The discretion as to the necessities of these outlying districts and the definition of what is an outlying district should necessarily be left with the comptroller, as conditions vary so widely in different sections that it is impossible to lay down any definite formula. It is quite possible and has been advocated by many that it would be wise to reduce this

limitation on capitalization to $50,000. The unfortunate experience of the past year makes it undesirable to encourage the establishment of any more $25,000 banks than are already provided for by law.

This amendment therefore will bring a much-needed relief to the banks in the suburban and outlying districts now serving separate community centers and will permit them to remain in the national banking system.

Mr. McFADDEN. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. On the principle that half a loaf is better than no bread, I intend to vote for this bill. It does not, as you may gather from that preliminary statement, meet all of my own wishes, but the balance of advantage in the bill is so great that as a practical matter it would be my hope that the bill might prevail.

Mr. STENGLE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. STENGLE. Will the gentleman, with his great experience, explain for my benefit how we can put into practice a principle that is wrong and maintain our standing in the community as reliable statesmen?

Mr. LUCE. The right or wrong of the principle is hardly a pertinent question in the present juncture. I am very doubtful about my own capacity to pass judgment upon the merits of different systems of banking, nor do I conceive it to be a function of the Congress to determine whether one system or another will be the better. Gentlemen would recognize that point, I think, if they were asked here to decide whether chain grocery stores should be preferred to separate grocery stores. My own view of the matter is that, apart from the financial operations of the Government, the only function of the Congress is to protect those who use the banks. Constantly before the Committee on Banking and Currency and constantly here we are asked to favor this or that class of banks. That is a matter of indifference to me. It seems to me the concern of the Congress simply is the welfare of all of the people.

Mr. BLANTON. Mr. Chairman, on that point will the gentleman yield?

Mr. LUCE. For a brief question.

Mr. BLANTON. Will the half loaf in this bill that the gentleman speaks of benefit the people or the banks?

Mr. LUCE. A concrete example may answer the gentleman. Some years ago when I first went upon this committee I called its attention to the situation in my own city, where a river divides that small community into a "north side" and a "south side."

The State bank, namely, the trust company, was able to have offices on both sides of the river. The national bank could have an office on but one side of the river. No man connected with either institution ever spoke to me on this matter, and I am a friend of each, but my sense of fair play led me to urge upon the committee that the national bank should have the same privilege as the State bank in order that with equal opportunity for competition the maximum of benefit might accrue to the community at large. That typifies what seems to me may well be the attitude of this House toward the two systems of banking here in controversy. For the benfit of the community let them have an equal chance and then let the best horse win. Economic forces will determine which is the better system for the country. Let us not here try to interrupt what may be the operation of these economic forces when our only concern is the protection of the communities.

Mr. BLACK of New York. Will the gentleman yield?

Mr. LUCE. No; I have but a moment more. I wish to address myself to the topic on which I think the gentleman is interested——

Mr. BLACK of New York. Right on that point.

Mr. LUCE. I can not yield. The proposal that the gentleman presents amounts to this: "If you are now undertaking to revise the banking laws and you do not give me what I want upon some new, separate, and distinct proposition never considered by the committee, I am going to vote against your whole bill." What the gentleman urges has never, in the five years I have been on the committee, been discussed in the committee, and it has not been presented in any bill before the committee. It is absolutely a new proposition to us; yet the gentleman and his associates say if you will not give us a new thing, wholly foreign to what you have been studying and know something about and have formed an opinion upon; if you will not on the spur of the moment pass judgment upon a new and distinct proposition, you shall not have this revision of part of the law. That attitude seems to me unwise, untenable, and unfair. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired; all time has expired, and the Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, be amended by adding at the end thereof a new section, to read as follows:

"SEC. 3. That any bank or trust company incorporated under the laws of any State, or any bank or trust company incorporated in the District of Columbia, may be consolidated with a national banking association located in the same county, city, town, or village under the charter of such national banking association on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association, bank, or trust company proposing to consolidate, and which agreement shall be ratified and confirmed by the affirmative vote of the shareholders of each such association, bank, or trust company owning at least two-thirds of its capital stock outstanding, or by a greater proportion of such capital stock in the case of such State bank or trust company if the laws of the State where the same is organized so require, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper published in the place where the said association, bank, or trust company is located, and if no newspaper is published in the place, then in a paper published nearest thereto, unless such notice of meeting is waived in writing by all stockholders of any such association, bank, or trust company, and after sending such notice to each shareholder of record by registered mail at least 10 days prior to said meeting, but any additional notice shall be given to the shareholders of such State bank or trust company which may be required by the laws of the State where the same is organized: *Provided*, That the capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located; and all the rights, franchises, and interests of such State bank or trust company so consolidated with a national banking association in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association into which it is consolidated without any deed or other transfer, and the said consolidated national banking association shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by such State bank or trust company so consolidated with such national banking association: *And provided further*, That when such consolidation shall have been effected and approved by the comptroller any shareholder of either the association or of the State bank or trust company so consolidated who has not voted for such consolidation may give notice to the directors of the consolidated association within 20 days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors of the consolidated association, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to such shareholder he may, within five days after being notified of the appraisal, appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and the consolidated association shall pay the expenses of reappraisal, and the value as ascertained by such appraisal or reappraisal shall be deemed to be a debt due and shall be forthwith paid to said shareholder by said consolidated association, and the shares so paid for shall be surrendered and, after due notice, sold at public auction within 30 days after the final appraisement provided for in this act; and if the shares so sold at public auction shall be sold at a price greater than the final appraised value, the excess in such sale price shall be paid to the said shareholder; and the consolidated association shall have the right to purchase such shares at public auction, if it is the highest bidder therefor, for the purpose of reselling such shares within 30 days thereafter to such person or persons and at such price as its board of directors by resolution may determine: *And provided further*, That no such consolidation shall be in contravention of the law of the State under which such bank or trust company is incorporated; *And provided further*, That, except as to branches in foreign countries or dependencies or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches which may have been established beyond the corporate limits of the city, town, or village in which such consolidated association is located."

Mr. WINGO. Mr. Chairman, I move to strike out, commencing with the words "*And provided*," in line 22, on page 3, all the following language down to and including line 4, on page 5.

The CHAIRMAN. The gentleman from Arkansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. WINGO: Beginning on page 3, line 22, after the word "association," strike out the remaining language on page 3, all of page 4, and down to and including line 4 on page 5.

Mr. WINGO. Now, Mr. Chairman, the effect of my amendment strikes out that part of the bill that undertakes to fix what shall be the rights of a dissenting stockholder in a State institution that is consolidated with a national bank. It is true that on page 5, line 5, there is a provision that no such consolidation shall be in contravention of the State law, but that does not cure the proposition involved in my amendment. Let us see, gentlemen, what you propose to do by the language I want to strike out. You say that if you are a stockholder in a State institution, a State bank, the majority of whose directors have voted to consolidate with a national bank and you do not believe in the consolidation, you do not propose to continue in the consolidated corporation and keep your stock, then Congress says to the man, who has got property by virtue of State laws, that his property shall be disposed of in a specific way, and if he does not take steps that Congress has provided within 20 days he will forfeit his rights. Let me submit to every lawyer on this floor that the right of a stockholder in a State corporation is beyond the power of this Congress to control. It is a matter that the State law provides. Every State law of this Nation has a provision which covers the question of the rights of a minority stockholder who does not care to continue when the corporation is consolidated with some other corporation. Now, Congress in its wisdom says, we will wipe out your State statute and we will set up a little rule of our own and say that if that stockholder does not do so and so in 20 days after a certain notice, accept a certain kind of appraisal, he shall get out. Merely to state the proposition to any legal mind shows it is an absurdity. Oh, but gentlemen may say, "If what you say is true this is merely surplus language." I think that is true. Why, if I represented a minority stockholder in a State bank consolidated I would snap my fingers in the face of the comptroller and say there is no power in the Constitution of the United States that can give the Congress the right to limit, prescribe, add to, or take from the rights accruing to me by virtue of State statute creating the State corporation.

Mr. MOORE of Virginia. Mr. Chairman, may I ask the gentleman from Arkansas a question?

Mr. WINGO. Yes.

Mr. MOORE of Virginia. If it is permissible for Congress to do as contemplated by this bill in the way proposed, to dispose of the rights of a stockholder in any State bank, would it not be equally permissible for Congress to enact legislation absolutely controlling the State banks?

Mr. WINGO. Absolutely; because the rights of the stockholders as a whole constitute the rights of the corporation. The corporation is simply an organization using the right of the stockholders; and, if you can control the individual right of a stockholder, you can control the rights of the corporation.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WINGO. Then in a State corporation you can control the corporation itself if you control the right of the individual stockholder. Now, gentlemen, if you can compel one stockholder to surrender his property rights in a certain way and accept a certain sum, you can pass an arbitrary enactment and say you can compel him to accept a fixed price.

Gentlemen, let us have no misunderstanding in this matter. I am jealous not alone of the rights of the States but I believe the rights of the States and the rights of the Federal Government are reciprocal. I believe in the right of the Federal Government to control its national activities, and one of the best ways to do that is for the National Government to keep its hands off the States and not invade the property or personal rights of individuals under State laws. Let the National Congress attend to its own business, and let the State legislatures attend to their own business.

The viciousness of this proposition is apparent. In one breath you say Congress will not undertake to say what every national banker shall do, but in response to the cry of expediency in another breath you say "We will let the right of the State control." I am opposed to the National Legislature undertaking to dictate to and control the right of the individual that exists under State laws and State charters.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WINGO. I yield to the gentleman.

Mr. RANKIN. I would like to ask the gentleman if the same argument would not apply in opposition to the theory here that the Federal Government can give two-thirds or three-fourths of the stockholders of a State bank the right to consolidate that bank with a national bank?

Mr. WINGO. Yes. But there is another provision which I forced them to put in that I think cures that.

I think we have probably guarded that. But anyway, if you leave to the stockholder his rights guaranteed to him by the charter under State law, he can take care of himself.

But, gentlemen, we should not undertake to say to the stockholder of a State institution when you take stock in a State bank that right may be controlled by the Federal Government by saying, "If you do not submit to a certain thing and do not do a certain thing, you must submit to a certain proposal and a special practice."

Mr. WILLIAMS of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. WILLIAMS of Michigan. Does not the gentleman realize that in the provision that he undertakes to strike out there is the language that he referred to, but in another provision there is a definite statement to the effect that "nothing can be done in contravention with the State law?"

Mr. WINGO. Oh, no; that is not there. If you would say that "nothing can be done in contravention with State laws" I would accept it.

Mr. WILLIAMS of Michigan. It says there shall be no consolidation, and so forth.

Mr. WINGO. Yes; but after the consolidation you undertake to determine the rights of the stockholder who did not go into the consolidation.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. NEWTON of Minnesota. Does the gentleman construe that as mandatory, or merely as permissive if he chooses to follow it?

Mr. WINGO. I do not think it is worth the paper that it is written on. If I were a stockholder, I would undertake to preserve my rights under State law.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. STEVENSON. I think the amendment I sent up to the desk will cure the trouble that the gentleman conceives. It is to be inserted at the end of line 4, on page 5. I ask, Mr. Chairman, that it be read.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 5, line 4, after the word "determine," insert *"And provided further,* That the value of such shares of stock in any State bank or trust company shall be determined in the manner prescribed by the law of the State in such cases, if such provision is made under the State law; otherwise, as hereinbefore provided."

Mr. STEVENSON. Now, gentlemen, in answer to the proposition that this is an overriding of the rights of the State, I wish to say that if a State proposes to make any provision at all for winding up a corporation under those circumstances, then that provision shall prevail.

How is that such a tremendous invasion of individual rights? Let us see what is done. If a stockholder does not go along and vote, and two-thirds of the stockholders do vote, the nonvoting stockholders have the right to prefer a demand for this stock—the value of it. It is then appraised, and then it goes to the Comptroller of the Currency, who makes another appraisement, for which the people have to pay the expense.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield right there for a question for information?

Mr. STEVENSON. Yes, sir.

Mr. BANKHEAD. The bill provides:

And in case the value so fixed shall not be satisfactory to such shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made.

Now, what is the character of that reappraisal? Is it made by the same three men who made the first one?

Mr. STEVENSON. To be sure not. They would not appeal from one court and refer it back to the same court to decide the thing again. The proposition is that a reappraisal is made under such directions as the comptroller may give.

Mr. BANKHEAD. But they are not stated.

Mr. STEVENSON. Just wait a minute and I will answer the whole business. It does not end there. What are you trying to get at? The value of the stock. When that appraisal is made and it is not satisfactory, the provision is that then you can not take the man's stock, even if he is willing to take it, but you have got to put it up at public sale after 30 days' notice, and then it shall be sold to the highest bidder at public sale, and if at that sale it brings more than the appraisement, then the man who owns the stock gets the surplus, and he is absolutely protected. What has he got to do? All he has got to do is to see that the stock brings what he thinks it is worth, because they are bound to bid it in or settle with him, one or the other. So there is no invasion of his rights, especially under the provisions of the amendment which I offer.

Mr. LOZIER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. LOZIER. Is it not fundamental that the rights of a stockholder in the assets of a corporation created by a State are determined by the laws of the State creating the corporation?

Mr. STEVENSON. Yes; so fundamental that we recognize it by writing it in here twice, and I am writing it in again, or offer to do so by my amendment.

Mr. DEMPSEY. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. DEMPSEY. I call the gentleman's attention to the language of the bill, which clearly shows that the second appraisal is a different one than the original appraisal. The first appraisal is one to be made by three men, one to be selected by the shareholder, one by the consolidated corporation, and the third by those two. Now, the second appraisal is to be made by the comptroller, and, of course, he could not appoint the three in that way. So it must be a distinct and entirely new reappraisal.

Mr. STEVENSON. But the final proposition of the whole business is that that does not terminate the right of the stockholder, for he has a right, when it is advertised and sold at public outcry, to make it bring 100 or 125 per cent if he wants to, and if he does that he gets all the surplus that is left over and above the appraisement.

The CHAIRMAN. The time of the gentleman from South Carolina has expired. The Chair would like to inquire of the gentleman from South Carolina whether he desires to offer his amendment at this time, because, it being a perfecting amendment, it is entitled to be disposed of before the amendment to strike out.

Mr. STEVENSON. Then, Mr. Chairman, I offer it as an amendment at this time.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 5, line 4, after the word "determine," insert: "*And provided further*, That the value of such shares of stock in any State bank or trust company shall be determined in the manner prescribed by the law of the State in such cases if such provision is made in the State law; otherwise as hereinbefore provided."

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, the question of the method of the second appraisal, I think, is a matter of some importance. I merely ask the gentleman from South Carolina [Mr. STEVENSON] to explain to us the method of the second appraisal in order that we may have in mind the machinery the comptroller will use in determining the value of the stock on the second appraisal.

Mr. STEVENSON. Frankly, if the gentleman asks me that question, I will say I do not know. It has been in effect in relation to national banks for some years, and if the gentleman from Alabama will call up the comptroller I think he will probably be able to ascertain the procedure followed by the comptroller, which I do not know.

Mr. BANKHEAD. I thought we might legitimately expect information from the members of the committee. I have been very much inclined to support the bill and was merely seeking information on this point in connection with the phraseology of the bill.

Mr. STEVENSON. I regret very much that I do not know what course the comptroller follows.

Mr. BANKHEAD. Well, I will ask the chairman of the committee, the gentleman from Pennsylvania [Mr. MCFADDEN], if he has in mind the method by which the second appraisal of the value of the stock is made in the event the stockholder is dissatisfied with the report on the first appraisal? In other words, what men will he appoint and what will be their interest or disinterest in ascertaining the value of the stock of this protesting stockholder? Can the gentleman from Pennsylvania enlighten the committee upon that proposition?

Mr. DEMPSEY. May I make a suggestion to the gentleman?

Mr. BANKHEAD. No; I was addressing myself to the chairman of the committee. I am trying to get some information on this point.

Mr. MCFADDEN. I do not know that any definite procedure has been provided. The suggested amendment has been given careful consideration by the gentleman from South Carolina [Mr. STEVENSON], but I have not given mature deliberation to that section, so that I do not know the procedure to be followed.

Mr. BANKHEAD. This is the text of the original bill, and I presumed the chairman had given considerable thought to that.

Mr. DEMPSEY. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. DEMPSEY. Would it not be a matter of detail to provide how the comptroller should reappraise in each instance, and would it not detract from instead of adding to the usefulness of the bill? Should he not make the reappraisal in each instance in accordance with what he found to be the best method to exist in that particular case?

Mr. BANKHEAD. The gentleman asked me whether this would not be a mere matter of detail, but it seems to me it is a matter of importance for the protesting stockholder to know exactly to what character of machinery his property rights are to be submitted; and does not the gentleman think that inasmuch as the method of ascertaining the value in the first instance is provided, that in the second instance—which is in the nature of an appeal by a stockholder—that it is equally important that the bill should prescribe the method of the second appraisal and what steps the comptroller should take to determine that question, which is of much importance to the protesting stockholder?

Mr. DEMPSEY. I am afraid it would result in injustice to the stockholders, because I think that we must assume the comptroller would be honest and do the best he could, and I believe he could do better without laying down hard and fast rules as to how he could proceed. He would be enabled to proceed in such instances in the light of the facts then existing.

Mr. JACOBSTEIN. Will the gentleman from Alabama yield?

Mr. BANKHEAD. Yes.

Mr. JACOBSTEIN. Does it not appear from this situation that it might be very useful to have the Cabinet officer here to explain this to you?

Mr. BANKHEAD. With the general information of the present Cabinet officers I doubt very much if it would be.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. WATKINS. Mr. Chairman, I ask unanimous consent that the gentleman may have an extra minute. I want to submit a question to him.

The CHAIRMAN. The gentleman from Oregon asks unanimous consent that the gentleman from Alabama may proceed for one additional minute. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, I think if we could send for the comptroller and have him come up here and explain what this bill means we might vote more intelligently.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WATKINS. In the first appraisal the owner of the stock has a voice in naming who shall be the appraisers.

Mr. BANKHEAD. Yes.

Mr. WATKINS. In the second appraisal he has no voice at all. It is left entirely to the comptroller, who might appoint anybody and they might all be inimical to the interest of the stockholder.

Mr. BANKHEAD. The gentleman is absolutely correct for aught appearing upon the face of the bill.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WILLIAMS of Michigan and Mr. MCKEOWN rose.

The CHAIRMAN. The gentleman from Michigan [Mr. WILLIAMS], a member of the committee, is entitled to prior recognition.

Mr. WILLIAMS of Michigan. I want to state to the gentleman who has just raised this point that the language about which he inquired is absolutely identical with the language contained in the act of November 7, 1918, providing for the consolidation of national banks, and in order that he may check on that let me read:

> And in case the value so fixed shall not be satisfactory to the shareholder he may, within five days after being notified of the appraisal, apply to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding.

The committee in passing upon this question assumed that if in this bill, providing for a direct consolidation of State and national banks, we used exactly and identically the same language as Congress had previously adopted in providing for the consolidation of national banks, we would meet every question that would be involved.

Furthermore, it is plain that under this language, appearing in a previous act of Congress and in this bill, the Comptroller of the Currency would either appraise this stock himself, or he could appoint disinterested appraisers, or he could call for nomination of appraisers by the parties in interest.

Mr. DEMPSEY. And the act to which the gentleman refers was passed when we had a Democratic President, a Democratic Congress, and a Democratic Secretary of the Treasury.

Mr. WINGO. Will the gentleman yield so the House may understand his statement? There is some misunderstanding. What the gentleman is reading is the present existing law covering the disposition of the stock of a dissenting shareholder in a national bank where two national banks consolidate.

Mr. WILLIAMS of Michigan. Yes.

Mr. WINGO. And the gentleman proposes by this law to undertake to say that the rights of a dissenting shareholder in a State corporation shall be governed by the same law that governs the shareholder in a national corporation—where is the authority of Congress to do it?

Mr. WILLIAMS of Michigan. I was attempting to meet the point already raised, and in addition to that I want to say to my friend from Arkansas it seems to me that any language that would attempt to measure the equities or the rights as between stockholders in a national bank ought to be perfectly proper when applied to a State bank. Whether that is legal or not is still another question.

Mr. WINGO. I want to ask the gentleman whether he believes, and the gentleman is a good lawyer——

Mr. WILLIAMS of Michigan. And as to that question——

Mr. WINGO. Let me ask the gentleman another question.

The CHAIRMAN. The gentleman from Michigan has the floor.

Mr. WINGO. I recognize that. I just asked him a question.

Mr. WILLIAMS of Michigan. As to the question of its legality, let me call the gentleman's attention that in the section under consideration we set out a plan by which all this can be accomplished. If there is any question about its legality, then the dissenting stockholder in a State bank can fall back first on the language already in the bill, which says no such consolidation shall be in contravention of the law of the State under which such bank or trust company is incorporated, which I say is ample protection for the dissenting stockholder in a State bank; and if that is not sufficient, then we can adopt the amendment of my friend the gentleman from South Carolina, which has already been read and is before the House.

Mr. WINGO. The amendment of the gentleman from South Carolina goes to value and not to liquidation.

Mr. BANKHEAD. Will the gentleman yield?

Mr. WILLIAMS of Michigan. I yield.

Mr. BANKHEAD. The gentleman, in answer to my inquiry for information, cited the fact that the national banking act relating to consolidations had this same provision. What I was seeking to inquire about was the method of the reappraisal. Can the gentleman tell the committee what method is used under the construction and operation of the national banking consolidation act in a case of that sort?

Mr. WILLIAMS of Michigan. Without definite information from the comptroller I could not give that any more than I have already stated.

Mr. BANKHEAD. Then the gentleman is unable to answer my inquiry.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word.

I will say to the gentlemen of the House I have not had an opportunity to hear the discussion upon this bill on account of important matters before a committee involving questions important to Oklahoma.

I want to know whether under this bill the rights of a shareholder in a bank are protected in cases of this kind: An examiner comes along and requires a bank to charge off $100,000 of paper in that bank. The examiner has the authority to do it, and in his judgment he believes it is to the best interest of the bank to charge off that paper, and the examiner says, "You have to take $100,000 of your paper out of your note case now; I will give you until to-morrow to take that out." All right; they take out $100,000 worth of such paper.

It may not be good paper now; it may be paper that ought to come out; probably because it is slow; but eventually it will be collected. This examiner comes along 30 days afterwards and says, "Here is $50,000 more paper that I want you to take out." Eventually they say, "Now your bank can not go along unless the stockholders come in and put up dollar for dollar, under the rule of double liability." The stockholder says, "No; I can's put up this." Then they say, "We will consolidate your bank with another; the Fourth National Bank will take over your bank." What I want to know is, if they take over the $150,000 paper that has been charged off as of no value when it is appraised—and I do not care if you have three appraisements or how many, it would be appraised as of no value—the $150,000 goes into the new institution and the man who was a stockholder and who had some interest in it gets nothing. What protection is there under this bill?

Mr. WILLIAMSON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. WILLIAMSON. It would be just the same between two State banks, all paper charged out goes to the stockholders individually as their asset after it is charged off.

Mr. McKEOWN. The method of consolidation is to take over all of the assets of the failing bank and the fellow that did not put up and walks out, never gets anything. They do not get anything for it as the gentleman knows, and that process has caused a lot of scandal.

Mr. WILLIAMS of Michigan. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. WILLIAMS of Michigan. Doesn't the gentleman know that in 99 cases out of 100 consolidation is done by unanimous consent of all the stockholders?

Mr. McKEOWN. So after this $150,000 has been charged off they come to the stockholders and say they have got to put up dollar for dollar; if you do not you must transfer it immediately; if you will agree to turn it over to some other organization, why, all right.

Mr. WILLIAMS of Michigan. Does not the gentleman think that the stockholders of the defunct bank are mighty glad to give it up and save the stock liability?

Mr. McKEOWN. The gentleman's theory is that they are charging off worthless paper, but here, after consolidation is made, the paper becomes sound assets. The fellow that gave it up gets nothing and I think the United States ought to be fair with them.

Mr. WILLIAMS of Michigan. Does not the gentleman think the rights of the depositors should be paramount to the rights of the stockholders of the defunct bank?

Mr. McKEOWN. The rights of the stockholders are paramount, but when you have assets of the institution which were taken at nothing, I think that there ought to be some protection. I am not criticizing the bill, for I think you need something to relieve the banking situation.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. STENGLE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I do not rise as a banking expert, although I am about to address 57 varieties of such characters. [Laughter.] I have sought from the beginning of the arguments on this bill until this moment to find light by which I might be guided in voting the right way. Everyone I have asked, when they were addressing this body, has brushed me aside on the ground that their speech, canned or otherwise, could not be disturbed, that the time was limited. I frankly confess that my knowledge of banking is limited to the extent sometimes of red lines only. [Laughter.] I want to vote right, and I believe that the committee having this bill in charge ought to give me some light, so that I can vote intelligently.

I asked a question a moment ago of one of my colleagues from New York, after the direct statement by the gentleman from Alabama [Mr. STEAGALL] that the entire Committee on Banking and Currency was unanimous that the whole thing

of branch banking was wrong in principle, and not one Member rose in opposition to that charge. I wanted to know, if it was wrong in principle, how is it right in practice?

Mr. CELLER. Will the gentleman yield?

Mr. STENGLE. Yes.

Mr. CELLER. Does the gentleman know that there are 252 pages taken in the hearings? I think the gentleman would be answered if he would look through the hearings instead of asking Members who have only five minutes to explain the facts.

Mr. STENGLE. I thank the gentleman for his information, but I have gone through the hearings and found nothing that will give me the information I want. [Applause.] Now, I have only gotten up here to say before you ask me to vote that the committee, or somebody who is inspired with a higher degree of fairness than the committee, must show me where it is right in practice if it is wrong in principle. I asked a member of the committee out in the hall and he said he did not hear the statement. The statement of the gentleman from Alabama is in the RECORD, and as long as it is so I am bound to vote against the bill, unless you explain why it is right in practice if wrong in principle. If you can do that, you will make me happy, otherwise I will vote against the bill. [Applause.]

Mr. WINGO. Mr. Chairman, I have an amendment to the amendment offered by the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WINGO to the amendment offered by Mr. STEVENSON: In line 1 of the amendment, after the word "the," strike out the word "value," and insert the word "liquidation," so that it will read: *Provided further,* That the liquidation of such shares of stock," etc.

Mr. STEVENSON. Mr. Chairman, that is satisfactory to me and I think it is an improvement.

Mr. WINGO. Mr. Chairman, as I understand, that is acceptable to the committee. If that is true, I ask unanimous consent to withdraw my amendment and let the vote come straight on the amendment of the gentleman from South Carolina, as amended.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina as amended by the amendment of the gentleman from Arkansas.

Mr. WATKINS. Mr. Chairman, I rise in opposition to the amendment. I want to submit an observation in a friendly way, a constructive criticism, so to speak. I do not believe the substitute will suffice. This bill provides that any shareholder dissatisfied with the consolidation might secure an appraisal of the value of his stock. If he is dissatisfied with that he may appeal to the Comptroller of the Currency, and the Comptroller of the Currency, without any voice of the stockholder, may cause an appraisal to be made, which appraisal "shall be final and binding." I do not believe this Congress ought to adopt language of that kind. I do not believe that due process of law is provided, and the thing to do is to provide that not only the consolidation but the transfer and the publication of notice shall be as provided in the State where the bank and property are located as well as incorporated. You have only provided for consolidation. The sale may be void. There is a distinction between the sale and the consolidation; if you are going to enact a law that will give to the stockholder his constitutional rights, you should not only take care of the liquidation and the consolidation but the sale of the property, and this language does not. We are certainly flirting with litigation, and there is no occasion for it. The whole thing might be declared unconstitutional.

Mr. WILLIAMS of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WATKINS. Yes.

Mr. WILLIAMS of Michigan. Does the gentleman think it would be safe to let it rest on a reference to the State statutes? There might not be any State statutes that would apply.

Mr. WATKINS. That is within the realm of probability. I do not believe the Congress, nor do I believe the Members of the Congress friendly to this legislation, want to say that the appraisal made by the Comptroller of the Currency "shall be final and binding" and that the shareholder must take that price and is without recourse to proceed elsewhere.

This bill provides for the consolidation; nothing about the sale of the property. There is a distinction between the sale of the property and the stockholders' rights in the absorption of one entity by another. That may be perfectly binding. I merely want it to be constitutional.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. WILLIAMS of Michigan. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended for one minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WILLIAMSON. I want to say to the gentleman that it is perfectly well recognized that the matter of appeal is not a matter of constitutional right at all. We can fix the final determination anywhere we please, just so there is due process of law.

Mr. WATKINS. Exactly. That is the question that I am raising. Does the gentleman think for a moment as a lawyer that this bill as written, saying that the stockholders' rights are final and binding, is due process of law?

Mr. WILLIAMSON. Yes.

Mr. WATKINS. I do not think so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina as modified by the perfecting amendment offered by the gentleman from Arkansas, which amendment has been accepted by the gentleman from South Carolina.

The question was taken, and the amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. Without objection, the amendment to strike out offered by the gentleman from Arkansas is withdrawn.

There was no objection.

Mr. STEAGALL. Mr. Chairman, I have a perfecting amendment which I desire to offer.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama to offer an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: On page 5, line 11, after the word "have," insert the words "previously established"; strike out the balance of the line and all of lines 12, 13, and 14, so that the proviso as amended will read: *"And provided further,* That, excepting as to branches in foreign countries or dependencies or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches which it may have previously established."

Mr. STEAGALL. Mr. Chairman, this amendment raises the question which is the heart and core of this bill. It presents the controversy growing out of the question of branch banking. The amendment which I have offered strikes out the provision of the bill which recognizes and authorizes the establishment of branches in the corporate limits of cities, with the limitations carried in the bill in that regard. The amendment offered creates only one excepton in denying the right to maintain branches, and that is the operation of branches outside of the United States or in foreign countries. This matter has been argued at some length, and yet there is a great deal to be said before all the ground is covered on this question. I am not going to argue it more than a few minutes for myself inasmuch as I spoke somewhat at length in the general debate. I repeat now that no man on the Banking and Currency Committee defends branch banking in principle. If there is such a member of the committee I give way now and yield my time to him.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McFADDEN. We are dealing with a practical problem. Branch banking is established in the United States. It is permitted state-wide. This bill recognizes branch banking as a service and confines branch banking to the cities in which the parent bank is located.

When the gentleman states that he voices the opinion of the Banking and Currency Committee, as he stated here to-day, he does it without authority. I can not make any stronger denunciation of that statement than I am now making.

Mr. STEAGALL. Well, I have yet to hear any member of the Banking and Currency Committee say that he believes in the principle of branch banking, and if the gentleman says now that he does, I reply that this is the first time he has ever said it in my hearing, though I observe he still fails to say it. I have not yielded to the gentleman for a speech.

Mr. STEVENSON. Will the gentleman yield?

Mr. WILLIAMS of Michigan. The gentleman has made a challenge.

Mr. STEAGALL. I decline to yield until I consume the remainder of my five minutes, and then I shall ask for further time and then I will yield further. I yielded to the gentleman

from Pennsylvania for a question and he made a short speech and my time has about run out.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEAGALL. I ask for five additional minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. WILLIAMS of Michigan. Will the gentleman yield?

Mr. STEAGALL. Now, before I yield I want to say this——

The CHAIRMAN. The gentleman declines to yield for the present.

Mr. STEAGALL. That without being technical with reference to my statement, everybody in this House knows that as a general proposition the principle of branch banking is repudiated, is unsound, un-American, and undemocratic by practically all who are regarded as worthy authority. I will content myself with that statement. If we pass this bill, we destroy and remove the only influence in this country upon which we may rely with any hope of success in checking or abolishing the evil of branch banking.

The minute we authorize national banks to engage in the establishment of branches in the States where the State authorizes State banks to have branches, then the national bankers in those States are immediately committed to the principle of branch banking, and we lose the benefit of their opposition to the system of branch banking and the fight is at once lost in all those States, and there are 17 of them, as I remember, that now permit State banks to operate branches.

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. STEAGALL. Not only is that true in reference to States where branch banking is permitted under State laws, but when we say that national banks may engage in branch banking wherever the State law permits it, then the national bankers or a group of national bankers in States where branch banking is not permitted have only to go before the legislature and turn on the pressure, and in a little while your other States that do not now permit branch banking will establish the branch-banking system.

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. STEAGALL. In a moment. My amendment goes to the heart of the bill and provides that the exception shall be stricken out which permits branches within the limits of a city. I now yield to the gentleman from Oklahoma.

Mr. McKEOWN. I desire to ask the gentleman if there is any provision here that a State desiring to repeal the right of the State to have the State banks have a branch bank—is there any provision to stop national banks from going on and establishing branch banks?

Mr. STEAGALL. I will say to the gentleman that Mr. MORTON D. HULL, who spoke a little while ago, expects to offer an amendment to that effect, but I shall oppose that amendment for this reason: If we provide that States may change their laws, and for that reason national banks must abandon their branches, you will have economic confusion all over those States. And another thing: If that is done, we shall have a double system, and again gentlemen will come rushing to Congress for relief. It would bring a new accumulation of evils and confusion. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment. Gentlemen of the committee, I think it is well for the committee to recognize at this point the fact that for 10 or 15 years, more particularly for the past 10 years, or since the Federal reserve act was enacted, we have had branch banking proceeding at a pace that has been alarming. When we consider the fact that up until 1913 there had been only some 465 branches established, and that since 1914, or since the operation of the Federal reserve system, something over 1,600 branch banks have been organized, and they are now being organized at a very rapid rate, and some national banks have the right through the taking over of State banks with branches to continue to operate those branches under the State law, that such a situation presents very unfair competition and a serious condition. The very fundamentals of this bill recognize the fact that there are two distinct kinds of branch banking, and we recognize also that if we do not enact legislation at this time we are allowing state-wide and, perhaps, nation-wide branch banking to go unchecked. The men who have talked against this bill here to-day claim to be against branch banking—they are not consistent in this—because the defeat of this bill will permit branch banking to continue without restriction, which will eventually make a branch-banking system out of the Federal reserve system. This bill is the only brake that it is possible to put on.

Now as to the definition, I want to point out to the Members of the House the fact that this bill distinctly recognizes branch banking as provided for in this bill as a service proposition, and confines it to the cities in which the parent bank is located, not outside or state-wide. The committee, in giving consideration to this bill, voted on the problem of state-wide, country-wide, contiguous territory, and city-limit wide, and they voted very decisively to confine the operation to city limits.

Now the kind of branch banking which the country has been opposed to, and which the gentleman from Alabama [Mr. STEAGALL] has referred to, is that type of branch banking that is practiced in Canada and in England and other countries in the world, but is not the kind of branch banking provided for in this bill.

The gentleman from Alabama is opposed to the general theory of branch banking to which the country is now opposed, and to which I am myself decidedly opposed; that kind of branch banking that would centralize the control in the big banks in the big cities, and permit the organization of nation-wide branch banks. This bill is absolutely opposed to that proposition, and I want the House to keep that definition distinctly in mind. I think we shall hit the greatest blow to the octopus to which the general public is opposed in branch banking by the passage of this bill, and if we do not pass this bill we shall thereby be doing everything we can to continue and to accelerate branch banking in the States and the United States. [Applause.]

Inasmuch as Representative BLACK proposes to insert in the RECORD to-night the revised McLaughlin amendment, I desire to point out to the Members of the House the effect that this proposed amendment will have on section 9 of my bill.

The revised McLaughlin amendment differs from the original McLaughlin amendment in the following important respects:

1. It cuts the heart out of the branch-banking provisions of the McFadden bill by striking out the proposed amendments to section 9 of the Federal reserve act, which are designed to restrict branch banking by State banks within the Federal reserve system. (As now worded it would strike out everything in the McFadden bill from line 3 on page 11 to line 7 on page 19; but this is obviously a mistake, because it would strike out several different sections and the omission would end in the middle of a sentence. It is assumed, therefore, that the real intent is to strike out everything from line 3, page 11, down to line 7, page 12.)

2. Unlike the original McLaughlin bill, it would really deprive the Federal Reserve Board of all power to prescribe conditions of membership for State banks admitted to the Federal reserve system, thus rendering the board powerless to restrict in any way the branch banking activities of State member banks.

The net result would be that national banks could establish branches only to the very limited extent permitted under my bill, whereas State member banks could continue to engage in branch banking within the Federal reserve system to the full extent permitted under State laws. This would be wholly unfair to the national banks and is diametrically opposed to the chief purpose of this bill, which is to put national banks more nearly on an equal footing with State banks.

3. It would not repeal those provisions of the Federal reserve act having to do with the amount of capital stock a State bank must have in order to be admitted to the Federal reserve system and the amount of Federal reserve bank stock which it must purchase upon joining the system.

Except for the last-mentioned change and the fact that it is in better form than the original McLaughlin bill, it is subject to all the objections to the original bill. It is based upon the same three false premises and would deprive the Federal Reserve Board of the power to admit State banks to the Federal reserve system subject to such conditions as are necessary to insure their eliminating dangerous practices and conforming to sound banking principles. This would force the board to exclude from the system many State banks which could be admitted subject to proper conditions of membership.

The trend of the discussion to-day prompts me to place in the RECORD at this time, for the benefit of the Members, a statement which will give them a proper background for a fair, reasonable, and impartial consideration of this subject. It is necessary to consider the nature and the limitations of the dual sovereignty under which this country, a democracy within a republic, exists. Forty-eight States, each one having sovereign power to regulate the domestic affairs of its citizens, are banded together for the mutual welfare of all and the common good of the people, to achieve which the people have given the Federal Government—the Republic—certain sovereign powers. The successful operation and the permanency of our

Republic and the liberty of our citizens depend upon keeping each one of these two sovereignties within its proper sphere of action. It is understood and accepted as a rule of action by those who have our country's welfare at heart that the States have the power to control and regulate the purely domestic affairs of their citizens, and that the power of the Federal Government is limited to matters affecting the welfare of all the people. Thus we find the States creating and regulating corporations to do any kind of business that an individual may do. We find also that the Federal Government creates corporations, but in this instance the object to be attained is the welfare of all the people, something beyond the ability of the individual or groups of individuals to achieve.

The business of banking in itself is purely a domestic affair. It can be carried on by an individual or by groups of individuals to the benefit of a community. There is nothing about it that makes it essentially a national business. Therefore we find the States authorizing the formation of incorporated banks and regulating their business.

The issuing of a circulating medium of exchange, called currency, which passes from hand to hand among all the people is not a domestic affair. It is national, because it affects all the people. Therefore it is a function of Federal sovereignty, and the Government has the right to employ all necessary means to attain that end, one of which and the only economically sound one is through the creation of a Federal banking system. On four occasions the Federal Government, exercising its sovereign power to create corporations, has created banking systems; but the principal object sought was not to provide a means whereby the purely local or domestic business of banking could be carried on. The main purpose was to provide fiscal agencies of the Federal Government and provide for the issue, under a single standard of security, of circulating notes, or money, for use of all the people. The business of banking was a secondary consideration. Having created these fiscal agencies, it is entirely within the rightful limits of Federal sovereignty to regulate and control the conduct of their business, so far as it is necessary to achieve the end in view, without interference from any other sovereign powers within or without the country. If, however, the Federal Government in creating these fiscal agencies had attempted to interfere with the right of the States to create and control banking corporations, that would have been an unwarranted and unwise use of Federal sovereignty. If the States had acquiesced in such a proceeding, that would have been an unwise surrender of State sovereignty, dangerous to the rights, independence of action, and the liberty of our people. If the Federal Government should permit the States to dictate the kind of fiscal agency the Federal Government created and permit the States to regulate the conduct of its business, that would be an unwise and unwarranted surrender of Federal sovereignty.

Under our dual form of government we have two entirely separate and distinct banking systems, the members of which can and do switch from one to the other without hindrance. As the fiscal system, known as the Federal reserve system, is based by necessity upon the foundation of banks under the control of Federal sovereignty, conversions of national banks into State banks are a menace to the stability and permanance of the Federal reserve system, and if they are not checked in the course of time the foundation of the Federal reserve system will be the voluntary membership of State banks. If and when that time arrives, the Federal Government, if it desires to maintain the Federal reserve system, will find its sovereign power over its fiscal agents subjected to the sovereign powers of 48 States, because with voluntary membership as the only foundation the State banks can set the terms on which they will become members. If they can set these terms, they can also dictate policies, and we will see then an abject surrender of Federal sovereignty, which is just as bad as unwarranted usurpation of sovereignty. Federal sovereignty, wherever and whenever exercised, must be positive and efficient, and its agents must be clothed with power to speak and act accordingly. Thus the Federal Reserve Board does not have to ask national banks whether or not they like a policy that is to be established. Such banks have to accept it or leave the national system. Many national banks have converted into State banks in recent years, not because they did not assent to the policies established by the Federal Reserve Board but because their State bank competitors, enjoying all the privileges of the Federal reserve system, possess greater latitude in the conduct of their business than national banks enjoy. Federal sovereignty can not restrict the field of operations of State banks, but it can set the terms on which such banks may be permitted to reap the benefits of the Federal reserve system. It could force such banks to join the system, but that would be an arbitrary and totally unwarranted assumption of Federal sovereignty. Having complete control of its creatures, the national banks, it can enlarge or restrict at will the powers of such banks for any purpose. Therefore when we are faced with the prospect of a harmful weakening of the national system through the competition of State banks the logical and reasonable remedy is by the exercise of Federal sovereignty in the only way it should be used, i. e., by granting its creatures, the national banks, power to compete favorably with State banks. But having done that it would be a surrender of Federal sovereignty to permit State banks to reap the benefits of the Federal reserve system on terms more favorable than those granted national banks.

Sections 8 and 9 of the McFadden bill establish a fair, reasonable, and just basis for competitive equality between national banks and those State banks that are members of the Federal reserve system without surrendering any vital principle of Federal sovereignty or encroaching upon the sovereignty of the States, thus preserving the proper balance between the authority of the Federal Government and the authority of the States.

The question of branch banking is left to the States to decide on the theory that the citizens of each State have the power to control their purely domestic affairs, as the number of offices or branches a bank may desire is purely a question of local or domestic interest. If the people of a State favor branch banking and give that privilege to their domestic corporations, then national banks in those States shall have the same privilege within certain limitations. If State bank members in certain States now have greater privileges with respect to branches than the national banks have they must place themselves upon the same basis as national banks in those States. To permit State banks to force concessions by the threat of leaving the system would make Federal sovereignty ridiculous just as much as it would if the Federal Government permitted such banks to write the regulations governing their entrance into the system.

The Federal reserve system is a great piece of constructive financial legislation that has proved its worth. It is not perfect, but the principles on which it is founded are sound and they should be preserved and allowed to function under the control of Federal sovereignty for the benefit of all the people.

Mr. STEVENSON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from South Carolina moves to strike out the last word.

Mr. STEVENSON. Mr. Chairman, the distinguished gentleman from Alabama [Mr. STEAGALL] continues to assert that all of us are opposed to branch banking, and as defined by the gentleman from Pennsylvania [Mr. MCFADDEN] we are, and we are just as much opposed to it as he is. The difference between him and us is this, that he proposes to do nothing practical about it, while we propose to curb it and restrain it within certain well-defined limits, and stop the abuses that have occurred. [Applause.] That is different.

Now the gentleman from Alabama says we are encouraging it and legalizing it. Let us see wherein it has been legalized, and see whether the gentleman from Alabama has offered anything or made an effort to destroy that legalization. It has been good since 1865. Section 5155 says:

> It shall be lawful for any bank or banking association organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions to become a national banking association in conformity with existing laws and to retain and keep in operation its branches.

Now, do we allow them to continue that? No; because that would give them the right to spread all over the State, everywhere in the State, and become an octopus and lay its hand on every industry in the State, and drive out every little insignificant bank or a small, struggling bank that is attempted to be built up in a struggling community. We say, "You have to stop that." Is that opposed to the Federal system? If it is, I am unable to understand the English language or a legal definition.

Another thing: When member banks in States where they have branch banking are brought into the system they bring in their branches—and they are bringing them into the system every day—we say to him, "You have got to stop that. You can not bring in branch banking outside of your municipality into the institution. You have got no right here if you propose to do that." The gentleman from Alabama says, "Let them alone." He says we are encouraging them, but he is doing nothing.

There is another proposition that he seeks to drive at us about that. We have the proposition where the comptroller establishes branches all over this country. We say, "You have to stop that." The gentleman from Alabama does not even introduce a bill to stop that. I think it is about time for the gentleman, when he twits us day in and day out, to show that he has got something better to offer in this emergency; that he must either dig bait or quit or go fishing, one or the other. [Applause and cries of "Vote!"]

Mr. WINGO. Mr. Chairman, I did not have anything to say in the general debate. I have made four speeches, that have served no purpose, in the last six years against branch banking. Some of the Members have twitted me because I have not said anything, which is unusual. [Laughter.] But I can not let the occasion pass, considering the remarks of my good friend from South Carolina, who has just spoken, without telling him that he has got himself in a pretty bad hole by that speech.

Mr. STEVENSON. I know the road out all right. [Laughter.]

Mr. WINGO. Very well, I understand he says he favors this proposition because it is the only one that offers a remedy for the branch-banking abuses.

Mr. STEVENSON. I say this is in accordance with the provision which I introduced last December, after your commission went all over the country and took testimony, and I propose to stand by the gun which I then loaded. [Applause.]

Mr. WINGO. The gentleman has just fired a scattering load. [Laughter.] I submit he did not answer my question. He twitted my friend from Alabama [Mr. STEAGALL] by saying that the gentleman from Alabama was opposed to the only proposition that was offered and did not offer anything else. My friend did not read the amendment of the gentleman from Alabama. The amendment of the gentleman from Alabama proposes affirmatively to do what? Cut off the branch-bank evil by one method, which is the consolidation method. The gentleman from South Carolina has made a very able speech, and he has enumerated the different methods by which you have branch banking. This is the consolidation method. The gentleman from Alabama offers a downright stoppage of branch banking by that method.

I will say to my friend that I am not violating any confidence of the gentleman from Alabama or the gentleman from Texas [Mr. BLACK] when I say that he and every other Member of this House will be given the opportunity of choosing between these methods and to decide whether or not this evil shall be an outcast or will be embraced within certain limits, because the gentleman from Texas and the gentleman from Alabama will offer an amendment to each of the three sections that will allow the membership of this House to say whether or not they sincerely believe in stopping this evil or embracing it within city limits.

Mr. MCKEOWN. Will the gentleman yield?

Mr. WINGO. Not right now, because I am in a poetical frame of mind, and the gentleman is too practical. I am sorry that the gentleman from Alabama and the gentleman from South Carolina got into terms of virtue and lewdness with reference to this evil, but they remind me of Pope's beautiful lines, which fit this case exactly:

> Vice is a monster of so frightful mien,
> As to be hated needs but to be seen;
> Yet seen too oft, familiar with her face,
> We first endure, then pity, then embrace.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. WINGO. Let me use a familiar illustration. It is the same old story, gentlemen. I remember when we tried to clean up our town and put the gambling houses out of business. Everybody said, "Yes; it is a vicious thing to have these gambling hells." One group said, "Let us enforce the law and stop them," while the other crowd said, "No; let us put them on the back streets, so that the old hypocrites and everybody else that wants to can go around there to gamble when they want to without offending anyone, or anyone knowing it." You are going to protect the farm banks against this evil. You say, "You can not have one of these vicious things—a branch bank—in a town of 25,000 or less, but the poor miserable people in the city"—God help them—"may have these things, and we will let this evil feed on them."

Why, gentlemen, that is one reason why I have not been able to follow the philosophy of the gentlemen who are proposing this bill. I recognize the condition which exists, and I appreciate it is a serious one. But, gentlemen, I have said to the committee, and I say to you now, that if Congress wants to stop branch banking it has got the power to do it. You adopt the amendment offered by the gentleman from Alabama upon the question of consolidation; then you adopt another amendment, which he will offer when you get to the section, that authorizes them to organize a State bank with branches and bring it in the national system; that stops that, and you will go a long way toward stopping this evil. Then, write into the bill, if you dare to do it—and that is the only question—that every national bank that has a branch—which it now has by any method—shall within a reasonable time, so as not to disturb its business—say two years, three years, or five years—liquidate the business of those branch banks, and that after 1930 no national bank shall maintain a branch at all; then you will stop the evil of branch banking. [Applause.] Then, what else? Then, provide that after 1930 no State bank shall enjoy the privileges of the Federal reserve system unless it gets rid of and liquidates its branch banking business. That is the simple, direct, and courageous way. Will you do it? No; you will not do it, because the branch bankers control two-thirds of the banking capital of this Nation and they dominate the political situation, so that it is either this bill or nothing.

They have 20 propositions in this bill; 12 of them are sugar coating of two things. One is branch banking and the other is perpetual charters. You will pass your bill, but I have said to the proponents I do not propose to embrace the evil. You can pass it, but I will not stultify myself by voting to approve and authorize anywhere, in city, town, or country, a thing that every thoughtful man knows is vicious and threatens to destroy the great independent unit banking system of this Nation. [Applause.]

Mr. LUCE. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. LUCE. Does the gentleman's view about the interference with State affairs by the Nation lead him to see any difficulty in our attempting by national law to control State banking?

Mr. WINGO. How did I propose to do it?

Mr. LUCE. The gentleman proposed that the State banks should be cut off from the Federal reserve system.

Mr. WINGO. I proposed to deny to a State institution not a right but a privilege—a Federal privilege—of permitting them to come in and get the benefit of a Federal institution. That does not interfere with the rights of the State. No State bank has any inherent right to belong to an institution chartered by Congress for the benefit of Federal corporations. When we let them in, it is a mere gratuity, extending a privilege to them for their benefit, and we have the right to say to them, as we have already said in the Federal reserve act, "You can not come in and get the benefit of this Federal system unless you conform to the standards of the Federal system." Let us preserve the standards of the Federal system as an independent banking system, free from branches, and say to the State banks, "Whenever you clean up house and do away with this evil and are willing to come in on the same footing as a national bank, free of branches, we will be glad to let you have the privileges of the great Federal reserve system."

Mr. LUCE. Does not the gentleman recognize there are perhaps 20,000 State banking institutions to-day which are wholly indifferent to the benefits of the Federal reserve system and to whom no hardship would follow if such legislation as the gentleman proposes were enacted?

Mr. WINGO. I decline to follow the gentleman down the road of expediency. I am speaking of principles.

Mr. LUCE. I am asking about the facts.

Mr. WINGO. Let us keep the Federal principles clean and sound. Let us not bow to the cry of expediency and say the standards of a Federal creature, a Federal corporation, shall be fixed by the whim and fancy of a State legislature.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. LUCE. I ask unanimous consent, Mr. Chairman, that the gentleman may have two additional minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the time of the gentleman from Arkansas be extended two minutes. Is there objection?

There was no objection.

Mr. LUCE. Will not my good friend give me a straight answer to this question? Does not the gentleman know there are 20,000 banks in this country that are to-day indifferent to the Federal reserve system and to whom such legislation as the gentleman suggests would be of no consequence whatever?

Mr. WINGO. No; I do not; and, on the contrary, if the joint commission had followed out my wishes and had continued its investigation I would have shown the gentleman that the friction that exists, which makes national banks now in the Federal reserve system restless and the thing which makes the State banks stay out, is not this question alone. This is not the one. If the gentleman will go and get the notes—I have not got them and have not seen them since the last Congress, and they have never been printed, and I am not responsible for that—the gentleman will see that more than one State banker said to us: "One reason why I am not going into the Federal reserve system is because I realize that the branch bankers have control of the Federal reserve system, and I do not propose to go in and strengthen the institution that threatens to destroy my existence."

Mr. LUCE. But still the gentleman has not answered my question.

Mr. WINGO. I answered the gentleman's question straight. The gentleman's question was, Do you not know there are 20,000 State banks that are indifferent, and I said no; I do not know any such thing, but on the contrary I know differently.

Mr. LUCE. The gentleman did not follow my complete question.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. GARRETT of Tennessee. Suppose that is true, what effect does that have upon the philosophy expressed in the gentleman's argument?

Mr. WINGO. I will tell the gentleman why. My friend from Massachusetts, and I am very fond of him, like my friend, the gentleman from Pennsylvania [Mr. MCFADDEN], cold-blooded, practical gentlemen—and I do not say that in a derogatory way—propose to be governed solely by expediency. They march down the road of expediency. I take the position that principle alone should determine the character of our legislation; that if it is wrong for a national bank to do something, it is wrong even though a State authorizes a State bank to do it. I realize you will pass your bill, but I could not sit silent when I learned my silence was interpreted as either cowardice or indifference. Pass your bill, but I can not vote with you without stultifying myself and overriding my convictions. [Applause.]

Mr. WILLIAMS of Michigan. Mr. Chairman, I would not interpose myself into this good-natured controversy between the gentleman from Alabama [Mr. STEAGALL] and the gentleman from South Carolina [Mr. STEVENSON], if it were not for the fact that the amendment offered by the gentleman from Alabama strikes at the very roots of the theory of this bill.

The gentleman, under his amendment, would prevent the State institution when consolidating with a national bank to bring into the consolidated institution any of the branches of the State bank. It does not make any difference where they are, whether they are located inside of the city or outside of the city.

The gentleman from Alabama has raised this issue here and has said to you gentlemen that there is no one on this committee who stands up in any way for the branch-banking idea.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. WILLIAMS of Michigan. Not for the moment. I will yield to the gentleman later.

I want to say, in the first place, I stand for the principle of branch banking within cities. I do not admit for a moment that there is any argument against the matter of branch banking within cities. We have large cities to-day where traffic conditions and the size of the cities make it absolutely essential, if the great banking institutions there are going to meet the needs of the people, to bring their banking facilities nearer to them.

What argument can there be against that? Is that absentee ownership? Not at all, because within 20 minutes, or half an hour at the most, anyone who applies at any one of these branch banks in any city can go to the main office and can take up there occasionally, as they no doubt do, their banking matters; and the argument that applies as against the Canadian system or as against the state-wide system does not apply at all in the case of the branch within a city.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. WILLIAMS of Michigan. I yield.

Mr. CONNALLY of Texas. The gentleman says that if we consolidate a State bank with a national bank, what difference does it make? Suppose a State bank has five branches; if you can consolidate two, you can consolidate six and put them all in one national bank at one place.

Mr. WILLIAMS of Michigan. Not under this amendment.

Mr. CONNALLY of Texas. I am talking about the law. The gentleman is on the Committee on Banking and Currency. Why does not the committee let them consolidate, but let them consolidate with one place of business; can not that be done?

Mr. WILLIAMS of Michigan. Let me answer the gentleman. That is not practical, for the reason that the one institution thus maintained would not cater to or meet the needs of the people of that community.

Mr. CONNALLY of Texas. That is the point, exactly.

Mr. WILLIAMS of Michigan. Furthermore, if this provision goes through as offered here by the gentleman from Alabama, there will be no consolidations of State institutions with national institutions. The shoe will be entirely upon the other foot, and such consolidations as take place will be of a national bank going over to a State bank.

Mr. BLACK of New York. Will the gentleman yield?

Mr. WILLIAMS of Michigan. Yes.

Mr. BLACK of New York. The gentleman knows that the Federal Reserve Board has provided against consolidation by regulations.

Mr. WILLIAMS of Michigan. I am acquainted with that fact.

Mr. BLACK of New York. Then why do you need the law if you have the regulations?

Mr. WILLIAMS of Michigan. This law has to do with an entirely different matter. If you are going to vote for this proposition, you might just as well decide to kill the theory upon which this whole bill is based—that is, to permit branch banking in the cities of the country where similar service is given by State institutions within the State limits.

So far as state-wide banking is concerned, that is not involved in this discussion, because the proposal, as far as the bill itself is concerned, provides only branches can be brought in located in the city of the parent institution. So far as I am personally concerned, dealing with the question of state-wide banking, I believe in the principle of allowing each State in the country to decide that question for itself. They say we should take a position with reference to national banks that will set an example and prevent branch banking in this country, but there has not been offered a single practical suggestion that would accomplish that thing. We know that branch banking has developed and is going on and meeting the needs of certain portions of our country, and there is nothing we can do to curtail it.

Mr. BLACK of Texas. Mr. Chairman, I rise to favor the Steagall amendment.

Mr. MCFADDEN. Will the gentleman allow me to see if I can get some agreement as to debate on this amendment? Mr. Chairman, I ask unanimous consent that debate on this amendment close 15 minutes after the gentleman from Texas [Mr. BLACK] has occupied his 5 minutes.

Mr. STEAGALL. Reserving the right to object, there are two or three other gentlemen that want to speak on this amendment.

Mr. GARRETT of Tennessee. I do not think anything will be gained by that; this is the fundamental question involved in the bill.

Mr. MCFADDEN. Mr. Chairman, I will withdraw my request.

Mr. BLACK of Texas. Mr. Chairman, the gentleman from Tennessee [Mr. GARRETT] has correctly stated the proposition when he says that the Steagall amendment goes to the very fundamentals of the proposition. Our distinguished friend, the gentleman from South Carolina [Mr. STEVENSON], in his speech said that the committee bill proposes to do something about restricting branch banking, and that the gentleman from Alabama [Mr. STEAGALL] had not proposed to do anything. Let us see what the situation is. This section we are now discussing, if adopted, will permit the consolidation of a State bank with a national bank, and under section 5155 of the Revised Statutes of the United States as it now exists any State bank consolidated with a national bank under the section now proposed can come into the system with all of its branches.

Mr. STEVENSON. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. STEVENSON. The gentleman misstates the law; any State bank with a branch can nationalize and bring all its branches into the national system, but it can not consolidate and bring them in.

Mr. BLACK of Texas. The gentleman did not get exactly what I said. He does not intentionally misquote me, but what I said was that if this section of the bill is adopted a State bank may consolidate with a national bank, and bring in its branches.

Mr. STEVENSON. I beg the gentleman's pardon; I misunderstood him.

Mr. BLACK of Texas. I knew the gentleman did. If section 5155 were to remain unamended then hereafter if a State bank should consolidate with a national bank, then in such consolidation the State bank might bring in all its branches, even though they may be in any part of the State. But I will admit that the section as written does, in effect, propose to amend section 5155 and permit a State bank to only bring in those branches situated within the muncipality where the parent bank is located.

Now, the Steagall amendment if adopted will go still further and provide that in this process of consolidation the State bank will only be permitted to bring in such branches as may be located in foreign countries or dependencies or insular possessions of the United States. I do not know of any objection to that. If a State bank should have a branch in a foreign country or in any of our dependencies or insular possessions, I do not know of any objection to bringing it in. The Steagall amendment, however, would not permit a State bank to bring in any branches located in either the city of its domicile or in the State of its domicile. So it brings us right down to the proposition, are we going to use our restrictive powers as a legislative body to really restrict branch banking, or are we going to use them to enlarge the evil? The question is are we going to have independent banks, or are we going to ultimately have the Canadian system where they only have 12 banks in the whole Dominion of Canada with several thousand branches?

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. McKEOWN. Is there any way that would prevent the system that prevails in Canada whereby a depositor may not change his deposit from one bank to another bank without securing the consent of the bank where his deposit is, no matter what arises between him and the bank?

Mr. BLACK of Texas. There is nothing in the bill that would relate to that situation. Because the Steagall amendment goes right to the heart of this subject, I shall support it.

Mr. BLANTON. Mr. Chairman, I offer a substitute for the Steagall amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON, Page 5, line 8, after the word "that" strike out all of the balance of line 8 and all of line 9.

Mr. BLANTON. Mr. Chairman, the committee selected the distinguished gentleman from Massachusetts [Mr. LUCE] to close this debate in behalf of the bill. I watched his argument carefully, presuming that it would sum up and say the last word in favor of branch banking, which is embodied in the bill. The gentleman made two points. He said, first, that in this bill he found half a loaf, and then he said that in some city he had in mind a river divided it north and south, and there might be a State bank on each side of the river and a national bank on only one side, and he wanted the national bank to have an equal show, and that therefore he was going to vote for the bill.

They were the only two points he made. Therefore, I take it from his argument that the half a loaf that he saw in the bill was to benefit the national banks. I have in mind cities also where rivers might divide them north and south, and I have in mind cities where trunk lines of railroads might divide them east and west. In such cities there could be a little State bank on the south side of the river and a strong national bank on the north side of the river, and under this bill where the State bank could not afford to establish a branch bank on the north side of the river, yet the big, strong national bank on the north side could plant a branch bank right by the side of the little State bank on the south side of the river and put it out of business. What is he going to say to that kind of a procedure under the provisions of this bill?

In most of the States the State banks are not so strong as the national banks in finances or otherwise. They are not able to establish branches in the same city, whereas the national banks might be able to do so, so his argument, I take it, was against the bill rather than in favor of it, if we are to protect the interest of State banks. That is bothering me. I hope he will take the floor again under the five-minute rule and convince us, if he can, that while this bill would be beneficial to the national banks it would be of equal benefit to the State banks.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HUDSPETH. I take it from the gentleman's argument that he is in favor of abolishing branch banking or curtailing it.

Mr. BLANTON. I am a little in doubt yet. I do not know what ought to be done. The gentleman from South Carolina [Mr. STEVENSON] preaches one doctrine and the gentleman from Alabama [Mr. STEAGALL] preaches another doctrine. They are both distinguished members of the committee from our side of the aisle. I do not know yet which one to follow.

Mr. HUDSPETH. Let me see what my colleague is preaching. Under the Steagall amendment if it is adopted and the State banks do not desire to consolidate with the national banks, that would not curtail a single State bank, and if the gentleman is correct in the statement that 20,000 do not want to go into the Federal system, then under the bill as it is written, it does limit the branch banks to the city of the parent bank.

Mr. BLANTON. Yes. In our State we do not have any branch banks, as my colleague knows.

Mr. HUDSPETH. But I am speaking of States that do have branch banks.

Mr. BLANTON. The bill will not affect us unless the national banks should be strong enough when our legislature meets next week to go to Austin and force the Texas Legislature to establish branch banks. Then they would come in our State, and that was the suggestion made on the floor a moment ago, and that is the proposition that is putting me in doubt as to the wisdom of the bill at this time.

Mr. JOHNSON of Texas. Does not my colleague recognize the fact that the constitution of Texas forbids branch banks in the same provision of the constitution which establishes banks?

Mr. BLANTON. But if the legislators of Texas pay no more attention to the constitution of our State than Members of Congress do here to the Federal Constitution we would be in a terrible fix.

Mr. HUDSPETH. Particularly in view of the fact that they have passed a law limiting the right of the landlord to charge the tenant more than one-third of the corn or one-fourth of the cotton, does he think they have a great deal of regard for the constitution of the State of Texas?

Mr. BLANTON. When they did pass that they did not pay much attention to the constitution, as will be the case with Members here if they pass a certain rent law that the President is said to be in favor of and has sent to a committee for consideration.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my amendment, as it was merely pro forma.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

Mr. HOWARD of Nebraska. Mr. Chairman and gentlemen. [Applause.] I have been sorely mistreated in recent days. I am recently from the sea where for 20 hours I was in doubt as to whether I should again have the joyful privilege of meeting you all. [Laughter.] But my state of mind there, was not as badly fuddled as it is here. I never had very much experience in Congress, and I have been bewildered beyond words to-day to see the gentleman bring before this body a bill the principle of which is denied by every member of the committee except one courageous fellow.

I call him the most courageous man in the Congress. He is the only one——

SEVERAL MEMBERS. Who is he?

Mr. HOWARD of Nebraska. Who has dared to say he believes in the principles of this bill.

Mr. HUDSPETH. Who is he?

Mr. HOWARD of Nebraska. He was a handsome fellow back there. [Laughter.] But oh, my friends, do not you think now after we have had such intense argument here, do not you think we ought to stop for a few moments and be soft and gentle, hoping there will come to us the consideration of a principle? You Democrats over there who are talking in favor of this promised infamy, what do you believe Andrew Jackson would say to you if he should be looking down to-day, and I believe he is.

Mr. DEMPSEY. Tennessee has a law in favor of branch banking, and Andrew Jackson came from Tennessee.

Mr. HOWARD of Nebraska. And Andy has been dead a long while. [Laughter.]

Mr. STEVENSON. Will the gentleman yield?

Mr. HOWARD of Nebraska. I will.

Mr. STEVENSON. The gentleman pointed to me and asked what I would do if Andrew Jackson was looking down here. I will say I would tell him I would adjourn and the House may do what it pleases.

Mr. HOWARD of Nebraska. Well, I am having a good deal of difficulty in keeping track of my friends, and particularly the conduct of my South Carolina friends in recent days in the Congress. [Laughter.] Oh, if this bill does give the Comptroller of the Treasury, as it says it does, the power positively to render final judgment with reference to what shall become of a man's property in a State without reference to the State laws, then, for the information of my friend from South Carolina, I will say that perhaps if Andrew should be looking down and he should see the language in that bill, and the gentleman from South Carolina should say to him that the bill does give to the comptroller that final power to divest a citizen of a property, without due process of law, then Andy would say (if it be parliamentary), "I think the bill gives to the comptroller too damn much power" [laughter], and for that reason, desiring to be in harmony with the best tenets of my party as far as I may I shall be wholly unable to support the bill unless I shall be able to eliminate from it that particular feature. I am asking for information. I have asked many gentlemen on this floor to enlighten me personally regarding the bill, and they do not give me much light. I wish they would. I am in earnest about it. I believe there are many others here who would like to have light on this bill, but it is brought in here under a special rule. Who asked for the special rule? Millions of American farmers pleaded with us and through us to the magnificant chairman of the Committee of Rules for special rules in reference to agricultural relief. He was deaf to our pleadings, although I know he loves us——

Mr. SNELL. Does the gentleman remember any request of the Agricultural Committee that has ever been denied by the Committee on Rules?

Mr. HOWARD of Nebraska. Not of the Agricultural Committee. I am speaking——

Mr. SNELL. That is where the agricultural legislation comes from, does it not?

Mr. HOWARD of Nebraska. Well, as a rule it does when it comes [laughter], but unfortunately the committee system choked it to death.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

Mr. McFADDEN. Mr. Chairman, I am going to suggest that the hour is late, and I shall move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, having under consideration the bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes, reported that that committee had come to no resolution thereon.

ORDER OF BUSINESS

Mr. MORTON D. HULL. Mr. Speaker, I would like to know when this bill will be further considered?

Mr. WINGO. Mr. Speaker, the Members of the House can rely upon the program that this bill will not be considered on Monday?

The SPEAKER. The Chair so understands. The Chair understands that there is no disposition to set aside the business in order on Monday.

Mr. WINGO. Some of the Members of the House who are here to-day desired to attend to certain business on Monday which they had to do on Saturday. I told them this bill would not probably be taken up until Tuesday.

Mr. SNELL. I understand this bill will be taken up on Tuesday.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. MADDEN, from the Committee on Appropriations, reported the bill (H. R. 11505) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1926, and for other purposes, which, with the accompanying report (Rept. No. 1131), was ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. SANDLIN. Mr. Speaker, I reserve all points of order on the bill.

The SPEAKER. The gentleman from Louisiana reserves all points of order on the bill.

CREATION OF TWO JUDICIAL DISTRICTS IN INDIANA—CONFERENCE REPORT

Mr. HICKEY. Mr. Speaker, I call up the conference report on the bill (H. R. 62) to create two judicial districts within the State of Indiana, the establishment of judicial divisions therein, and for other purposes, and ask for its immediate consideration. I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana, that the statement accompanying the conference report be read in lieu of the report?

Mr. BANKHEAD. Mr. Speaker, may I inquire what the conference report is on?

Mr. HICKEY. It is on the court bill for Indiana. It has been agreed upon by all the members of the committee.

Mr. GARRETT of Tennessee. Which is the shorter, the statement or the report?

Mr. HICKEY. The report.

The SPEAKER. The Clerk will read the statement.

The conference report and statement are 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. 62) to create two judicial districts in the State of Indiana, the establishment of judicial divisions therein, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendments insert the following:

"That the State of Indiana shall constitute one judicial district to be known as the district of Indiana. For the purpose of holding terms of court the district shall be divided into seven divisions constituted as follows: The Indianapolis division, which shall include the territory embraced within the counties of Bartholomew, Boone, Brown, Clinton, Decatur, Delaware, Fayette, Fountain, Franklin, Hamilton, Hancock, Hendricks, Henry, Howard, Johnson, Madison, Marion, Monroe, Montgomery, Morgan, Randolph, Rush, Shelby, Tipton, Union, and Wayne; the Fort Wayne division, which shall include the territory embraced within the counties of Adams, Allen, Blackford, De Kalb, Grant, Huntington, Jay, Lagrange, Noble, Steuben, Wells, and Whitley; the South Bend division, which shall include the territory embraced within the counties of Cass, Elkhart, Fulton, Kosciusko, La Porte, Marshall, Miami, Pulaski, St. Joseph, Starke, and Wabash; the Hammon division, which shall include the territory embraced within the counties of Benton, Carroll, Jasper, Lake, Newton, Porter, Tippecanoe, Warren, and White; the Terre Haute division, which shall include the territory embraced within the counties of Clay, Greene, Knox, Owen, Parke, Putnam, Sullivan, Vermilion, and Vigo; the Evansville division, which shall include the territory embraced within the counties of Daviess, Dubois, Gibson, Martin, Perry, Pike, Posey, Spencer, Vanderburg, and Warrick; the New Albany division, which shall include the territory embraced within the counties of Clark, Crawford, Dearborn, Floyd, Harrison, Jackson, Jefferson, Jennings, Lawrence, Ohio, Orange, Ripley, Scott, Switzerland, and Washington.

"SEC. 2. That except as hereinafter in this section provided terms of the district court for the Indianapolis division shall be held at Indianapolis on the first Mondays of May and November of each year; for the Fort Wayne division, at Fort Wayne on the first Mondays of June and December of each year; for the South Bend division, at South Bend on the second Mondays of June and December of each year; for the Hammond division, at Hammond on the first Mondays of January and July of each year; for the Terre Haute division, at Terre Haute on the first Mondays of April and October of each year; for the Evansville division, at Evansville on the second Mondays of April and October of each year; for the New Albany division, at New Albany on the third Mondays of April and October of each year. When the time fixed as above for the sitting of the court shall fall on a Sunday or a legal holiday, the term shall begin upon the next following day not a Sunday or a legal holiday. Terms of the district court shall not be

limited to any particular number of days, nor shall it be necessary for any term to adjourn by reason of the intervention of a term of court elsewhere; but the term about to commence in another division may be postponed or adjourned over until the business of the court in session is concluded.

"SEC. 3. That the President of the United States be, and is hereby, authorized and directed by and with the advice and consent of the Senate to appoint an additional district judge for the district of Indiana, who shall reside in said district, and whose term of office, compensation, duties, and powers shall be the same as now provided by law for the judge of said district.

"SEC. 4. That the clerk of the court for the district shall maintain an office in charge of himself or a deputy at Indianapolis, Fort Wayne, South Bend, Hammond, Terre Haute, Evansville, and New Albany. Such offices shall be kept open at all times for the transaction of the business of the court. Each deputy clerk shall keep in his office full records of all actions and proceedings of the district court held at the place in which the office is located.

"SEC. 5. A judge of the District Court for the District of Indiana may, in his discretion, cause jurors to be summoned for a petit jury in criminal cases, from the division in which the cause is to be tried or from an adjoining divison, and cause jurors for a grand jury to be summoned from such parts of the district as he shall from time to time direct. A grand jury summoned to attend a term of such court may investigate, and find an indictment or make a presentment for, any crime or offense committed in the district, whether or not the crime or offense was committed in the division in which the jury is in session.

"SEC. 6. That either party in a civil or criminal proceeding in said district may apply to the court in term or to a judge thereof in vacation for a change of venue from the division where a suit or proceeding has been instituted to an adjoining division and the court in its discretion, or the judge in his discretion, may grant such a change."

Amend the title so as to read: "An act to authorize the appointment of an additional district judge in and for the district of Indiana and to establish judicial divisions therein, and for other purposes."

And the Senate agree to the same.

GEO. S. GRAHAM,
ANDREW J. HICKEY,
HATTON W. SUMNERS,
Managers on the part of the House.

SAMUEL M. SHORTRIDGE,
R. P. ERNST,
LEE S. OVERMAN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 62) to create two judicial districts within the State of Nevada, the establishment of judicial divisions therein, and for other purposes, submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

The conferees have written a new bill embodying the substance of the original House bill and of the Senate amendment.

The bill as submitted by the conferees retains the provision of the Senate bill creating but one district instead of two and providing in the discretion of the court for the selection of petit and grand jurors from any part of the district, and also authorizing a grand jury summoned to attend a term of court in one division to find an indictment or make a presentment for a crime or offense committed in any part of the district.

Sections with respect to the appointment of deputy clerks and assistants, marshals, and assistant district attorneys and the fees of these officers, as provided in the House bill, have been omitted as the same are fixed by statute under the general law.

Sections 5, 6, and 7 of the Senate amendment with respect to the transfer and removal of causes, both civil and criminal, have been omitted since they are now provided for by general law. (See secs. 53, 58, and 59 of the Judicial Code.)

Section 12 of the House bill and section 8 of the Senate amendment (identical sections) were omitted.

Section 9 of the Senate amendment has been amended to provide for a change of venue in vacation.

The title has been amended to conform to the text as agreed upon by the Senate amendment and in conference.

GEORGE S. GRAHAM,
ANDREW J. HICKEY,
HATTON W. SUMNERS,
Managers on the part of the House.

Mr. HICKEY. Mr. Speaker, I move the adoption of the conference report.

The SPEAKER. The gentleman from Indiana moves the adoption of the conference report. The question is on agreeing to that motion.

The motion was agreed to.

DISTRICT SURPLUS FUND

Mr. BLANTON. Mr. Speaker, on Monday the Committee on the District of Columbia will probably take up what is known as the surplus bill, involving an alleged claim of $4,438,154.92 which the District of Columbia claims is due it by the Federal Government. In order that the membership may get my views on that matter in to-day's RECORD at this juncture, I ask leave to present my views on that question to be printed in the RECORD.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. LAGUARDIA. It is only on the claims? It does not go into any other features of the District of Columbia such as the rent bill?

Mr. BLANTON. No, it has no bearing on the rent bill. I am against the contention of the District, as to this $4,438,154.92, and I want to present my view in the RECORD and in the main body of it so that the Members will see it Monday morning.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, the chairman of the Committee on the District of Columbia has agreed with the gentleman from Maryland [Mr. ZIHLMAN] on a program for next Monday, which contemplates the passage by them of the so-called surplus bill, which proposes to take $4,438,154.92 of the people's money out of the Public Treasury, and give it to the specially favored people who are so fortunate as to live in the District of Columbia. And following it as an aftermath, these Washingtonians will a little later take from the United States Treasury the further sum of $819,373.83.

HAVE FOUGHT THIS BILL FOR SEVERAL YEARS

If, under the provisions of law, strained or otherwise, this Government were due the District of Columbia any sum, I would unhesitatingly vote to pay it. I have always promptly paid my own debts, and I want my Government to do likewise. My investigations covering several years have convinced me that it is the District of Columbia that owes large sums to the Government, instead of there being any sum whatever due it. Being so convinced, and having given close study to the subject, I have fought this bill for several years.

HOUSE COMMITTEE HAS NEVER INVESTIGATED CLAIM

No committee of the House of Representatives has ever investigated the justice of this claim. In the Sixty-seventh Congress, when just 10 days before its final adjournment the bill was favorably reported, it was so done without authority, for at the time that action was taken on February 21, 1923, the gentleman from Maryland [Mr. ZIHLMAN] asked that the bill be reported, because he had promised the gentleman from Colorado [Mr. HARDY] that he would have it reported, and there was not a quorum then present, and a point of no quorum had already been made, and the action was thereafter taken without a quorum, and at a time when the House had already met. This is shown from the following excerpt from my minority report filed in the Sixty-seventh Congress, which is on page 4844 of the CONGRESSIONAL RECORD for February 27, 1923, which I quote as follows:

The House Committee on the District of Columbia was called to meet at 10.30 o'clock a. m. on Wednesday, February 21, 1923. The committee has 21 members. The presence of 11 members is required to make a quorum. When the committee was called to order at 10.40 a. m., only eight members were present, to wit: Chairman Focht, Zihlman, Walters, Sproul, Blanton, Gilbert, Hammer, and O'Brien. After passing on routine matters, the committee conducted a hearing on the proposed legislation to extend the time for evicting alley residents, hearing the testimony of several witnesses. At 10 minutes before noon, the business of said committee apparently having been concluded, as members were then circulating a eulogy on the chairman, the writer stated that he would have to leave, in order to be in the House when a conference report was to be taken up.

Concerning what transpired thereafter, the press reports that a motion was made to report the alley bill, but was withdrawn when a Member made the point of no quorum and then, upon motion of the gentleman from Maryland [Mr. ZIHLMAN], the few Members present order a favorable report on the Hardy bill (H. R. 14372), to credit said alleged surplus to the District of Columbia. At that time there was no quorum present, and said committee was sitting and acting without authority, for the House of Representatives has never granted authority to said Committee on the District of Columbia to sit during the sessions of the House. The gentleman from Kentucky [Mr. GILBERT] voted against reporting said bill. Such bill has never been considered by said committee. No hearing whatever was had on same by said committee.

None of the few members of said committee present had read even the majority report of said special select committee. None of them had conferred with the gentleman from Nebraska [Mr. EVANS] concerning the minority report he was going to file against said alleged surplus. The only excuse given for reporting out said bill without hearing or consideration was the statement of the gentleman from Maryland [Mr. ZIHLMAN] that he had promised the gentleman from Colorado [Mr. HARDY] to report it out. This ridiculous half-page report shows that an amendment in the Senate is pending to attach this $4,438,154.02 unjust legislation upon the deficiency bill which this House to-day is reading under the five-minute rule. The evident intention is to pass it without debate. These gentlemen do not understand that that surplus claim is wholly without merit.

The foregoing shows conclusively that the Committee on the District of Columbia of the House of Representatives held no hearings and made no investigation whatever of this proposal in the Sixty-seventh Congress, but reported the bill when there was no quorum present merely to comply with a request that had been made by the gentleman from Colorado [Mr. HARDY].

COMMITTEE MADE NO REAL INVESTIGATION IN THIS CONGRESS

When the Committee on the District of Columbia met on Wednesday, May 7, 1924, I then insisted that no action be taken on this bill until there was a hearing upon and an investigation of it. Only after urgent insistence on my part did the committee authorize a hearing. And the committee required, when creating the subcommittee, that it should make its report thereon back to the full committee on the next Wednesday, May 14, 1924. I immediately urged both the gentleman from Wisconsin [Mr. LAMPERT] and the gentleman from Pennsylvania [Mr. BEERS] to begin the hearings at once, but same was not called until 10.30 a. m., Monday, May 12, 1924, which permitted only an hour and a half that day and an hour and a half on Tuesday, as the House met each day at noon, and the report had to be made back to the full committee on Wednesday, May 14, 1924; and I realized full well that no proper hearing could be conducted in three hours, even if I were given the entire time to offer evidence against the bill.

The committee refused to give me an opportunity to present my facts against the justice of the bill, and did not give me an opportunity to offer witnesses and much record evidence I had against the proposal, hence I left the so-called hearing, and the bill was favorably reported without going into the voluminous facts at all.

COMMITTEE'S FAVORABLE REPORT

It is certainly amusing to read the committee's favorable report on this bill. It is short and sweet. It couldn't be otherwise. Here it is:

Mr. BEERS, from the Committee on the District of Columbia, submitted the following report to accompany S. 703:

"The Committee on the District of Columbia, to whom was referred the bill (S. 703) making an adjustment of certain accounts between the United States and the District of Columbia, having considered the same, report favorably thereon with the recommendation that it do pass."

And upon that simple statement, the Committee on the District of Columbia expects the Congress to take out of the people's Public Treasury the enormous sum of $4,438,154.92 and make a present of it to the petted people of Washington.

What reason is given for it? None. What facts are offered in support of it? None. The committee expects the Congress to vote for it blindly. The committee expects the Congress not to be of an inquisitive mind. The committee expects the Congress not to be interested. And most of the time when District business is before the Congress it isn't interested. And that is just why these citizens' organizations of Washington are able to get so many millions handed out to them from the Public Treasury.

ORIGIN OF THIS FICTITIOUS CLAIM

This claim of a so-called surplus due the District of Columbia arose in the following manner: Until 1922 the fiscal arrangement was that the expenses of the District should be paid 50 per cent by the District and 50 per cent by the Government; and since that time such expenses have been paid 60 per cent by the District and 40 per cent by the Government, until last year Congress fixed the amount of the Government's contribution at $9,000,000.

As the taxes from the people of the District at their low assessment and low rate of taxation have been collected, they have been placed in the Treasury to the separate credit of the District of Columbia. And the license fees, franchise fees, fines, and penalties have also been credited. And because of the fact that in many of the supply bills for the various Government departments Congress has each year made appropriations for various civic enterprises, amounting to millions on the water system alone, which came 100 per cent out of the Government, the appropriations made in the regular District of Columbia appropriation bills did not exhaust all of the credits which the District of Columbia had in the Treasury, credited from such taxes, licenses, franchises, fines, and penalties, simply because the needs and necessities of the District had been provided for by the Government 100 per cent out of its own Treasury in various of its departmental supply bills.

And because of these facts the District of Columbia Commissioners and citizens saw a fine opportunity to make a claim against the Government to the effect that because Congress did not actually exhaust such credits of the District in the Treasury by appropriations in the regular District of Columbia appropriation bills, that the aggregate of such credits not so exhausted ought to be given to the District of Columbia. These Commissioners and citizens of the District of Columbia specially avoided taking into account the millions and millions of dollars the Government spent in other departmental supply bills taken 100 per cent out of the Government Treasury, which, if matched by funds of the District under the regular fiscal relation agreement, would exhaust two or three times the unexpended credits in the Treasury claimed by the District of Columbia.

WHAT CONGRESS AUTHORIZED

And when the District of Columbia made this claim the Congress required that all of these matters be taken into consideration back to the year 1874. Let me quote from the act of June 29, 1922, which created the joint select committee of Senators and Representatives to investigate this claim, the following:

A joint select committee composed of three Senators, to be appointed by the President of the Senate, and three Representatives, to be appointed by the Speaker of the House of Representatives, is created and is authorized and directed to inquire into all matters pertaining to the fiscal relations between the District of Columbia and the United States since July 1, 1874, with a view of ascertaining and reporting to Congress what sums have been expended by the United States and by the District of Columbia, respectively, whether for the purpose of maintaining, upbuilding, or beautifying the said District, or for the purpose of conducting its government or its governmental activities and agencies, or for the furnishing of conveniences, comforts, and necessities to the people of said District.

Neither the cost of construction nor of maintenance of any building erected or owned by the United States for the purpose of transacting therein the business of the Government of the United States shall be considered by said committee. And in event any money may be or at any time has been by Congress or otherwise found due, either legally or morally, from the one to the other, on account of loans, advancements, or improvements made, upon which interest has not been paid by either to the other, then such sums as have been or may be found due from one to the other shall be considered as bearing interest at the rate of 3 per cent per annum from the time when the principal should, either legally or morally, have been paid until actually paid. And the committee shall also ascertain and report what surplus, if any, the District of Columbia has to its credit on the books of the Treasury of the United States which has been acquired by taxation or from licenses. And the said committee shall report its findings relative to all the matters hereby referred to it to the Senate and House, respectively, on or before the first Monday in February, 1923.

You will specially note that said committee was required by Congress to audit all of such business relationship of the District of Columbia and the Government back to July 1, 1874, and instructed said committee to take into consideration all sums of money which the Government during that time had spent—

For the purpose of maintaining, upbuilding, or beautifying the said District, or for the furnishing of conveniences, comforts, and necessities to the people of said District.

That required this committee to check up all departmental supply bills and to glean from same all sums expended by the Government for the purposes above mentioned during all of

the period back to July 1, 1874, and Congress intended that all such sums should offset, in the proportion that the District and Government should pay the expenses, the various credits the District of Columbia had in the Treasury.

BUT COMMITTEE DID NOT OBEY DIRECTIONS OF CONGRESS

The gentleman from Nebraska, Mr. Evans, who was a member of this joint select committee, filed a most comprehensive minority report against this so-called surplus, asserting that the committee refused to obey the directions of Congress and refused to make any investigation or audit of the business during the period between July 1, 1874, and July 1, 1911, as Congress had directed it to do, but that such committee confined its investigation and audit only to the period between July 1, 1911, and July 1, 1922. This minority report of Mr. Evans's is printed in the CONGRESSIONAL RECORD for Feburary 26, 1923, on pages 4763 to 4773, inclusive. Let me quote you a few excerpts from same:

EXCERPTS FROM MINORITY REPORT FILED BY MR. EVANS, OF NEBRASKA

The undersigned is unable to agree with the findings and conclusions of the majority of the committee for the following reasons:

(1) The construction of the act raising the committee as made by the majority report is erroneous, and the same objection lies as to the construction or effect of other acts bearing upon or affecting the matter investigated by the committee.

(2) The investigation made by the committee has covered neither the period nor the extent that Congress directed.

(3) The finding by the majority of a balance or surplus of $4,438,154.92 as due to the District of Columbia is not supported by facts or law.

The language of the act under which the committee was created is clear and positive in its authorization and directions. There is, as to the points upon which the majority of the committee and the writer differ, no ambiguity in the language of the act.

The purpose Congress had in creating the joint select committee was to discover and report to Congress all facts bearing on the fiscal relations between the District of Columbia, hereinafter called the District, and the United States, hereinafter called the Government, in order that Congress might be able to determine the exact state of such fiscal relations. Such a discovery and report has not been made.

The alleged surplus reported by the majority of the committee is not based on such facts or information so gathered, because not all of such facts or information was gathered or searched for. In addition it was desired to have fixed accurately and authoritatively the amounts contributed by the District and the Government, respectively, for "maintaining, upbuilding, or beautifying said District, or for the purpose of conducting its governmental activities and agencies or for the furnishing of conveniences, comforts, and necessities to the people of said District." This direction of Congress has been ignored or so performed as to amount to a disregard of the congressional mandate.

I

The construction of the act raising the committee as made by the majority is erroneous, and the same objection lies to the construction of other acts bearing upon or affecting the investigations by the committee.

The act "authorizes and directs" inquiry into all matters pertaining to the fiscal relations between the District and the Government since July 1, 1874.

First, there is no question but that the act is mandatory. It is not left to the choice or desire of the committee or a majority of the committee to determine whether it is best or proper or just to go into the subject matter presented for inquiry, and the act is equally specific as to the extent. It covers "all matters" pertaining to the fiscal relations * * * since July 1, 1874.

What did the committee do under this authorization and direction? It secured the services of Haskin & Sells, accountants, and secured through them an audit of the District general fund from June 30, 1911, to June 30, 1922. It secured a calculation and stating of the amount of interest on a portion only of the fund found due from one to the other. It inquired of certain persons if they knew of any other items unsettled in the accounts between these interests. It had submitted to it a report of a previous audit made by persons in no way responsible to it, and so far as known such report could not be vouched for as a complete and comprehensive audit of the period prior to June 30, 1911.

Such items as its inquiries developed it inquired into to only a limited extent. Outside of the audit of the District general fund for the time intervening between June 30, 1911, and June 30, 1922, it has and can produce no certified audit of any period or any account. I wish to emphasize this fact: It does not have an audit that covers fully all accounts between these interests between the dates mentioned in the act, June 30, 1874, and June 30, 1922. None was made. I assume that the construction placed by the majority of the committee, hereinafter called the majority, is measured by its acts, and hence I feel there has been a misconception of the intent of the act. No accountant or auditor, no committee or part of a committee with financial reliability back of its certificate will certify to the correctness of the surplus reported or the completeness and thoroughness of the audit reported.

The effect of the majority report boiled down is that within limits of the time given a thorough audit can not be made. To make such an audit will require more money and more time than was given to the committee. It has inquired of certain persons, former officials, or auditors of a portion of these accounts if they or either of them knew of unreported items, which, if there had been items so known to such persons it would have been their duty to report, and upon receiving an answer denying knowledge of unreported items the majority have accepted as final and complete the investigation of Haskins & Sells as to the District general fund covering the period between June 30, 1911, and June 30, 1922.

Thus it is clearly apparent that this joint select committee did not do what Congress had directed it to do, and that it did not go back to July 1, 1874, but that it merely considered the short period embraced between July 1, 1911, and July 1, 1922. But let me quote further excerpts from Mr. Evans's minority report:

It is also claimed by them that Congress has very materially reduced District appropriations during the war (p. 184). This is an inaccurate statement. The appropriations by years since 1892 follow:

NOTE.—Total appropriations, including water department:

1892	$5,597,125.17
1893	5,372,737.27
1894	5,413,223.91
1895	5,616,138.57
1896	5,761,383.25
1897	5,960,319.48
1898	6,205,015.06
1899	6,536,580.07
1900	6,874,525.77
1901	7,577,369.31
1902	8,502,269.94
1903	8,586,089.97
1904	8,888,097.00
1905	11,023,440.00
1906	9,844,197.62
1907	10,346,062.16
1908	10,442,598.63
1909	10,001,888.85
1910	10,699,531.49
1911	10,840,257.99
1912	12,061,286.50
1913	10,670,733.00
1914	11,392,239.00
1915	12,272,539.49
1916	11,950,063.60
1917	12,842,216.10
1918, including $956,003 in deficiency acts	15,129,000.85
1919, including $830,482.80 in deficiency acts	15,971,001.46
1920, including $12,000 in sundry civil act, $726,825.04 in deficiency acts, $591,281.75 in special acts, and $15,264,421 in the District of Columbia act	16,694,527.79
1921, including $533,727.90 in deficiency acts	18,881,949.43
1922	21,039,972.99
1922 (deficiency acts)	1,566,700.00
1922 (Army act)	200,000.00
1922 (permanent annual and indefinite appropriations)	1,380,000.00
1923	22,459,600.80
1923 (deficiency act)	382,000.00
1923 (special act)	10,000.00
1923 (permanent annual and indefinite appropriations)	1,624,600.00

It will be seen that while there was a slight reduction in one or two years that there has been a gradual increase throughout the entire period.

The majority report also challenges attention to the fact that since 1912 the appropriations have not been equal to the estimates, and by inference, if not statements, convey the impression that this is unusual and had not been the fact prior to 1912, and the statement is also made that this failure to appropriate the amount estimated and because appropriations were so reduced the surplus accumulated. The majority fails to state that for some of the years covered there was an estimate calling for expenditure of large amounts exclusively from the Federal funds, but does include those amounts in the estimates copied into the report.

Schedule 1 of the Mapes report shows that the total District revenues in 1912 were $7,078,091.16, and that there was a gradual increase, until in 1922 the amount was $13,917,005.62, approximately doubling in 11 years. This fact and a comparison of the preceding tables refute the majority statements referred to so far as material to the consideration of the subject in hand.

In this connection it is also urged that expenditures for public schools in the District during the war were reduced. The expenditures for schools, by years, since 1914 follow:

[Note: Total for public schools.]

APPROPRIATIONS	
1915	$3,382,840.00
Deficiency	13,152.00
1916	3,308,740.00
In deficiency acts	42,204.00
1917	3,090,299.00

Deficiency act	$88,150.00
1918	3,568,225.00
Deficiency	103,657.00
1919	3,478,840.00
Deficiency	92,000.00
1920	3,065,950.00
Deficiency	175,744.00
1921	5,018,160.00
Deficiency	69,719.56
1922	5,871,140.00
1922 (deficiency)	1,544,000.00
1923	7,240,800.00
Deficiency act	260,000.00
ESTIMATES	
1915	3,781,245.00
1916	3,362,700.00
1917	3,647,721.00
1918	4,131,180.00
1919	5,101,253.00
1920	3,986,300.00
1921	4,556,915.00
Supplemental	54,520.00
1922	7,115,645.00
1923	7,614,280.00

It is apparent from this table that schools have been fairly treated.

EVANS INTIMATED THAT COMMITTEE AVOIDED PROPER INVESTIGATION

Let me quote further excerpts from this splendid minority report filed by Mr. Evans of Nebraska:

II

THE INVESTIGATION MADE BY THE COMMITTEE HAS COVERED NEITHER THE PERIOD NOR THE EXTENT THAT CONGRESS DIRECTED

The language of the act is very plain in two particulars, i. e., the period covered—June 30, 1874, to time of the act, June 30, 1922—and the matters covered; that is, all matters pertaining to the fiscal relations.

There has been but one fund to which the investigation of Haskins & Sells has gone—the District general fund. If there have been other items followed or investigated, it has been because such items have been connected with the District general fund or the inquiry has been made on special request of the committee or its chairman or a member. The same is true of the Mays investigation. Nothing has been done outside of the District general fund unless the item was connected with the general fund or unless there were instructions to the accountants to investigate a particular item or group of items.

The remarkable thing about it all is that it is from items outside of the general fund that the debits against the District have nearly always been found. It will be found that when a complete and thorough investigation has been made that the oversights and omissions will be in matters not strictly within the general fund. The reason for this is plain. It is an account with the appropriations and in touch by practically daily audits by both the District and the Treasury. This is not true of the "interest and sinking fund" handled in the Treasury alone, or of an account such as the Washington Market, the District insane, or even rentals when they go into the District account without a check-back.

It is because of these conditions that now is the time to check up all appropriations made wholly from Federal funds and which reach the District or benefit it, and at the same time to search all receipts to their sources so as to determine whether or not the District has received revenues equitably belonging to the Government.

No man at either end of the Capitol has such thorough knowledge of the relations between the District and the Government as Hon. BEN JOHNSON of Kentucky. Certainly no one knows more of the House committee work as covered by the Mays and Spaulding audits covering the period from 1878 to 1911 than he.

It was upon his motion that such action was taken. He was before the joint committee, and I quote a part of his comment before the committee on those audits:

"They were not what you might call, Senator, audits in the strict sense of the word. They were supposed to look through the acts of Congress and find where Congress had made loans or advancements to the District of Columbia, with the distinct understanding that those that the District should reimburse they should make a report as to those. Now, they did report as to several of those, and the Congress directed what they found, and which finally became undisputed, to be returned to the United States. But there was not an audit of the accounts between the District of Columbia and the United States made by Mays or Spaulding.

"The CHAIRMAN. That could be termed a complete audit, you mean?

"Representative JOHNSON of Kentucky. Yes.

"The CHAIRMAN. There were audits made, but you would not term them complete audits?

"Representative JOHNSON of Kentucky. Why, I would term them most incomplete." (Hearings, p. 199.)

It is stated in the majority report that Mr. JOHNSON has spoken "against the necessity for or advisability" of "a further detailed audit" of the period between July 1, 1874, and June 30, 1911.

This is an error. Mr. JOHNSON stated in substance that it was not necessary to audit the portion—not the period—of the accounts audited by Mays, which was the general fund and some special items. The Member from Kentucky does not need assistance from the majority or minority either in the expression of his views or their interpretations, and this mention is only made that this statement of the majority may not remain unchallenged.

On page 202 Congressman JOHNSON, in answer to a question by Senator BALL, states:

"Representative JOHNSON of Kentucky. You take it for granted; your premise is laid down now that a former Congress has settled this. There I take issue with you. I do not think the former Congress ever settled it.

"Now, Mays and Spaulding made reports that they found that many advances to the District of Columbia under certain congressional acts had been paid to the District of Columbia with the provision that the United States was to be reimbursed, and then their report was as to the amounts advanced, and the report also was to the fact that no reimbursement had ever been made. So the two naked facts of advancement to the District and nonpayment by the District to the United States of a specified amount were the extent of their reports.

"Then the Appropriations Committee just put in the appropriation bill clauses requiring the District of Columbia to account for and pay the amounts so reported, saying nothing whatever of interest, as to whether it was to be calculated at some other time or whether it was to be remitted.

"That condition relates to the insane-asylum affairs and to a number of other items. If I had known I was coming here, I would have read the report." (Hearings, p. 202.)

When Hon. BEN JOHNSON was before the committee he made the following statement in answer to questions then asked him:

"Representative EVANS. When the committee which presented the report that covered the period prior to July 1, 1911, presented that report, had they covered all of the work that was referred to them?

"Representative JOHNSON of Kentucky. Most certainly not.

"Representative EVANS. What items, if any, were investigated by either the Mays or Mr. Spaulding which were not specifically mentioned, and they directed to investigate, except the single subject of appropriations and disbursements under appropriations?

"Representative JOHNSON of Kentucky. I do not believe I caught your meaning.

"Representative EVANS. The Mays, and subsequent to them Mr. Spaulding, were asked to check up the matter of disbursements against the matter of appropriations for the period mentioned, were they not?

"Representative JOHNSON of Kentucky. For the purposes mentioned; yes.

"Representative EVANS. Now, were there any other items investigated by either the Mays or Mr. Spaulding except such as were specifically called to their attention?

"Representative JOHNSON of Kentucky. If they went into the investigation of anything except matters to which their attention was specifically invited by the House District Committee, I am not aware of it.

"Representative EVANS. Was that investigation under the control of the District Committee?

"Representative JOHNSON of Kentucky. It was under the control of a subcommittee of the District of Columbia Committee.

"Representative EVANS. What relation had you to the District Committee and to that subcommittee?

"Representative JOHNSON of Kentucky. I was chairman of the House District Committee and I was chairman of that subcommittee." (Hearings, p. 209.)

That the Mays report did not pretend to be a completed investigation of the accounts under consideration was called to the committee's attention. (Id. 240.)

On January 31, being the Wednesday immediately preceding the Monday on which the majority report was filed and presented, the minority member inquired of Mr. Hill, the representative of Haskins & Sells, the accountants employed by the committee, whether or not Haskins & Sells would then, without an additional audit, cover with a certificate or under their signature the accuracy of a statement of account of the period preceding June 30, 1911. His reply was "Absolutely not."

SALARIES OF ARMY OFFICERS DETAILED TO DISTRICT SERVICE

An item mentioned in the report of Haskins & Sells has not received the attention it merits—Engineer officers detailed by the Army for District work whose salaries are wholly paid by the Government.

These men so detailed are men whose counterparts in similar cities as a rule receive large salaries. No other city can secure a similar detail. It has been suggested that on river work to which they are assigned they are paid by the Government, but the rivers are under the War Department. It is suggested that they are assigned to advise in engineering problems, but even in that case the service rendered is only advisory, of short duration, and nothing more. In this case, however, it is all kinds of engineering works—streets, water, auto vehicles—every branch of engineering work in the city. The salary of the Engineer Commissioner might be excepted, but even as to that no sufficient reason can be given for the exception.

FINES AND FEES IN DISTRICT COURTS

There is an item in the Haskins & Sells report to which it calls special attention; that is, fines and fees in the District Supreme Court. There is another item in that report to which special attention is not called: Fines in the police court of the District, which during the period covered by the Haskins & Sells audit amounted to $1,536,958.73. It was all covered to the District's credit and should have been divided.

These courts are supported from the joint appropriation, except that clerk and marshal of the former are paid entirely from Government funds. It is the opinion of the writer that both of these should be divided between the District and Government on the basis of their contributions.

CONGRESSMAN EVANS ASSERTED THERE WAS NO SURPLUS DUE DISTRICT

Let me quote a few more excerpts from the concluding portion of Mr. Evans's minority report:

III

THE FINDINGS BY THE MAJORITY OF A SURPLUS OF $4,438,154.92 AS DUE TO THE DISTRICT OF COLUMBIA IS NOT SUPPORTED BY FACTS OR LAW

In order that there shall be a surplus in favor of the District in the Treasury of the United States under the law it must appear that all accounts between the District and the Government from June 30, 1874, to June 30, 1922, have been audited and that the balance sheet covering that entire period shows such balance.

THE MAJORITY DID NOT SO FIND THE SURPLUS THEY REPORT

The only period that has been covered by the majority audit is that between June 30, 1911, and June 30, 1922. The only account covered in that period is that of the District general fund. Other funds or appropriations not contained in the District appropriation acts have not been checked or audited except as to specific items, and as to the period preceding June 30, 1911, there is only the guess that it is as found by the Mayes, of whom it is established that they only completely checked the District general fund.

To arrive at the conclusions presented by the majority it was compelled to violate the ordinary canons of construction in construing the acts of Congress and to disregard the directions of the act of June 29, 1922, under which it was supposed to act.

In arriving at its conclusions the majority omitted from consideration the following items for the Government:

One-half of the 5–20 bonds.

One-half of the interest on the 5–20 bonds.

Interest on all items of advances or credits upon which interest has not been paid.

One-half of the fines of the police court for the Government.

One-half of the $5,000 appropriation to buy land for the National Training School for Girls, which, it seems, has been expended but no land bought.

One-half of the salaries of Army officers who work only for the District.

The interest item alone on known changes shows a credit to the United States of $1,691,889.93, as shown by the majority report.

The 5–20 bonds show a credit of over a million for the Government, and interest from the dates of payment should be added.

There are many other items not included in the foregoing which are known to a limited number of persons, which, when properly inquired into, will doubtless disclose other large sums that have gone from the Treasury to the benefit of the District.

EVANS SHOWED THAT COMMITTEE RECOGNIZED INVESTIGATION INCOMPLETE

I quote from Congressman Evans's minority report the following excerpts showing that members of this joint select committee admitted to themselves that their work was only partially done, and were reporting only because they had already expended the $20,000 allowed them by Congress:

Representative WRIGHT. Mr. Chairman, I am impressed that the legislation which created this committee contemplated that the entire period from 1874 on up should be covered; and if it be necessary, to render a report which would finally settle these mooted questions between the United States and the District of Columbia; in other words, when this report shall have been filed that Congress can take such action upon it as will finally set at rest these disputed items. I think that was thoroughly in contemplation when the legislation was passed.

Now, the chairman has suggested that only 11 years of that period have been covered, and that that coupled with the formal report might clear up the situation so that a comprehensive report might be submitted by this committee.

It has developed that the examination of those 11 years alone has consumed practically all the time——

Representative HARDY of Colorado. And all the money.

Representative WRIGHT (continuing). And all the money; so that this committee has very little time to formulate a report, and the question arises as to whether we have sufficient data or information now to render that report.

This thought occurs to me: What would be the status of this committee after the 29th of February, which is the date fixed as that upon which we should render this report. If we submit a preliminary report, would we not necessarily have to ask Congress to extend our time and make an additional authorization of appropriation for the work?

Senator BALL. Would you suggest a preliminary report?

Representative WRIGHT. I think that would be the sensible thing to do. I hardly see how it would be physically possible for this committee to thoroughly investigate all of these items, with the issues which have been raised here, between now and the first Monday in February.

Senator BALL. Personally, I would rather submit no report until we were ready with our final report. We might make a statement in this preliminary report, if one were submitted, that we would find afterwards was not well founded, and it would be in existence and would be quoted in the future, probably, against our final report.

Representative WRIGHT. I would certainly want to avoid what the Senator suggests. If you made a preliminary report, it would not particularly bind anybody. My idea would be to have Haskins & Sells submit a preliminary report.

The CHAIRMAN. A preliminary report could be in two forms, as I see it, one including the figures or recommendations and another, which would be practically a report of progress, with an explanation of the situation that has developed.

Senator BALL. That is the kind of report I would like to see.

The CHAIRMAN. With a recommendation for further time and, if necessary, that further money be allowed for the purpose.

Yet, in the face of the above situation, the majority of said special select committee made its report recommending that Congress allow and pay to the District said alleged surplus of $4,438,154.92.

RECENT SO-CALLED HEARING A SHAM AND PRETENSE

As stated in the beginning of this report, the House Committee on the District of Columbia made no attempt whatever in the Sixty-seventh Congress to hold any hearing on this so-called surplus, and made no investigation whatever of such fiscal relation. And in the present Congress the only consideration which said House Committee on the District of Columbia gave to this bill was to have a subcommittee casually discuss it on May 12, between 10.30 a. m. and noon, and on May 13, between 10.30 a. m. and noon, 1924, at which time I have already shown by quoting the hearings that such subcommittee gave me only about 5 or 10 minutes to present any facts against it.

In an attempt to explain why the joint select committee did not obey the instructions of Congress and investigate the period between July 1, 1874, and July 1, 1911, Mr. Daniel J. Donovan, auditor for the District of Columbia, testified before the subcommittee on May 12, 1924, as follows:

Mr. DONOVAN. To go back for a moment to a previous investigation—because it enters into this question in view of what Mr. BLANTON has said—the joint select committee appointed under the act of June 29, 1922, did not go back of any period prior to July 1, 1911, but continued its examination only from that point down to and including June 30, 1922, and the reason was this: During the time that Mr. BEN JOHNSON was chairman of the Committee on the District of Columbia of the House of Representatives he had got through the House a resolution providing for an investigation into the fiscal relations between the United States and the District covering the period between July 1, 1874, and June 30, 1911. Mr. JOHNSON's committee employed two accountants, a father and son, by the name of Mays—both from Kentucky—and those two gentlemen did actually conduct that investigation during a period of two and one-half years; and I want to emphasize the fact that it took two and one-half years for that particular examination. Those two accountants did conduct as fine-tooth-combed an investigation and examination into the fiscal relations between the United States and the District of Columbia as was humanly possible.

WAS MR. DONOVAN CORRECT

Thus Mr. Donovan led the House subcommittee to believe that the investigation which Mr. JOHNSON of Kentucky caused to be conducted while he was the chairman of the House District of Columbia Committee was a complete investigation covering the entire period between July 1, 1874, and July 1, 1911, when, as a matter of fact, that it was a partial investigation covering only specific items of controversy, as I will now show from a statement from Congressman JOHNSON himself.

The following is a copy of a letter written by me to Mr. JOHNSON:

WASHINGTON, D. C., *June 5, 1924.*

Hon. BEN JOHNSON, M. C.,
House Office Building.

MY DEAR COLLEAGUE: With reference to the so-called surplus alleged to be due the District of Columbia by the Government, Mr. Daniel J.

Donovan, the auditor for the District, testified that the reason the joint congressional committee created June 29, 1922, confined its investigations to the period between June 30, 1911, and June 30, 1922, and did not go back to July 1, 1874, as directed by Congress, was because you had fully covered the period between July 1, 1874, and July 1, 1922, in an investigation you had conducted while chairman of the District Committee. And he claimed that you had balanced accounts up to July 1, 1911.

From my conversations with you and in examining many speeches made by you on the many ways the District has overreached the Government on finances, I am constrained to believe that Auditor Donovan is mistaken.

Will you kindly advise me whether you did, in fact, cover all matters involved between July 1, 1874, and July 1, 1911, and whether you agree that the District balanced accounts up to July 1, 1911.

Sincerely yours,

THOMAS L. BLANTON.

[BEN JOHNSON, M. C., fourth Kentucky district. Member appropriations Committee]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., June 5, 1924.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: I am just in receipt of your note asking whether or not, in my opinion, all matters relative to the fiscal relations between the District of Columbia and the United States Government were covered by the investigations made by the Committee on the District of Columbia while I was chairman of that committee.

In reply thereto I wish to say that not only is the statement made by Mr. Donovan incorrect, but that it was never contemplated under the authority given by the House to the District Committee to go into the entire fiscal relations between the United States and the District of Columbia. The authority given and the work undertaken included nothing more than to recover specific items due the United States from the District of Columbia.

In those items were embraced considerably more than a million dollars owing to the United States by the District of Columbia on account of the lunatic asylum, approximately half a million dollars on account of the Center Market, and various other items on account of advancements made for schoolhouse purposes, the jail, the 3.65 bonds, and a number of other items which I can not now enumerate.

When I retired from the chairmanship of the District Committee I invited the attention of my successor to several other items which, beyond any sort of doubt, were due to the United States by the District of Columbia and volunteered my assistance in helping him to develop them, so that they might be paid. The resolution which would have authorized additional payments to the United States by the District was never asked for, and my offer to designate the specific sums due the United States was not availed of.

In my opinion, large sums of money are still owing to the United States by the District between the 1st of July, 1874, and the 1st of July, 1911.

I notice in the local papers that those who are designated as "friends of the District" are asking for another investigation into the fiscal relations between the District of Columbia and the United States. In my opinion the "special committee" now being asked for to once more inquire into these relations is but an excuse to avoid the real issue. It is easily ascertainable that every time the District of Columbia has been called upon to pay a decent rate of taxes without infringing upon the rights of the people of other States to help them pay their taxes they have resorted to a "special committee" to inquire into the fiscal relations between the District of Columbia and the United States. It is not the investigation that they want. Instead it is delay and a lack of adjustment that they desire by seeking an investigation.

The last investigation, with all due respect to those who conducted it, was farcical. That "special committee" was particularly directed to make specific findings. If they had complied with the law made two years ago, they could not possibly have failed to find the District of Columbia indebted to the United States in excess of $50,000,000 spent in beautifying and upbuilding the District of Columbia.

Instead of going into the matter in detail they treated the proposition in a blanket way, and found that the United States owes the District of Columbia what is now known as "the four and one-half million dollar surplus"; while, as I have said, if they had followed the directions of the law the balance would have been on the other side of the ledger in an amount certainly not less than $50,000,000.

Very truly yours,

BEN JOHNSON.

Remember that Congressman Evans said that Representative BEN JOHNSON of Kentucky is the best posted man in the United States on civic conditions in Washington, and the fiscal relation between the District of Columbia and the United States. And Congressman BEN JOHNSON says in his letter that if an audit were made as Congress directed back to July 1, 1874, such audit would demonstrate that instead of the Government owing the District a surplus of $4,500,000, the District of Columbia owes the Government at least $50,000,000.

Mr. DAVIS of Minnesota has for years framed the District of Columbia appropriation bill. In debate he said that, large and small, there are about 600 parks in Washington. Most of these were paid for or furnished by the Government to the District of Columbia without cost to the people here. For most of them the money came out of the Public Treasury 100 per cent. And Congress has passed a bill giving $1,100,000 every year for additional parks from now to eternity.

Will any person claim that the beautiful Potomac Park with its wonderful boulevards down to the point opposite the War College, which has cost the Government huge sums, does not beautify the city and furnish conveniences and pleasures for the people that in every other city they must pay for themselves? Will any person claim that the beautiful grounds and reflecting pools surrounding Lincoln Memorial and Washington Monument do not constitute conveniences and pleasures for the people here which to enjoy the people in every other city must furnish and pay for themselves?

Why, the Government paid nearly $500,000 for the playground on Sixteenth Street near Mrs. Henderson's residence. Why should this Government furnish it to the children there?

And why should the Government furnish the $1,000,000 Connecticut Avenue Bridge for the people of Washington? Why should the Government furnish the numerous bridges across the Potomac for the people here? The people everywhere else furnish their own bridges.

Why should this Government furnish part of the expense of paving the streets and alleys, maintaining them, furnishing sewer service and water service for the people here? The people in all other cities furnish these things for themselves. Read the following:

LETTER FROM AUDITOR DONOVAN

The following is the letter referred to as received from Auditor Donovan:

[Daniel J. Donovan, aduditor, Simon McKimmie, deputy]

OFFICE OF THE AUDITOR OF THE DISTRICT OF COLUMBIA,
Washington, January 25, 1924.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON: In response to your request of several days ago I take pleasure in furnishing you the information you desire.

Prior to the passage of the Borland amendment property owners were subject to an assessment for sidewalks, alleys, and curbs to the extent of one-half of the total cost. This is also the law at the present time. Property of the United States and the District of Columbia is not subject to assessment for special improvements. Roadway improvements were first charged against property owners by the terms of the Borland law. Service sewers and water mains were and are now also charged in part against abutting property.

The half cost of roadway pavement immediately abutting the frontage of assessable property, excluding street intersections between building lines of the intersecting streets and excluding any pavement area beyond a line 20 feet abutting the property, is assessed as a special improvement tax against such property. The cost of any pavement area in excess of 40 feet is borne by the United States and the District of Columbia in the proportion that each is charged with the appropriation. On streets where there are street railway tracks the railway companies are chargeable under the law with the whole cost of paving between the tracks and 2 feet exterior to the outer rail of the tracks. The property of the United States and the District of Columbia is not subject to assessment under the Borland law.

For service sewers the law at present provides for a flat rate assessment of $1.50 per front foot, with certain deductions made for corner property. This rate represents approximately 37 per cent of the cost of the work.

The special assessments received for the several forms of improvements indicated are paid into the Treasury of the United States, 60 per cent to the credit of the District of Columbia and 40 per cent to the credit of the United States, this being the proportion that each bears of the appropriations for the improvements.

For water mains the law provides a special assessment of $2 per front foot, and this amount represents approximately 66 per cent of the cost of the work. Water-main assessments when received are paid into the Treasury of the United States to the credit of the water-department fund.

At the time of the passage of the Borland law approximately 90 per cent of the streets within the limits of the old city of Washington

were already paved, and many of the streets outside of those limits also were paved. I am unable at this time to give you an idea of the proportion of the streets outside of the original city of Washington that were paved when the Borland law was passed.

Not only new paving, but the resurfacing and replacing of pavements is chargeable against abutting property under the Borland law.

The Knox case in the court of appeals involved the question of the application of the Borland law to outlying sections of the District of Columbia and to the particular matter of paving Naylor Road, near the eastern boundary of the District of Columbia. The Knox property was agricultural property. There were no settlements in the immediate vicinity. There were no sewers, water mains, electric or gas lights, curbs, sidewalks, or building lines, and no other conditions which might be called town or village conditions. The court of appeals held in that case that because of the language of the law Congress intended it to apply to those settlements or sections which exhibited town or village conditions, and that the law did not apply to situations like those presented in the Knox case. The assessments were therefore ordered to be canceled. Similar cases are now pending in the courts in regard to other localities, which are claimed to present conditions that existed in the Knox case.

The following appropriations were made by Congress for repair and maintenance of streets during the fiscal years 1921, 1922, 1923, and 1924, each of such appropriations being charged 60 per cent against the revenues of the District of Columbia and 40 per cent against the revenues of the United States:

Fiscal year 1921	$575,000
Fiscal year 1922	575,000
Fiscal year 1923	460,000
Fiscal year 1924	550,000
Total	2,160,000

The following appropriations covering the same period have been made for repairs to suburban streets and roads, payable 60 per cent from the revenues of the District of Columbia and 40 per cent from the revenues of the United States:

Fiscal year 1921	$250,000
Fiscal year 1922	250,000
Fiscal year 1923	225,000
Fiscal year 1924	275,000
Total	1,000,000

The following appropriations have been made for the same period for street improvements, including the paving and grading of streets, payable 60 per cent from the revenues of the District of Columbia and 40 per cent from the revenues of the United States:

Fiscal year 1921	$614,200
Fiscal year 1922	144,840
Fiscal year 1923	233,500
Fiscal year 1924	573,300
Total	1,565,840

The following appropriations have been made for construction and maintenance of sewers for the fiscal years 1921, 1922, 1923, and 1924, payable 60 per cent from the revenues of the District of Columbia and 40 per cent from the revenues of the United States:

Fiscal year 1921	$515,000
Fiscal year 1922	523,000
Fiscal year 1923	502,000
Fiscal year 1924	690,000
Total	2,231,000

I regret very much that it has not been practicable for me to furnish you with this information at an earlier date. In the event that you desire any more details regarding the several matters herein, I shall be very glad to respond to such a request from you.

Very truly yours,

D. J. DONOVAN,
Auditor District of Columbia.

PRESENT DISTRICT OF COLUMBIA

We have one of the strangest situations imaginable here. This is a city, according to the last census, of 437,000 people, exclusive of transients and exclusive of Members of the House and Senators and their employees, who maintain their residences in their home States. At one time this was a very small city. It was nothing more than a big town, and the people who then owned the real property remember that its value was a very low figure, indeed; but the Government of the United States has expended millions of dollars here in the construction of magnificent buildings and securing and maintaining magnificent grounds in this Capital, and besides its own property has given $215,000,000 to Washington for civic purposes. Property values have soared upward until now in many instances you find lots that at one time were worth no more than a hundred dollars now are worth, with their improvements, a million dollars.

For instance, our colleague from New York [Mr. BLOOM], indicated that he is willing to give this Government the stupendous sum of $8,000,000 for the block of land upon which stands the Patent Office.

And until this year the tax rate was only $1.20 on the $100, and at present it is only $1.40 on the $100, assessed in most cases at about half valuation.

MAKING WASHINGTON BEAUTIFUL DOES NOT MEAN EXEMPTING PEOPLE HERE FROM TAXES

I want to say this to you: I am for making Washington the most beautiful city in the world. I am for taking every million dollars out of the Treasury of the United States for the Government to spend to do it that is justly needed, but I am not willing to continue taxing the already tax-burdened people of this country, who have to pay their own large taxes at home, to pay the civic expenses here and then let these specially favored, petted, pampered, selfish, spoiled people in Washington pay only $1.40 on the hundred and enjoy all the benefits of this great city at the expense of our constituents back home.

Take this magnificent $6,000,000 Congressional Library that would cost at least $15,000,000 now—is not it enjoyed by every citizen of the District? Take the magnificent Smithsonian Institution, the magnificent museums here, the art gallery, the magnificent parks, the magnificent playgrounds. Are not the people of the District of Columbia getting the benefit? And yet they want to tax the Government of the United States more than $8,000,000 a year, which the Cramton amendment offers them for the very property that they enjoy hourly here in this District.

THE OLD SLOGAN HAS WORN THREADBARE

Whenever a Member of Congress seeks to change the unjust system of allowing the people of Washington to pay the ridiculous tax rate of only $1.40 on the $100, the newspapers and citizens' associations immediately resort to their old battle cry—

That Washington is the Nation's Capital and must be made the most beautiful city in the world; that the Government should pay a big part of the local city expenses because it owns so much property here.

Washington is the Nation's Capital and should be made the most beautiful city in the world, and I will go just as far as any other man through all legitimate and proper means to make it the most beautiful city in the world. Before the Government built all of its fine institutions here Washington was a mere village. Property here was of little value. It is because of the fact that the United States has spent its millions here that has caused some lots to jump in value from $100 to $100,000. Every piece of property owned by the Government in Washington is daily enjoyed by the people of Washington.

The local pay roll of the Government is a bonanza to the merchants and business enterprises of Washington. The Government pays its nearly 100,000 employees in Washington their wages promptly every two weeks in new money that has never been spent before. Chicago, or any other big city in the United States, would gladly exempt the Government from paying all taxes on its property to get it to move its Capital to such city.

Because we want to make it the most beautiful city in the world is no reason why the Government should pay for building million-dollar school buildings and employing 2,500 teachers and buying the schoolbooks for the 70,000 school children of the thousands of families living in Washington who have no connection whatever with the Government except to bleed it on all occasions and to grow rich on the Government pay rolls expended here.

Because we want to make Washington the most beautiful city in the world is no reason why the Government should pay for the army of garbage gatherers, the army of ash gatherers, the army of trash gatherers, the army of street cleaners and sprinklers, the army of tree pruners and sprayers, and the street-lighting system for the several hundred miles of private residences owned by rich tax dodgers who have no connection whatever with the Government; nor is it any reason why the Government should pay for their water system, their sewer system, their police protection, their fire protection, for playgrounds for their children, for parks for their enjoyment, for their municipal golf grounds, for their numerous public tennis courts, for their bathing beaches, for their skating ponds, for their cricket grounds, for their baseball and football grounds, for their horseback-riding paths, for paving the streets in front of their residences and maintaining and keeping them in repair, for building their million-dollar bridges, furnishing million-and-a-half-dollar market houses, their municipal trial and appellate courts, their jails and houses of correction, their

municipal hospitals, asylums for their insane, special asylum schools for their deaf and dumb, asylums for their orphans, a university for their 110,000 colored people, their municipal libraries, their municipal community-center facilities, salaries of all their municipal officers, employees, buildings, furnishings, equipments, sanitary and health departments, and the hundreds of other things that all other cities of the United States must furnish and pay for themselves, but a very substantial part of which the people of Washington have been getting out of the Federal Treasury for years.

The magnificent Capitol and its beautiful grounds are daily enjoyed by Washington people. The Congressional Library, which cost $6,032,124, in addition to the sum of $585,000 paid for its grounds, and for the upkeep of which Congress annually spends a large sum of money, is daily enjoyed by the people of Washington. The Government furnished and maintains the magnificent Botanic Garden here for the pleasure and enjoyment of Washington people.

The Government furnished and maintains the wonderful Zoo Park with all of its interesting animals for the instruction and amusement of Washington children. The Government furnished and maintains the extensive and most beautiful Rock Creek Park, with its picturesque picnic grounds, its miles of wonderful boulevards, its incomparable scenery, all for the pleasure of Washington people. Congress has spent millions of dollars reclaiming and purchasing the lands now embraced in the Potomac Park and Speedway, daily used and enjoyed by Washington people. The Government has spent several million dollars building the various bridges spanning the Potomac River and huge sums for the bridges spanning the Anacostia River, and spent $1,000,000 building the beautiful "million-dollar bridge" on Connecticut Avenue. The Government has spent millions of dollars on the Lincoln Memorial, grounds, and reflecting pool, the Washington Monument Grounds, Lincoln Park, on East Capitol Street, and the numerous beautiful little parks scattered all over the city, all for the pleasure and benefit of Washington people.

I wrote to the mayor of every city of any size in the United States and asked them to advise us of their local tax rates, of the charges for water, sewer, paving, etc., and what rate, in their judgment, they thought Washington people should pay as a minimum. I want to insert just a few in this report. The consensus of opinion was that the rate here should be at least $2.50 per $100, and there was a large per cent who were in favor of it being much higher, and the rates for taxation ranged from $2.75 to over $6.50, and in all these cities the people were charged more for water, sewer, and paving.

Let me again quote a few excerpts from the letter sent me by the mayor of the city of Peoria, Ill.:

[City of Peoria, Ill., mayor's office. Edward N. Woodruff, mayor]

NOVEMBER 1, 1923.

Hon. THOMAS L. BLANTON,
Representative, Washington, D. C.

DEAR SIR: Answering your questionnaire of October 15, concerning relative tax rates of the cities of Washington and Peoria:

The tax rates on each $100 taxable valuation levied against the real and personal property of the citizens of Peoria for the year 1922 is itemized as follows:

City corporate tax, including library, tuberculosis, garbage, and police and fire pension fund	$1.94	
Street and bridge	.24	
School district	2.70	
Park district	.41	
		$5.29
State	.45	
County	.59	
County highway	.23	
		1.29
Total, all purposes		6.58

Unless there is a tremendous revenue derived from sources other than from taxes, the rate of $1.20 for Washington is ridiculous. While I have never had my attention called to this disparity, I am amazed that the light has not been let into financial affairs of the Capital City long before this time.

You should be supported by every colleague in your effort to compel the citizens of Washington to do theirs, even as every citizen outside the District is doing his.

Wishing you success, I am

Very truly yours, E. N. WOODRUFF, *Mayor.*

The foregoing statement from the mayor of Peoria, Ill., fairly indicates the sentiment of the people over the United States. It might be enlightening to quote from a few of the letters received the tax rates of some of the cities over the United States as certified to me by the mayors of such cities.

When I speak of the tax rate of these cities I, of course, mean their total tax—State, county, school and municipal—which is the total tax citizens of those respective cities have to pay on their property, as compared with the $1.20 on the $100 rate Washington people have had to pay in the District of Columbia until this year, and only $1.40 on the $100 now.

The tax rate paid by the people in Baltimore, Md., $3.27 on the $100; in New Orleans, La., $3.16½ on the $100; in Portland, Oreg., $4.52 on the $100; in my birthplace, Houston, Tex., $4.29½ on the $100; in Ogden, Utah, $3.33 on the $100; in Cheyenne, Wyo., $3.75 on the $100; in Fort Smith, Ark., $3.32 on the $100; in New Bedford, Mass., $3.13; in Burlington, Vt., $3.10 on the $100; in Pittsburgh, Pa., $3.22 on the $100; in St. Louis, Mo., which is a distinct political subdivision of the State, the city tax is $2.43 on the $100; in Boston, Mass., $2.47 on the $100; in Rochester, N. Y., $3.36 on the $100; in Portland, Me., $3.40 on the $100; in Boise City, Idaho, $4.29 on the $100; in Mobile, Ala., $3.40 on the $100; in Detroit, Mich., $2.75 per $100; in Duluth, Minn., $5.79 on the $100; in Atlanta, Ga., $3.15 on the $100; in Kansas City, Mo., $2.93 on the $100; in Minneapolis, Minn., $6.52 on the $100; in Salt Lake City, Utah, $3.18 on the $100; in Oakland, Calif., $4.02 on the $100; in Austin, the capital of Texas, $3.54 on the $100; in Denver, Colo., $2.76 on the $100; in Trenton, N. J., $3.22 on the $100; in Racine, Wis., $2.87 on the $100; in Nashville, Tenn., $2.80 on the $100; in Charlottesville, Va., $2.85. And let me illustrate as the tax rate runs generaly over Texas: In Paris, Tex., $4.10 on the $100; in Port Arthur, Tex., $3.54 on the $100; in Tyler, Tex., $4.61 on the $100; in Denison, Tex., $3.32 on the $100; in Waco, Tex., $3.63 on the $100; in Amarillo, Tex., $3.55 on the $100; in Temple, Tex., $3.15; in Wichita Falls, Tex., $5.05 on the $100; in Beaumont, Tex., $4.04.

Mr. Edward F. Bryant, tax collector for San Francisco, Calif., has sent me a statement certifying that the following is the tax rate paid by the citizens in the following cities: In Seattle, Wash., $8.80 on the $100; Chicago, Ill., $8 on the $100; in Reno, Nev., $7.38 on the $100; in New York, N. Y., $5.48 on the $100; in Philadelphia, Pa., $6 on the $100; in Detroit, Mich., $4.48 on the $100; in San Francisco, Calif., $3.47 on the $100; in Los Angeles, Calif., $3.89 on the $100.

What excuse have we to offer to our constituents back at home who are paying the above tax rates for permitting by our votes here the 437,000 people in Washington, D. C., to continue paying the measly little pittance of only $1.40 on the $100, based on a half to two-thirds valuation, when our constituents have to pay all the balance of the expenses of this great city?

Numerous millionaires live in Washington, having no connection with the Government, merely to get the benefit of the low taxes. You may offer all the excuses available, but we are responsible, for we could change this system, but we do not do it.

Some of the finest people in the world live in Washington; they are selfish, but still they are fine people. You can not hardly blame them; they have been sponging on the Government for years. They are making a strenuous fight now to continue the 60–40 system. They must have these hand-outs from the Government. I am in favor of making them pay not what our people pay but $2.75 or $2.50 per $100 at least. I would be satisfied with $2.50. Let them pay $2.50 on the $100 like they used to pay, and let them pay on a full valuation instead of half, and then take every bit of the balance of the expense out of the Federal Treasury, and I am then willing to go the limit with you. I want only them to pay a decent, reasonable, fair tax.

We are to be called upon to build a $44,000,000 plant up here that some of the expert engineers of this city assure me instead of costing $44,000,000 will cost at least $75,000,000 or $80,000,000 before the Government can get out of it. Let me call your attention to the fact that when the Army first attempted to build Muscle Shoals they estimated that all three dams would cost only $19,500,000, and then after we appropriated the first few million dollars for them they came back with the next estimate that the Wilson Dam, No. 2, alone would cost $25,000,000, and then the next estimate was the Wilson Dam, No. 2, would cost $35,000,000, and the latest estimate we have now is that the Wilson Dam, No. 2, alone will cost $45,000,000, while the original estimate of the War Department engineers was that all three dams, all told, would cost only $19,500,000. So you see you can not depend upon these War Department estimates. You are going to be called upon soon to vote for this $44,000,000. These newspapers here are hounding you about it already, with editorials and articles in the paper furthering that cause, and, incidentally, sticking me with pins and needles, pricking me because I am fighting it.

DANIEL J. DONOVAN MISQUOTED ME

When Mr. Daniel J. Donovan appeared before the committee to get them to report this bill he misquoted me relative to what

I had said about Mr. E. Kirby Smith's property. Mr. Donovan is an interested property owner of the District, and is personally interested with all other property owners in trying to get this $4,438,154.92. Over his own signature let me show the facts about Mr. E. Kirby Smith's property:

MR. E. KIRBY SMITH HIMSELF ADMITS ALL I SAID

I quote the following excerpts from a letter received by me from Mr. E. Kirby Smith:

MERIDIAN MANSIONS HOTEL,
Washington, D. C. February 1, 1924.

Hon. THOMAS L. BLANTON,
Representative from Texas, House Office Building,
Washington, D. C.

MY DEAR MR. BLANTON: In the Washington Daily News of January 28, under the head of "Properties underassessed," I note that you list Meridian Mansions Hotel, at 2400 Sixteenth Street, which is a property purchased by me on January 1 of last year. * * *

The writer is at this time the president of the Louisiana Society of Washington, and for six years I was a director in the Federal Reserve Bank of Dallas. * * *

The usual assessment on property is 50 per cent of the valuation. This property could not be replaced for less than $3,000,000, in addition to the land * * * it was sold to me on very long-time payments for $2,250,000. * * *

I have spent quite a fortune refurnishing and building over the place to make it attractive.

Very truly yours,

E. KIRBY SMITH.

The tax assessor of the District of Columbia advised me that for the year before this the Meridian Mansions was assessed at $1,481,960, and at the $1.20 rate of taxation on the $100 paid a tax of only $17,783. The evidence filed before the Rent Commission showed that its annual receipts from rentals aggregate $281,532.20.

BILL SHOULD BE REMITTED

I shall offer a motion to recommit the bill to the committee until a full audit can be made of the whole fiscal account back to the year 1874, as required by Congress, and I hope that my colleagues will support the motion, and not permit this enormous sum of the people's money to be taken out of the Treasury. All Members owning large property holdings in the District should recuse themselves and not vote. I sincerely hope that this bill will never pass.

LEAVE OF ABSENCE

Mr. CROLL, by unanimous consent, was granted leave of absence for two days, on account of important business.

ADJOURNMENT

Mr. SNELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes p. m.) the House adjourned until Monday, January 12, 1925, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. EDMONDS: Committee on the Merchant Marine and Fisheries. S. 3123. An act authorizing the Secretary of Commerce to convey certain land to the city of Duluth, Minn.; without amendment (Rept. No. 1123). Committed to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Committee on Ways and Means. H. R. 10528. A bill to refund taxes paid on distilled spirits in certain cases; with amendments (Rept. No. 1124). Committed to the Committee of the Whole House on the state of the Union.

Mr. WOOD: Committee on Appropriations. H. R. 11505. A bill making appropriations for the Executive office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1926, and for other purposes; without amendment (Rept. No. 1131). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. S. 747. An act for the relief of Joseph F. Becker; without amendment (Rept. No. 1129). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on the Public Lands. S. 2689. An act for the relief of the First International Bank of Sweetgrass, Mont.; without amendment (Rept. No. 1130). Referred to the Committee of the Whole House.

Mr. VINSON of Kentucky: Committee on the Public Lands. H. R. 6044. A bill authorizing the Secretary of the Interior to sell and patent certain lands to Lizzie M. Nickey, a resident of De Soto Parish, La.; with an amendment (Rept. No. 1125). Referred to the Committee of the Whole House.

Mr. VINSON of Kentucky: Committee on the Public Lands. H. R. 6045. A bill authorizing the Secretary of the Interior to sell and patent certain lands to Flora Horton, a resident of De Soto Parish, La.; with an amendment (Rept. No. 1126). Referred to the Committee of the Whole House.

Mr. VINSON of Kentucky: Committee on the Public Lands. H. R. 6853. A bill to quiet titles to land in the county of Baldwin, State of Alabama; with amendments (Rept. No. 1127). Referred to the Committee of the Whole House.

Mr. BRITTEN: Committee on Naval Affairs. H. R. 9375. A bill granting permission to Fred F. Rogers, commander, United States Navy, to accept certain decorations bestowed upon him by the Venezuelan Government; without amendment (Rept. No. 1128). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SINNOTT: A bill (H. R. 11500) to amend an act entitled "An act to consolidate national forest lands"; to the Committee on the Public Lands.

By Mr. PARKS of Arkansas: A bill (H. R. 11501) for the exchange of land in El Dorado, Ark.; to the Committee on Public Buildings and Grounds.

By Mr. RAGON: A bill (H. R. 11502) for the incorporation of the National American Veteran and Allied Patriotic Organizations; to the Committee on the District of Columbia.

By Mr. FISH: A bill (H. R. 11503) to authorize the President, in certain cases, to modify visé requirements; to the Committee on Foreign Affairs.

By Mr. CURRY: A bill (H. R. 11504) to provide for an additional district judge for the northern district of California; to the Committee on the Judiciary.

By Mr. WOOD: A bill (H. R. 11505) making appropriations for the Executive office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1926, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ANDERSON: A bill (H. R. 11506) granting a pension to Eva A. Davison; to the Committee on Invalid Pensions.

By Mr. BACHARACH: A bill (H. R. 11507) granting an increase of pension to Martha Stadler; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 11508) granting a pension to Mary A. Redd; to the Committee on Invalid Pensions.

By Mr. DAVEY: A bill (H. R. 11509) granting an increase of pension to R. Elvina McDonald; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11510) granting an increase of pension to Harriet M. Shaw; to the Committee on Invalid Pensions.

By Mr. DEAL: A bill (H. R. 11511) authorizing the appointment of Clarence E. Barnes as naval officer, United States Navy; to the Committee on Naval Affairs.

By Mr. DENISON: A bill (H. R. 11512) granting an increase of pension to Ellen Williams; to the Committee on Invalid Pensions.

By Mr. KETCHAM: A bill (H. R. 11513) granting a pension to Jennie Dickinson; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H. R. 11514) to provide for the retirement of ex-Cadet Jay Earnest Schenck as a second lieutenant of Infantry, United States Army; to the Committee on Military Affairs.

By Mr. FRENCH: A bill (H. R. 11515) granting a pension to Richard King; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 11516) granting a pension to Lucinda Geary; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 11517) granting an increase of pension to Ayner Browne; to the Committee on Pensions.

Also, a bill (H. R. 11518) granting an increase of pension to Frances H. Underwood; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 11519) granting a pension to Annie R. C. Owen; to the Committee on Pensions.

By Mr. MOREHEAD: A bill (H. R. 11520) granting an increase of pension to Alice A. Minick; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 11521) granting a pension to John Nidy; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 11522) to ratify and confirm an extension of lease given by the Seneca Nation of Indians for the right to excavate sand on the Cattaraugus Reservation in the State of New York; to the Committee on Indian Affairs.

By Mr. SEARS of Nebraska: A bill (H. R. 11523) authorizing the redemption by the United States Treasury of 20 war-savings stamps (series 1918) now held by Dr. John Mack, of Omaha, Nebr.; to the Committee on Claims.

Also, a bill (H. R. 11524) refunding to Pontus Hilmer Bergstrom the sum of $100, with interest from December, 1919, being money expended for an operation from disabilities incurred while in the naval service; to the Committee on War Claims.

By Mr. SMITH: A bill (H. R. 11525) granting a pension to Sadie Humphrey; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 11526) granting an increase of pension to Mary Campbell; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 11527) granting a pension to Nettie Shaw; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 11528) granting an increase of pension to Kate Mount; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11529) for the relief of John L. Eveleigh; to the Committee on Claims.

By Mr. TAYLOR of Colorado: A bill (H. R. 11530) granting a pension to Dorthula E. Smith; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 11531) granting a pension to Jacob L. Walker; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 11532) granting a pension to Linnie Bentley; to the Committee on Pensions.

Also, a bill (H. R. 11533) granting a pension to Mary Ash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11534) granting a pension to Martha M. Ellison; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 11535) granting a pension to Margaret S. Gossett; to the Committee on Invalid Pensions.

By Mr. WILSON of Indiana: A bill (H. R. 11536) granting an increase of pension to Anna M. McKain; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11537) granting an increase of pension to Catherine Mayer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11538) granting a pension to Robert D. McCoy; to the Committee on Invalid Pensions.

By Mr. WOOD: A bill (H. R. 11539) granting an increase of pension to Eliza Hatten; 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:

3400. By Mr. CONNERY: Petition of the board of directors of the Boston Real Estate Exchange, urging the defeat of Senate bill 3764 and House bill 11078, which propose the creation of a rent commission for the District of Columbia; to the Committee on the District of Columbia.

3401. Also, petition of the Massachusetts Trust Co. Association, approving the resolution adopted by delegates of the National Association of Supervisors of State Banks urging the elimination of certain parts of section 9 of the Federal reserve act; to the Committee on Banking and Currency.

3402. Also, petition of the Massachusetts Bar Association, urging the passage of Senate bill 3363, increasing the salaries of the Federal judiciary; to the Committee on the Judiciary.

3403. By Mr. FULLER: Petitions of the Rockford (Ill.) Real Estate Board and the Chicago Real Estate Board, protesting against the passage of the bills (S. 3764 and H. R. 11078) establishing a permanent rent commission; to the Committee on the District of Columbia.

3404. Also, petitions of the Rotary Club and the Chamber of Commerce, both of Peru, Ill., opposing legislation to give the Sanitary District of Chicago the right to continue indefinitely the pollution of the Illinois River with sewage to the detriment of the cities and people in the Illinois Valley; to the Committee on Rivers and Harbors.

3405. By Mr. GALLIVAN: Petition of executive committee of the Massachusetts Trust Co. Association, unanimously approving the resolution adopted by the delegates of the National Association of Supervisors of State Banks at their twenty-third annual convention, held at Buffalo, N. Y., on July 21, 22, and 23, 1924, with regard to the relationship of State banking system with the Federal reserve system; to the Committee on Banking and Currency.

3406. By Mr. GUYER: Petition of Princeton Post, No. 111, Department of Kansas, G. A. R., protesting the passage of Senate bill 684, authorizing the coinage of 50-cent pieces in commemoration of the commencement on June 18, 1923, of the work of carving on Stone Mountain a monument to the soldiers of the Confederacy; to the Committee on Banking and Currency.

3407. By Mr. KETCHAM: Petition of citizens of Benton Harbor, Mich., protesting against Senate bill 3218, providing for compulsory Sunday observance; to the Committee on the District of Columbia.

3408. By Mr. O'CONNELL of New York: Petition of the Jamaica Community Branch, Young Men's Christian Association of Brooklyn and Queens, New York, urging the Foreign Relations Committee of the Senate to report the resolution providing for the participation of the United States in the World Court on the Harding-Hughes terms so that it may be voted upon by the whole Senate; to the Committee on Foreign Affairs.

3409. By Mr. PEAVEY: Petition of J. O. Marsh and other citizens of Superior, Wis., opposing the passage of the compulsory Sunday observance bill (S. 3218) for the District of Columbia or the enactment of any other religious legislation; to the Committee on the District of Columbia.

3410. By Mr. SEGER: Petition of Charles E. Dietz, Thomas Barbour, and 70 other residents of Paterson and vicinity, against passage of Senate bill 3218, compulsory Sunday observance bill for the District of Columbia; to the Committee on the District of Columbia.

3411. By Mr. TILLMAN: Petition of residents of the State of Arkansas, opposed to the compulsory Sunday observance bill (S. 3218); to the Committee on the District of Columbia.

3412. By Mr. WILLIAMS of Michigan: Petition of Alex Franz and 36 other residents of Charlotte, Mich., protesting against the passage of Senate bill 3218, the so-called Sunday observance bill; to the Committee on the District of Columbia.

SENATE

MONDAY, *January 12, 1925*

(Legislature day of Monday, January 5, 1925)

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. Farrell, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 62) to create two judicial districts within the State of Indiana, the establishment of judicial divisions therein, and for other purposes.

The message also announced that the House disagreed to the amendments of the Senate to the bill (H. R. 10404) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1926, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MADDEN, Mr. MAGEE of New York, Mr. WASON, Mr. BUCHANAN, and Mr. LEE were appointed managers on the part of the House at the conference.

ANNUAL REPORT OF THE PUBLIC PRINTER

The PRESIDENT pro tempore laid before the Senate a communication from the Public Printer, transmitting, pursuant to law, the annual report of the operations of the Government Printing Office for the fiscal year ended June 30, 1924, which was referred to the Committee on Printing.

MEMORIAL

Mr. WARREN presented a memorial of sundry citizens of Medicine Bow, Wyo., remonstrating against the enactment of any Sunday observance or other religious legislation applicable to the District of Columbia, which was referred to the Committee on the District of Columbia.