

234. Also, resolution adopted by Chapter No. 30, Greeters of America, Los Angeles, Calif., urging the continuance of appropriations for good roads; to the Committee on Appropriations.

235. By Mr. CARSS: Petition of the Bakery and Confectionery Workers International Union of America, protesting against the proposed combination of the Ward, Continental, and General Baking Cos.; to the Committee on the Judiciary.

236. By Mr. CARTER of California: Petition of the board of directors of the California Development Association, relating to the extension of the boundaries of the national parks within the State of California; to the Committee on the Public Lands.

237. Also, petition of Oakland (Calif.) Branch, No. 188, Universal Negro Improvement Association and African Communities League, requesting an investigation of the case of Marcus Garvey, of New York, signed by G. E. Inman, secretary of the association, and 450 members thereof; to the Committee on Immigration and Naturalization.

238. Also, petition of the Greeters of America, Southern California Chapter, No. 30, indorsing Federal appropriation for road work throughout the country; to the Committee on Roads.

239. Also, petition of General William Mitchell Camp, No. 85, Huntington Park, Calif., and General William Mitchell Auxiliary, No. 59, Department of California, of the United Spanish War Veterans; to the Committee on Pensions.

240. Also, petition of the Central Labor Council of Los Angeles, Calif., regarding certain printing done by the United States Government; to the Committee on the Post Office and Post Roads.

241. Also, petition of the Motor Carriers' Association of California, indorsing the Federal aid road plan; to the Committee on Roads.

242. Also, petition of Gertrude E. Hartman and others, of Alameda County, Calif., in reference to legislation effecting disabled veterans of the World War; to the Committee on World War Veterans' Legislation.

243. Also, resolution adopted by Corporal Harold W. Roberts Post, No. 466, Veterans of Foreign Wars of the United States, pertaining to the prosecution of persons who obtained citizenship through fraud; to the Committee on Immigration and Naturalization.

244. By Mr. CONNERY: Petition of the Irish-American Republican Club of Massachusetts, protesting against the entrance of this Nation into the World Court of the League of Nations; to the Committee on Foreign Affairs.

245. By Mr. CULLEN: Resolutions of the American Jewish Congress, adopted in its sessions assembled on October 25 and 26, 1925, at Philadelphia, Pa., on the subject of non-quota immigrants; to the Committee on Immigration and Naturalization.

246. By Mr. W. T. FITZGERALD: Petition of A. H. Coleman Post, No. 159, Department of Ohio, Grand Army of the Republic, opposing and requesting repeal of joint resolution passed by the Sixty-eighth Congress providing for restoration of the Lee Mansion in Arlington; to the Committee on the Library.

247. Also, petition of A. H. Coleman Post, No. 159, Department of Ohio, Grand Army of the Republic, requesting enactment of legislation providing pensions of \$72 a month for all honorably discharged soldiers of the Civil War, further benefits for those disabled in service by loss of one eye or limb; to the Committee on Invalid Pensions.

248. By Mr. FULLER: Resolutions adopted by Camp No. 16, United Spanish War Veterans of Minnesota, protesting against rates of pensions allowed Spanish War veterans and indorsing the bill presented by the national legislative committee of the Spanish War veterans for increase of such pensions; to the Committee on Pensions.

249. Also, petition of the Rockford (Ill.) Chamber of Commerce, favoring the report of the American Debt Commission with reference to the funding of the debts of six additional countries; to the Committee on Ways and Means.

250. Also, petition of Peru (Ill.) Chapter, No. 74, Izaak Walton League of America, opposing the passage of any legislation that would grant the privilege of withdrawing more than 10,000 cubic feet of water per second from Lake Michigan for the deep waterway to the Gulf project; to the Committee on Interstate and Foreign Commerce.

251. By Mr. GRIEST: Petition of the Manufacturers' Association of Lancaster, Pa., favoring 1-cent drop-letter postage rate; to the Committee on the Post Office and Post Roads.

252. By Mr. JOHNSON of Washington: Resolution adopted by the Tacoma Division of the Ancient Order of Hibernians and Ladies' Auxiliary, of Tacoma, Wash., opposing American

adherence to the Permanent Court of International Justice; to the Committee on Foreign Affairs.

253. By Mrs. KAHN: Petition of the United Parlor, Native Sons of the Golden State, Chinese-American Citizens' Alliance, praying for an amendment to the immigration act of 1924; to the Committee on Immigration and Naturalization.

254. By Mr. LEATHERWOOD: Resolution of the Chamber of Commerce of Salt Lake City, Utah, requesting the Utah delegation in Congress to use their influence in securing sufficient Federal aid for construction of interstate highways; to the Committee on Roads.

255. By Mr. MACGREGOR: Petition of the Loyal Daughters, No. 86, D. of A., advising that they are in favor of the resolutions adopted at the regular meeting of the Immigration Restriction League (Inc.), of New York; to the Committee on Immigration and Naturalization.

## SENATE

WEDNESDAY, January 6, 1926

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

Our heavenly Father, we approach Thy throne of grace looking unto Thee for help in every moment of need, knowing that Thou hast done for us at other times so much to cheer and encourage, to give us light in darkness and strength in weakness, and enabled us to meet issues of tremendous significance. We plead for Thy blessing to-day, and ask Thee also to remember the sorrowing household and pray that Thou wilt give unto those related to that household abundance of blessing and realize unto them constantly the infinite comforts of Thy heart of love. Hear us amid duties, hear us as we press onward, and may it be always Heavenward. For Jesus' sake. Amen.

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had concurred in Senate Concurrent Resolution No. 2, providing that in the enrollment of S. J. Res. 20 the Secretary of the Senate is authorized and directed to strike out the words "New York," in line 6, and to insert therefor the words "New Jersey."

The message also announced that the House had adopted a concurrent resolution (H. Con. Res. 4) providing for the establishment of a joint committee, to be known as the Joint Committee on Muscle Shoals, to conduct negotiations for a lease of the nitrate and power properties of the United States at Muscle Shoals, Ala., including the quarry properties at Waco, Ala., etc., in which it requested the concurrence of the Senate.

### PETITIONS AND MEMORIALS

Mr. WILLIS presented a memorial of sundry citizens of Clermont and Hamilton Counties, in the State of Ohio, remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

He also presented a petition of sundry citizens of the State of Ohio, praying for the repeal of the so-called war tax on industrial alcohol used in the manufacture of medicines, home remedies, and flavoring extracts, which was referred to the Committee on Finance.

Mr. FERRIS presented a petition of sundry citizens of Hesperia and Fremont, in the State of Michigan, praying for the passage of legislation removing or reducing the tax on industrial alcohol, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Kalamazoo, Tekonsha, Pontiac, and Coldwater, all in the State of Michigan, remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

Mr. FRAZIER presented the petition of H. S. Shuttleworth and 37 other citizens of Minot and vicinity, in the State of North Dakota, praying for the repeal of the so-called war tax on industrial alcohol used in the manufacture of medicines, home remedies, and flavoring extracts, which was referred to the Committee on Finance.

## REPORT OF THE CLAIMS COMMITTEE

Mr. MEANS, from the Committee on Claims, to which was referred the bill (S. 1912) to provide a method for the settlement of claims arising against the Government of the United States in sums not exceeding \$5,000 in any one case, reported it with amendments, and submitted a report (No. 14) thereon.

## CALL OF THE ROLL

Mr. REED of Missouri. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Clerk will call the roll.

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

Ashurst	Fess	La Follette	Sackett
Blease	Fletcher	Lenroot	Schall
Borah	Frazier	McKellar	Sheppard
Bratton	Gerry	McKinley	Shortridge
Brookhart	Gillett	McLean	Simmons
Broussard	Glass	McMaster	Smith
Bruce	Goff	McNary	Smoot
Butler	Gooding	Mayfield	Stanfield
Cameron	Greene	Means	Swanson
Capper	Hale	Metcalfe	Trammell
Copeland	Harrell	Neely	Tyson
Couzens	Harris	Norris	Underwood
Curtis	Harrison	Oddie	Wadsworth
Dale	Johnson	Pepper	Walsh
Deneen	Jones, N. Mex.	Pine	Watson
Dill	Jones, Wash.	Pittman	Wheeler
Edge	Kendrick	Reed, Mo.	Williams
Edwards	Keyes	Reed, Pa.	Willis
Ferris	King	Robinson, Ind.	

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

Mr. CURTIS. I was requested to announce the absence of the Senator from Kentucky [Mr. ERNST], the Senator from Arkansas [Mr. CARAWAY], and the Senator from Georgia [Mr. GEORGE], who are in attendance upon a meeting of the Committee on Privileges and Elections.

Mr. UNDERWOOD. I desire to announce that my colleague [Mr. HEFLIN] is absent on account of important business.

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

## PROPOSED INVESTIGATION OF FOREIGN INDEBTEDNESS

Mr. REED of Missouri. Mr. President, I am directed by the Committee on Foreign Relations to report back adversely the resolution (S. Res. 91) submitted by myself December 16, which provides for an investigation of propaganda and of influence by foreign governments being exerted to affect the action of the United States Government, and also to investigate the ability of foreign countries to pay their loans to the United States. In accordance with that action of the committee, I report the adverse action of the committee, and I move that notwithstanding the report of the committee the resolution be agreed to.

Mr. LENROOT. Mr. President, I think the parliamentary situation is that the action of the Senate is upon indefinite postponement, and a motion to reverse that action is not in order.

The VICE PRESIDENT. Unless there is unanimous consent the report will go to the Calendar. Is there objection?

Mr. REED of Missouri. I ask unanimous consent for present consideration.

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

Mr. REED of Missouri. Mr. President—

Mr. LENROOT. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. REED of Missouri. Yes.

Mr. LENROOT. The question before the Senate will be, In view of the action of the committee, shall the resolution be indefinitely postponed?

Mr. REED of Missouri. No; the question before the Senate is my motion that the resolution be agreed to, and to the consideration of that motion unanimous consent has been given.

Mr. LENROOT. No; to consideration, not the motion.

Mr. REED of Missouri. The consideration of what?

Mr. LENROOT. Of the resolution upon the report of the committee. That is what I said.

Mr. REED of Missouri. No; I made the motion that notwithstanding the report of the committee the resolution be adopted.

Mr. LENROOT. And, if the Chair will remember, I immediately rose and objected to the motion because it was not in order.

Mr. REED of Missouri. The Chair then asked if there was unanimous consent.

Mr. LENROOT. For the immediate consideration.

Mr. REED of Missouri. Certainly; of what? My motion. No objection was made, and I rose and addressed the Chair.

Mr. LENROOT. Mr. President, when a committee makes a report the question automatically then is upon the report of the committee. This report was adverse. The question then before the Senate is, Shall the action of the committee be indefinitely postponed? which is the parliamentary way of defeating the resolution.

Mr. REED of Missouri. Oh, no.

Mr. LENROOT. The Senator, I submit, can not make a motion to reverse the action of the committee, because a motion to indefinitely postpone is a privileged motion.

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

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

Mr. REED of Missouri. Certainly.

Mr. KING. As an innocent bystander I understand the position of the Senator from Missouri to be that notwithstanding the adverse report of the committee he moved that the resolution be agreed to, and he then asked unanimous consent for consideration, as I understand it, of his motion which he had submitted, namely, that the resolution be taken up and that it be adopted. It seems to me that is the logical situation and in consonance with the rule.

Mr. JONES of New Mexico. Mr. President, will the Senator from Missouri yield to me?

Mr. REED of Missouri. Certainly.

Mr. JONES of New Mexico. My understanding of the parliamentary situation is that when a resolution is reported to the Senate, whether favorably or adversely, the question is not upon the report of the committee but the resolution itself is the thing that is before the Senate, upon which action must be taken. The fact that the report of the committee is adverse does not affect the parliamentary situation. It is the resolution that is here. It is, of course, true that it is here on an adverse report of the committee, but that is a mere suggestion from the committee as to what action the Senate should take upon the resolution. It is the resolution itself, it seems to me, which is before the Senate.

Mr. LENROOT. Mr. President—

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

Mr. REED of Missouri. I yield.

Mr. LENROOT. I withdraw my objection. This can be taken care of later.

Mr. WALSH. Mr. President, I was called from the Chamber and did not hear the discussion. May I submit a parliamentary inquiry? What is the stage of proceeding that we have reached?

The VICE PRESIDENT. There has been unanimous consent given for the consideration of the motion of the Senator from Missouri. The question is on agreeing to the resolution.

Mr. WADSWORTH. Mr. President, will the Senator from Missouri yield to me?

Mr. REED of Missouri. Certainly.

Mr. WADSWORTH. The transcript of the Reporter's notes of what has taken place will show whether or not the situation is as it has been stated by the Chair. My understanding, however, is that the consideration of the resolution is out of order, because we are not in that order of business. Certainly it is the understanding of many of us that unanimous consent was given for the consideration of the resolution out of order, but not that unanimous consent extended to a motion to pass the resolution notwithstanding the report of the committee.

Mr. REED of Missouri. The Senator from New York is in error, because—

Mr. WADSWORTH. Certainly, if my hearing was correct, when the Presiding Officer put the question of granting unanimous consent it did not contain the suggestion that the unanimous consent would be extended to the motion to adopt the resolution notwithstanding the report of the committee.

Mr. WILLIS. Mr. President—

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

Mr. REED of Missouri. I yield.

Mr. WILLIS. I understand the parliamentary situation to be this: There was an adverse report of the committee which was made by the Senator from Missouri. Under the second paragraph of Rule XXVI any report of a committee would have to lie over for one day before it could be considered. It is my understanding that the Senator from Missouri requested immediate consideration of the report, and it was that to which unanimous consent was given. It seems to me that is the parliamentary situation. The question when we shall take up the resolution for consideration will be, Shall the resolution be indefinitely postponed?



The VICE PRESIDENT. The Senator from Missouri asked for the immediate consideration of his motion, and unanimous consent was given for that.

Mr. REED of Missouri. Mr. President, I trust that I can enlist the attention of the Senate to this resolution and to the circumstances which call for and, I think, demand its immediate consideration and passage. The resolution, which was filed here three weeks ago, reads as follows:

*Resolved*, That the Committee on Foreign Relations, or any subcommittee thereof, is authorized and directed to investigate and ascertain whether any foreign government or any citizens or corporations of any foreign countries are or have been expending or furnishing any moneys or credits for the purpose of directly or indirectly influencing the action of the Government of the United States, and particularly of the Senate of the United States, in any manner affecting the foreign policies or relations of the United States. Said committee shall further investigate and ascertain the ability of the foreign countries indebted to the United States to pay and discharge said indebtedness: And be it further

*Resolved*, That said committee shall ascertain the extent to which individuals, firms, or corporations have made loans to foreign countries indebted to the United States or to the individuals or corporations of said countries, the disposition of the proceeds of such loans, and the terms and conditions under which such loans were made, and also to ascertain what moneys have been pledged or expended and what organizations exist to affect the action of the Government of the United States in its relations or contemplated relations with foreign governments.

Said committee shall report at the earliest possible time.

Mr. President, there are two propositions pressing for early action by the Senate. One is the settlement of the question, Shall the United States subscribe to and enter the World Court? The other is, Shall the United States consent to the debt settlements which are proposed with Italy and certain other foreign countries? This resolution seeks for information regarding both those questions. Indeed, sir, it seems to me that the two problems are interrelated.

When we are asked to go into the World Court or the league court—for there is no World Court—we are asked to enter into contractual relations with the various countries of Europe and to rely on their good faith in carrying out the terms and conditions of any contract we may make. It, therefore, becomes important from that angle to ascertain whether those countries have in the past kept faith with the United States or whether they are now, at this present moment, seeking to repudiate the obligations they have solemnly signed and filed with the Treasury of the United States.

It also is important to know whether, if, in fact, those countries are bankrupt, they are able to carry out any obligations they may assume to the league court or to carry out their part of the obligations which the league court may impose upon them. So, before we proceed to the commitment of the United States to either of these propositions, we ought to have the facts; we ought to know what we are doing; and we ought to know the conditions under which it is proposed we shall contract. Mr. President, certainly it ought to be the sentiment of this body that before it acts upon either of these two propositions it should be fully advised of every fact which may have a bearing of importance upon the proposals we must consider.

It is not my purpose at this moment to discuss the question of the league court. It is enough to say that every thinking man must know that the step we are asked to take is of vital importance to the United States, and perhaps of vital importance to the world. It involves a complete reversal of the ancient policies of this Government; it throws us into intimate contact with every international problem; it compels us to participate in the settlement of those problems, many of which have arisen and will arise solely among the governments of the Old World. It obligates us to some measure of duty with reference to each of those problems; and, if some of us are right in our conclusions, it will require this Government to back the decisions of that court and to enforce them by the arms, the blood, and the money of the citizens of the United States.

Before any such step is taken it is our duty to know with whom we are contracting and the character of the governments with which it is sought to entangle us in contractual relations. We ought to understand all that can be understood touching these nations and touching their disposition toward the United States and their ability to comply with the obligations of the league compact and the decrees of the league court.

The other proposition has to do with the settlement of an indebtedness running into the billions of dollars, a settlement which an analysis will show amounts practically to the

repudiation of a large percentage of the indebtedness due this Government, an indebtedness that is already evidenced by solemn written instruments delivered before the money was paid.

Back of these two propositions is the most astonishing propaganda that this country and perhaps the world has ever witnessed. An organization is in existence which boasts that it has its emissaries and its members in nearly every hamlet and village of the United States. It has sent out literature literally by the tons; it has upon the platforms a large number of lecturers and propagandists; it has, I am informed, although I have not the evidence at hand now but an investigation, I think, will disclose it, paid agents going over the United States to produce a sentiment in favor of entrance into the league court, and I believe there is equally in principle although not in numbers an organization for the purpose of decoying the United States into a settlement which will amount to the assumption by our Government of billions of dollars of debt for which Italy and other countries now stand obligated.

I want to know, and I think the Senate wants to know, who is putting up the money to carry on these propagandas. I want to know what influences are at work to try to control the sentiment of the people of the United States and in turn to influence the action of the representatives of the people. I challenge any man to produce a good and sufficient reason why such information should not be laid before the Senate.

Mr. President, there are foreign influences being exerted. The suggestion came early that the United States ought to forgive its indebtedness to European countries. I am not prepared to say who first made that suggestion, but French statesmen and American international bankers were singing the same tune and joining in the same chorus almost before the smoke of the battles of the Great War had cleared away. Through the vast network of financial institutions which spread over this country, and which are connected with the international bankers of New York, there were carefully sent out arguments that the United States itself never could prosper until it had lifted the debt from European nations, and that hence, for commercial and financial reasons, we ought at once to cancel our indebtedness.

I want to know who originated that argument on this side of the ocean. I want to know if the argument did not emanate from those great institutions that had loaned huge sums of money, and therefore wanted the United States to cancel its indebtedness so that their private indebtedness—that is, the indebtedness incurred to private institutions—would be that much more certain of payment. I want to know whether we have come to a point in this country where international bankers can use the United States for their enrichment and profit. I want to know how much money was borrowed through these financial agencies. I want to know how much interest those loans bear that were incurred by foreign governments to this band of international bankers. I want to know what commission they obtained for making these loans. I want to know the discounts at which the loans were floated. Then I want to find out if it is not the fact that these gentlemen have put forth a propaganda for the purpose of inducing the cancellation of the debt to our Government in order that their own indebtedness may go to par, and that they may reap a profit running high into the millions. I want to know who it is that insists that a debt due a bank should be paid in full, with high rates of interest and with enormous discounts, and at the same time insists that the American taxpayer shall assume a burden for the benefit of the international bankers who have been speculating in the rotten securities of Europe; and I want an investigation for that reason.

Mr. President, we know practically nothing of what has happened in the negotiations for the settlement of these debts. The resolutions of agreement were brought up here one day by the distinguished senior Senator from Utah [Mr. SMOOT] in the morning hour, and the statement was made that it would take only a few minutes to dispose of the bills. By disposing of them we were disposing of many billions of money of the people of the United States. If we had ratified them, we would have saddled upon our people the duty to pay a debt due by the citizens of Italy and would have transferred to the taxpayers of the United States the burden of that debt due by the citizens of Italy. No information was given us; no facts were laid before us; simply the bald statement that Italy could not afford to pay more, and that if we insisted on more Italy would go into bankruptcy.

Mr. President, that was the story that was told to our commission. That is the story we told to the people of the United States; but what is the story that these gentlemen tell when they are borrowing money through the international

bankers? What is the story that they then give out regarding the financial condition of the Italian Government?

I hold in my hand, sir, a copy of the New York Times of Friday, November 20, 1925, containing about a quarter-page advertisement of the \$100,000,000 loan that it was proposed to float in this country through Morgan & Co.; and here is the statement of fact made as the basis for that loan. I want to lay it down as a parallel and as a repudiation of the statements that were made to our commission, for they must have been made to the commission or the Senator from Utah would not have made here the statement that he did. Let me read it:

Kingdom of Italy, \$100,000,000.

External loan sinking fund, 7 per cent gold bonds.

To be dated December 1, 1925; to mature December 1, 1951.

Interest payable June 1 and December 1.

Except for the purpose of the sinking fund, these bonds are not subject to redemption until June 1, 1941, on and after which date they may be redeemed, at the option of the Government, on any interest date, as a whole but not in part, at 100 per cent.

A cumulative sinking fund, which, it is estimated, will redeem the entire issue by maturity, will be created by the Kingdom of Italy by annual payments of \$1,500,000 on September 15 of each year, beginning September 15, 1926. Such payments, together with sums equal to the interest on all bonds previously acquired for the sinking fund, are to be applied on the succeeding December 1 to the redemption, at 100 per cent, of bonds drawn by lot.

Principal and interest payable in United States gold coin of the present standard of weight and fineness in New York City at the office of J. P. Morgan & Co. without deduction for any Italian taxes present or future.

Coupon bonds in denominations of \$1,000, \$500, and \$100, not interchangeable.

J. P. MORGAN & Co., Fiscal Agents.

His Excellency Count Giuseppi—

I am not enough of an internationalist to know how to pronounce that name—

Volpi, Minister of Finance of the Kingdom of Italy, authorizes the following statement in connection with this issue:

Now, attend to the statement of this "bankrupt" that can not pay its debt to the United States:

The Italian Government's budget is balanced. Since 1922 the budgetary situation has been undergoing steady improvement, and in the fiscal year ended June 30, 1925, actual revenues amounted to 20,456,000,000 lire, and expenditures to 20,247,000,000 lire, resulting in a surplus of 209,000,000 lire. The Government's budget for the current fiscal year ending June 30, 1926, as passed by the Italian Parliament, shows an estimated surplus of over 177,000,000 lire, and includes estimated payments on the intergovernmental debts. Receipts for the first three months of the current fiscal year, according to provisional returns, showed an excess of about 168,000,000 lire over expenditures.

That settles the question of bankruptcy. That settles the question of whether they can balance their budget and pay their debts. That settles the question of good faith, when they come here to us and propose to pay us one-quarter of 1 per cent interest on a debt and then cancel the debt at the end of 68 years. That settles the question of whether Morgan & Co., when they ask their people to subscribe to bonds backed by this kind of good security, are acting in fairness to the United States when their chief officers advise that the United States shall consent to a partial cancellation of its indebtedness so that poor Italy can keep from going into bankruptcy.

I read from this advertisement:

The Italian Government has available resources and revenues sufficient for its current requirements, both domestic and foreign.

One of its current foreign obligations is the debt that it has solemnly and in writing promised to pay to the United States, with interest.

Mr. NORRIS. Mr. President—

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

Mr. REED of Missouri. I do.

Mr. NORRIS. Is the Senator still reading from the statement of the financial secretary?

Mr. REED of Missouri. Yes, sir; I am.

The Italian Government has available resources and revenues sufficient for its current requirements, both domestic and foreign. It proposes, therefore, to devote none of the proceeds of the present loan to ordinary expenditures, but to hold the entire amount as a gold reserve, available for currency stabilization purposes, leading to the final steps in the Government's definite fiscal and financial policy, of which a completely stabilized currency is a vital part.

Since 1923 the Italian Government has made progress in funding its floating debt and in reducing the outstanding amount of its total internal debt.

I will read that again:

Since 1923 the Italian Government has made progress in funding its floating debt and in reducing the outstanding amount of its total internal debt. On June 30, 1923, the total internal debt amounted to 95,944,000,000 lire. On June 30, 1925, it stood 90,841,000,000 lire, a reduction of over 4,700,000,000 lire. With the exception of a very limited amount of bonds issued in London prior to 1914, the present loan constitutes the entire Italian governmental external debt in the hands of the public.

I suppose the United States is not "the public," but that is the way Morgan & Co. get up their advertisements.

The Government's indebtedness to the United States Government has been funded under an agreement, dated November 14, 1925, subject to ratification by the United States Congress and the Italian Parliament. This agreement provides for payment over a period of 62 years, beginning with payments of \$5,000,000 annually during the first five years, gradually increasing during the life of these bonds to approximately \$26,500,000 in the twenty-fifth year and to approximately \$31,500,000 in the twenty-sixth year.

The Italian Government's only other intergovernmental debt is that to the British Government, discussion of which is under way.

In other words, they are using this settlement now as the very basis of their loan and are saying that a settlement has been effected, that their budget has been balanced, that they have reduced their internal indebtedness, and that everything is lovely, and the goose hangs high over in the financial atmosphere of Italy. I continue reading:

The above bonds are offered for subscription, subject to the conditions stated below.

Now, notice them:

At 94½ per cent and accrued interest, to yield over 7.48 per cent to maturity and over 7.56 per cent to the average maturity date.

That does not take into account Mr. Morgan's commission, which I understand is 9 per cent.

All subscriptions will be received subject to the issue and delivery to us of the bonds as planned and to the approval by our counsel of their form and validity.

Subscription books will be opened at the office of J. P. Morgan & Co. at 10 o'clock a. m. Friday, November 20, 1925, and will be closed in their discretion. The right is reserved to reject any and all applications, and also, in any case, to award a smaller amount than applied for.

The amounts due on allotments will be payable at the office of J. P. Morgan & Co., in New York, funds to their order, and the date of payment (on or about December 9, 1925) will be stated in the notices of allotment.

Temporary bonds or interim receipts will be delivered pending the preparation and delivery of the definitive bonds.

Application for the listing of the definitive bonds on the New York Stock Exchange is to be made by the Italian Government.

Signed—

J. P. Morgan & Co.; First National Bank, New York; Guaranty Co. of New York; Harris, Forbes & Co.; Brown Bros. & Co.; National Bank of Commerce in New York; The Equitable Trust Co. of New York; Corn Exchange Bank; Seaboard National Bank; J. & W. Seligman & Co.; Hayden, Stone & Co.; White, Weld & Co.; Lee, Higginson & Co.; E. H. Rollins & Sons; Spencer Trask & Co.; New York Trust Co.; Bank of Manhattan Co.; Empire Trust Co.; Marshall Field, Gore, Ward & Co. (Inc.); Redmond & Co.; Lodenburg, Thalmann & Co.; J. G. White & Co. (Inc.); The National City Co., New York; Bankers Trust Co., New York; Kidder, Peabody & Co.; Halsey, Stuart & Co. (Inc.); Mechanics & Metals National Bank; American Exchange-Pacific National Bank; Chemical National Bank; National Park Bank; Clark, Dodge & Co.; Bonbright & Co. (Inc.); Kissel, Kinnicutt & Co.

Mr. EDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from New Jersey?

Mr. REED of Missouri. I do.

Mr. EDGE. At the close of the reading of the advertisement, or prospectus, whatever it may be, I understood the Senator to state that the interest being paid by Italy, including commission, amounted to 9 per cent on \$100,000,000.

Mr. REED of Missouri. No; I said my understanding was that there was a commission of 9 per cent. That statement



was made on the floor of the Senate a few days ago by some Senator.

Mr. SMOOT. Mr. President, I will correct the Senator. The statement was that the 7 per cent interest provided for in the bonds, together with the discount at which the bonds were sold, and with the commission which the bankers received for placing the bonds, amounted to 9 per cent on the original issue of the bonds.

Mr. EDGE. Mr. President, my reason for interrupting the Senator was to make the observation that if it is true that Italy is paying 9 per cent, approximately, on a loan of \$100,000,000, it would seem to me to be most uncontrovertible evidence of Italy's bad financial condition. Certainly in these days no borrower whose financial condition is even average would pay more than 4 or 5 per cent for Government loans. I thought perhaps the Senator would enlarge on that rather anomalous situation.

Mr. REED of Missouri. Mr. President, there are three answers to that. First, Morgan & Co. already have their grip upon this Nation, and whoever gets in the grip of that concern generally is dealt with about according to the rules Mr. Shylock tried to lay down in a somewhat celebrated case.

Secondly, these gentlemen who are trying to put out this loan at this rate of interest to themselves, or their clientele, are the same gentlemen who are insisting that the United States Government shall cancel the debt due by Italy to the American taxpayers, for that is what it amounts to.

Third, if the statements made in support of this loan, and which purport to be put out by his excellency Count Giuseppe Volpi, minister of finance, are true, then Italy is not bankrupt. Italy can pay, and, so far as I am concerned, Italy must pay. If I have to take my choice between an Italian taxpayer or capitalist paying the debt that Italy owes, or compelling the American citizen or taxpayer to pay the debt which Italy owes, I am going to cast my lot with the American taxpayer.

So, Mr. President, the inquiry of my friend from New Jersey has raised a genuine question for investigation: Is it a fact that Italy is in such a desperate situation that she has to pay this enormous rate of interest, or is Morgan & Co. simply gouging them; and is this statement regarding their financial condition which I have read a correct one or not?

Moreover, before we have any transactions with that country, before we extend the time of payment of a loan which is now due—for we could demand this money at once—we ought to know all about the financial condition of Italy, and we ought to know it not merely from the lips of Italians who come over here and tell us one story while their minister of finance is telling another story to the bankers, but we ought to know what the facts are.

Mr. SMOOT. Mr. President—

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

Mr. REED of Missouri. I yield.

Mr. SMOOT. I hope the Senator does not think that when the question of the settlement was up for discussion in the Senate during the first few days of the session any real explanation was given. There was objection immediately to consideration of the debt settlement, but I was prepared at that time to go into the details of the financial conditions of Italy and Belgium and tell the reasons why the Debt Commission made the settlements they did make. When those questions come up for consideration I shall claim the time of the Senate to go into a detailed explanation of the action of the Debt Commission.

Although I realize that it perhaps is not proper to interrupt the Senator in his statement, I desire to say that the Senator must know that the lira to-day is worth in our money less than 5 cents, while at one time it was worth 19.65 cents. Italy must make a loan in order to hold the lira where it is; France has to do the same thing to maintain the franc even where it is; and unless some gold is put back of the lira and unless France gets a gold loan back of the franc, the lira and the franc will go down just as the German mark went down. That is just as inevitable as that the Senator and I are in this Chamber at this moment. Nothing on earth can prevent it. That is why Italy was compelled to pay 9 per cent. I think it is an outrage; but I suppose chances are being taken in the transaction. I do not want Senators to make up their minds on this question before they know just exactly what the resources and liabilities of Italy are and what their possible income from the Italian people may be.

Mr. REED of Missouri. Then the Senator certainly is for my resolution if he wants us all to know about it. That is all I am asking.

Mr. SMOOT. The Debt Commission spent on this matter not only the 12 days which elapsed during the last visit of Count Volpi, but it will be remembered that an Italian mission came here before, and there was no settlement made with Italy then for the simple reason that Italy did not have the information desired by our Debt Commission. Our Debt Commission told the Italian commission which came over at that time to go back to Italy and collect certain information; and then the commission had a chance to check that up.

Mr. President, I think that when Senators have a full understanding of the condition of Italy, if they have any regard at all for the life and welfare of that nation, they will vote for this settlement. But I do not want to interfere with the Senator's statement, nor do I feel that this is the proper time to go into a discussion in behalf of the action of the debt commission.

Mr. REED of Missouri. The Senator asked us to pass those bills one morning without debate.

Mr. SMOOT. No; not without debate.

Mr. REED of Missouri. The Senator said it would only take five minutes to dispose of them.

Mr. SMOOT. No; I did not say five minutes.

Mr. REED of Missouri. Well, a few minutes.

Mr. SMOOT. I said a short time; and I really thought that that could be done; but I have not asked since that time that they be considered. I want Senators to have all the time they desire for discussion, and I am quite sure that Senators will see that they do have all the time they want to discuss the question of the payments.

Mr. REED of Missouri. Is not the Senator perfectly willing that we should find out something on our own account?

Mr. JOHNSON. Mr. President, will the Senator yield for an inquiry?

Mr. REED of Missouri. Certainly.

Mr. JOHNSON. I wanted to ask whether Count Volpi, whose remarks are quoted in the advertisement, is the same gentleman who negotiated the settlement with the United States on behalf of Italy?

Mr. REED of Missouri. The Senator from Utah can answer that.

Mr. SMOOT. He was the chairman of the Italian commission.

Mr. JOHNSON. I assume, then, that the information that was given to our Debt Commission was exactly the same as the information given to the people of the United States by Count Volpi in the advertisement.

Mr. SMOOT. Mr. President, there is such a thing as stating facts, but not all of the conditions, not all of the circumstances. In the balance of the budget referred to there no provision is made for the payments that will be required by the United States under the settlement or the payments required in the settlement with England, and Italy owes England more than she owes the United States. None of those obligations have been settled.

Mr. REED of Missouri. Does the Senator mean to say that this Count Volpi is perpetrating a fraud on the people of the United States, investors through Morgan & Co., by putting out a partial and misleading statement? Is that where we are coming out in this discussion?

Mr. SMOOT. I do not claim that to be the case. I think perhaps the taxes which have been imposed in Italy of late will pay the ordinary running expenses of the Government. I call the Senator's attention to the fact that the taxes now being imposed in Italy are exceedingly heavy. Not only that, but in Italy the taxes are collected, and I can say that in some of the countries that are imposing taxes the taxes are not collected.

Mr. REED of Missouri. They do not get them all, but we have been getting enough to pay the interest on our debts and interest on everybody else's debts that they owe us, and I expect some of our people do not pay taxes.

Mr. SMOOT. I did not mean America at all.

Mr. WHEELER. To what country does the Senator have reference?

Mr. SMOOT. That may come up in the discussion later, and I would rather leave it until that time; but I will say that it is not Italy.

Mr. REED of Missouri. I will ask for the sake of light, how much income tax does France levy?

Mr. SMOOT. I would very much prefer not to discuss the question of France at this time. We have not settled with her and I think it would be out of place for a member of the commission to discuss it at this time.

Mr. REED of Missouri. To state a fact as to whether they pay an income tax and if so how much?



Mr. SMOOT. I do not know how much they pay. That is, I do not know how much they collect. I know how much they impose by law, but I do not know how much they collect.

Mr. REED of Missouri. Let us see where we are. I ask an investigation to get some facts so that we who have to vote may vote in the light of those facts. The Senator tells us that he or his commission has gotten the facts, but he now declines to disclose what they are, and I decline to vote in that state of ignorance.

Mr. SMOOT. The Debt Commission has not made a settlement with France. The Debt Commission has not asked that any settlement or agreement for settlement be presented to Congress. There has been no settlement with France. There is a settlement with Italy, and there is a settlement with Belgium, and I am prepared as a member of the commission to state the reasons why the settlements and the terms of the settlements were made. I think the time that was given by the commission and the very thorough investigation made and the conclusions reached will justify approval by Congress as well as the American people.

Mr. REED of Missouri. That is a long shot, is it not?

Mr. SMOOT. Long or short, it is true.

Mr. REED of Missouri. Whether it will be approved by Congress or not, the Senator can not even tell us what is going on.

Mr. JOHNSON. Mr. President—

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

Mr. REED of Missouri. Certainly.

Mr. JOHNSON. May I suggest to the Senator from Missouri that there is no better time than now for the disclosure of those facts when this resolution is pending. I trust the Senator from Utah will go on and disclose the facts upon which the settlement is pending. We are interested, if the Senator from Missouri will pardon me, in obtaining merely the information. I assume, of course, that the distinguished negotiator who settled the Italian debt with our representatives, who then in a public statement and advertisement told of the solvency of Italy to the people of the United States, told with even greater detail the solvency of Italy to our negotiators who settled with him, and I think under the circumstances, with the matter now pending before the Senate, it is a most appropriate time for the Senator from Utah to disclose those statements which demonstrated conclusively the solvency of Italy as Count Volpi demonstrated it conclusively to J. P. Morgan & Co. and to the people of the United States.

Mr. REED of Missouri. You see, Mr. President, we are in this situation. We are told that we must not investigate because the facts are already known, and when we say "Please let us know what facts are known" we are told the negotiations are not yet concluded and we must not know. Concluded with Italy? Yes; and we have not been favored with those facts. Not concluded with France, and hence we must not know anything about France. In other words, when we take one or two Members from this body and one or two Members from the House, and they sit down and find out things and determine them, it is no part of our business to inquire what they have found out or even to investigate the same subject matter, lest we might invade the sacred preserves they have filed on, and therefore nobody else can know.

The Senator from Utah does not want that sort of position taken; neither does the Senator want his statement to pass which was in substance and effect that the advertisement put forth by Morgan & Co. and the associated banks, which purports to set out in *haec verba* the statement of Count Volpi, is in fact a deceptive and false statement. It is either the truth or it is a falsehood. When any man undertakes to set up a financial condition for the purpose of obtaining credit and only partially states it, and makes a misleading statement, he just as much falsifies as if he made a direct statement in the teeth of the facts—for what is this statement? This statement is as to the financial ability to pay, and if there were dishonestly withheld from it obligations which rest upon Italy, then the whole statement from its initial letter to its last is a falsehood because it misleads and does not truthfully state the financial condition.

Mr. SMOOT. Mr. President, I hope the Senator does not think I have claimed or made any kind of statement that Italy was bankrupt.

Mr. REED of Missouri. It is not necessary for the Senator to have made a statement that Italy was bankrupt, although he did in substance and effect make it.

Mr. SMOOT. I can say that Italy could not pay 5 per cent interest upon the amount that she is owing us and England

unless she did go bankrupt. Her resources are not such that she could pay the interest upon that vast amount of money. It is not in her man power; it can not come from her soil; she has not resources natural or otherwise to pay it. The only question to decide was what can she pay and yet maintain her existence as a nation, and what can she pay based upon her resources and her income and her taxes imposed upon every source from which she is receiving a revenue. She may be able to pay the principal. She may be able to pay a small rate of interest. But with a rate of interest of  $4\frac{1}{4}$  per cent on over \$4,000,000,000, with accumulated interest up to date, with 5 per cent, or even  $4\frac{1}{4}$  per cent, upon that vast sum, the matter of paying  $4\frac{1}{4}$  per cent from now on is an absolute impossibility for that country.

Mr. NORRIS. Then she is bankrupt.

Mr. SMOOT. No; she is not.

Mr. NORRIS. If she can not pay her debt she is bankrupt.

Mr. SMOOT. She can pay her debt. The question of the terms of the payment of the debt is for us to decide, and if Congress does not want us to make such a settlement after hearing the conditions and the terms of the settlement, all it has to do is to vote against the terms of the settlement.

Mr. REED of Missouri. Mr. President, long years ago I was told that when I was discussing a legal point before a court and the other fellow had me on that point, I should discuss some other point. The Senator from Utah is not a lawyer, but he has all the instinct of the class of lawyer who made that recommendation to me.

Mr. SMOOT. I hope he was a good lawyer.

Mr. REED of Missouri. I was discussing a particular question, namely, whether the statement contained in Count Volpi's certificate was correct or incorrect, whether that statement was a partial statement, and therefore misleading and untrue, or whether it was a true statement. Instead of answering that, although that was the question under discussion, the Senator repeats what he has often said, that Italy can not pay its debt in full with 5 per cent interest. Nobody is asking it to pay 5 per cent interest.

Mr. SMOOT. That is the present obligation, I will say to the Senator.

Mr. REED of Missouri. Nobody is asking her to pay 5 per cent. I want to conclude this phase. I repeat, Count Volpi undertook to set up a financial statement showing the resources, the assets, the liabilities of his country. He did it for the purpose of obtaining credit. It went out with the sacred avouchment of Morgan & Co. to the people of the United States or to the bankers who got them to loan the money. Is it true or false? Was it intended to mislead the American people and the world or was it a truthful statement? If it is a truthful statement, it is a complete statement, for that is what it purports to be. If it is a partial statement, with liabilities concealed that are not named, then it is a false statement, and if sent through the mails in this country the man issuing it could be sent to the penitentiary for using the mails to defraud.

Mr. President, I am inclined to rely upon the statements made to Morgan & Co., but I want to know what the truth is. That is the reason why I am asking that the resolution be agreed to. They may have deceived even so astute a man as the Senator from Utah [Mr. SMOOT]. I take it they did not lay before the Senator from Utah this statement of Count Volpi. I think this statement is news to the Senator. I do not think he ever saw it before. It is a little light that comes in through the crack of the door. I want to open the door wide. I want the Senate to find out what the facts are. If Senators defeat the resolution they deny themselves the opportunity to know, save through a source that at present seals its lips and refuses to communicate the knowledge that has been gathered in its brain, and must wait until the commission shall see fit again to bring up a resolution of ratification and ask to have it passed without debate in the morning hour and without information to the Senate.

Mr. President, the other branch of the resolution has to do with the question of propaganda to affect our judgment and our action not only with reference to foreign loans but any other matter of international importance and gravity, and that, of course—for I always deal by direction—means to find out what propaganda and what influences are being exerted in order to get us into the league court. I would like to challenge the attention of Senators, if it be not too old fashioned, to this language of George Washington:

Against the insidious wiles of foreign influence, I conjure you to believe me, fellow citizens, the jealousy of a free people ought to be constantly awake, since history and experience prove that foreign influence is one of the most baneful foes of republican government.



That influence is being exerted not only, as I believe, by direct governmental agencies but certainly by organizations of foreign governments. I have here in my hand a copy of the *Christian Century*, and I want to read a little of it:

An impressive drama enacted at the Detroit meeting of the Federal Council of Churches, held in December, lightened the otherwise unrelieved deliberations of that gathering. It consisted of the presentation of a memorial signed by the official leaders of various church organizations of Wales suggesting in earnest tones that the churches of America use their influence to bring the United States into the League of Nations. The memorial was a beautiful engrossment on parchment, bound in fine art leather and presented by Rev. Gwilym Davies in a gracious address interpreting the more hopeful aspects of the movement of Europe toward peace.

Then:

Dr. Robert E. Speer, former president, received the document with equal grace and addressed the audience on the state of American opinion with regard to entrance into the league. It was a delicate theme to handle, but Doctor Speer, while expressing frankly his personal desire to have this country enter the league, refrained from using the occasion for purposes of propagating his own views.

There are other statements here. Perhaps it will entertain the Senate to have it all, because it is just as insidious a thing to try to work through church organizations as it is to work through secret or open political representatives of a country, and "against the insidious wiles of foreign nations I warn you," said George Washington. Doctor Speer—

reminded his audience and the council's welcome messenger that, in his judgment, public opinion was about equally divided on the proposal, and that this divided conviction obtained in the churches in about the same proportion as in the country at large. He gave credit to the opponents and to the advocates of entrance for equal conscientiousness and intelligence, and stated briefly but fairly the points of view of both sides.

The event was a graceful gesture of good will and Christian brotherhood. With those who see in it a meddlesome disposition on the part of foreign peoples to influence American political action we have not the slightest patience. The Christian people of the world are bound together by a common purpose and a common trust which gives any group of Christ's followers the right and duty of communicating with their fellow disciples anywhere in the world on any matter which is believed to affect the interests of the Kingdom of God.

And so they were bound together when the Christians of Germany prayed that every shot would reach the heart of the Allies, and the Allies, with equal fervor, prayed that every shot fired by them would kill a multitude of Germans.

More and not less of this intercommunication is essential to the full coming of that kingdom. The chief significance of the event lies, as it seems to us, not so much in the merits of the memorial concerning our entrance into the league as in the objective and impartial interpretation of the situation set forth by Doctor Speer.

The little drama, with Doctor Speer's interpretation, ought to be a model for the federal council's entire policy in international issues. The hearty willingness to recognize the intelligence and the Christian idealism of those who do not believe the kingdom will be advanced by this Nation's entrance into the league as now constituted should not be merely expressed in the speech of one man on an occasion of singular brotherliness, but should be registered in the organization and policy of the federal council itself.

Mr. President, I, of course, concede the right of Christian churches everywhere to deal with every question of ethics or of morals, but it is a singular thing, nevertheless, that the churches of a foreign country should come here and seek through the churches of this country to influence the action of the Federal Government in matters relating to international policies. That is exactly akin in principle to labor organizations of foreign countries coming here to try to affect our international policies or banking organizations of other countries coming to affect our national policies or the entire population of foreign countries coming here with their propaganda and their agencies and their influence to try to affect America's foreign policies. The fact that it emanated from a church makes no difference in principle, and, indeed, it is likely to make the movement more dangerous, because it comes with a sort of odor of sanctity which is calculated to impress a people.

Mr. President, why is it that Members of the Senate should object to finding out all we can find out. It will be replied that this will delay our entrance into the World Court. We have gotten along for 150 years without being in the World Court, and we can get along without it long enough to find out what they are doing before we enter that tribunal. We are not suffering; our country is not in jeopardy; our people are not cry-

ing aloud for a reversal of the policies to which we have adhered in the past. There are certain people in this country who have been busy while most of the remainder of the people have been asleep. They are sending out this expensive propaganda. I want to know how much money is being paid to the hired lecturers who advance this propaganda. I want to know who is putting that money out. We want to know what we are doing, Senators, before we proceed to act.

I call attention to an editorial from the *Boston Post* of Saturday, January 2, last. I understand that that newspaper was an earnest advocate of the League of Nations, yet now, when it is sought to rush this matter to a vote, even that paper calls a halt. I should like to read this very interesting editorial. It is entitled "Wake up," and is as follows:

We must confess to a feeling of extreme uneasiness over the work of the very efficient and powerful propaganda organization which friends of the World Court have set in motion.

We fear the facts surrounding the World Court proposition are in danger of being completely obscured by the vast predominance of the sentiment, much of it plainly directed and controlled, in favor of the World Court.

The proponents have made such skillful use of propaganda, have admittedly ample funds and hosts of volunteer workers, that the Senate may reasonably be led to believe that citizens in general are clamorous for quick and favorable action on the issue.

We do not think this is correct. There is a regrettable apathy concerning the question in the country at large. Citizens do not seem to care to devote any thought to one of the most momentous questions in the history of the country.

Why this is true is a mystery. On the question of canceling the foreign debts due to us the response of the country was immediate. In the face of the almost unanimous sentiment against cancellation no statesman dared take a position in favor.

Yet the question of debt cancellation was a mere trifle in comparison with the importance to every citizen of the World Court question. We could well have canceled the debts with no great loss to ourselves and perhaps some permanent benefit in friendship and prestige.

Can it be that the American people are at present so engrossed in making money and in enjoying the comforts of prosperity that only questions where the dollar is directly concerned will interest them?

There are things far more important than dollars bound up in this World Court question. The whole future of America is involved. It means an entirely new departure, a direct and general share in the affairs of the countries of the world, an acknowledgment (no matter how disguised) that we are ready to submit our international rights and privileges, and in time, perhaps, some questions we now consider our exclusive affair, to the combined conscience of the world.

If the American people are ready for it, well and good.

If we have reached that point in our history where we feel the need of international advice and the urge to aid in settling the vexed questions of nations beyond the seas, then by all means enter the World Court. It is the logical and proper course for us to pursue.

But what we want to insist upon is that the American people go into this international adventure with their eyes wide open and know in advance exactly the sacrifices they will be called upon to make.

A general awakening of the public mind on this World Court matter is needed.

Mr. WALSH. Mr. President—

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

Mr. REED of Missouri. I yield.

Mr. WALSH. The Senator has spoken about a disposition to hurry this matter to a vote. What evidence has the Senator observed of a disposition to hurry the World Court proposal to a vote?

Mr. REED of Missouri. Mr. President, I am perfectly aware of the state of the record. The World Court—the league court, because there is no World Court—the league court was recommended in a message—

Mr. WALSH. By whatever name the Senator may call it, what evidence has he that there has been any disposition to hurry the consideration of this question?

Mr. REED of Missouri. I am not avoiding an answer to the Senator's question on the ground of the name. Our adherence to the court was recommended by President Harding, and, as I recall his message, he stated that we should only go in with reservations, and one of the reservations would be that the court should elect its successors in office.

Mr. WALSH. Oh, no; let me correct the Senator. President Harding in his message on the 24th day of February, 1922, recommended that we go in with four of the five reservations attached to the pending resolution. Later, in a speech at St. Louis, he made the statement suggested by the Senator.



Mr. REED of Missouri. Very well. In a speech in St. Louis he made this public declaration to which I have referred. So the only mistake I have made is in the place he made it, which is unimportant. The proposition went to the committee. President Coolidge assumed office on the lamented death of President Harding and at once publicly stated that he indorsed the Harding policies and proposed to carry them out. Then the resolution was allowed to lie dormant; no discussion was had on it; the country at large—I can not speak for the country, but my opinion is the country at large—believed that it was all a mere gesture and that we would not be called upon seriously to consider the proposition.

Mr. WALSH. Mr. President, if the Senator will tolerate just another interruption, I was directing the attention of the Senator merely to the charge that this matter was being hurried to a vote.

Mr. REED of Missouri. I am coming to that.

Mr. WALSH. And to the fact that on the 24th day of February of the current year this matter will have been pending before the Senate for three years.

Mr. REED of Missouri. Mr. President, the point of it is that it has not been pending before the Senate in the sense that the Senator might be understood as indicating.

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

Mr. REED of Missouri. I yield.

Mr. KING. I desire not to intrude into the debate, but I wanted to supplement what was said by the Senator from Montana by the observation that soon after President Harding made the recommendation to the Senate, I offered a resolution in the Senate for the purpose of having the United States adhere to the protocol. A vote was had upon the motion to proceed to the consideration of the resolution on March 3, 1923. The vote was adverse to the motion. Subsequently another resolution was offered by me, and an attempt was made before the adjournment of the Sixty-seventh Congress to have a vote upon the same, but objections were made, and no vote was had. So there have been resolutions pending before the Committee on Foreign Relations or lying upon the table from the time President Harding made the recommendation until the present.

Mr. REED of Missouri. Yes; and all of that I do not dispute at all, but what I say is that it was a common, general understanding that this thing had been put in cold storage, that it was in the committee, and, in my judgment, the country as a whole fully understood that we were not to be much further bothered with it.

Mr. WALSH. Mr. President, will the Senator permit a further interruption?

Mr. REED of Missouri. Yes.

Mr. WALSH. The Senator refers to this matter as being in cold storage—until when?

Mr. REED of Missouri. Permanently.

Mr. WALSH. Permanently? Did not the Senate on the 10th day of March last set it down for discussion on the 17th day of December?

Mr. REED of Missouri. Oh, yes. Now, wait a minute.

Mr. WALSH. That is nearly a year ago.

Mr. REED of Missouri. If my friends will just let me complete my statement they will find that it will comprise the exact facts, or, if not, I will submit to correction. That was the state of affairs until shortly before the adjournment, when, in the hurry of attempting to get an adjournment, this matter having been brought forward, I think by the Senator from Virginia [Mr. SWANSON], an agreement was made that it should be taken up on a day fixed, which I think was the 8th day of December; so that the country may be said to have understood that something would be done about it at that time. I do not think, however, that the country understood that there would really be a serious effort to pass this matter until an organization was effected, thousands and, I think, many hundreds of thousands of dollars expended in preaching one side of this question to the American people, and all that was brought forward; and now there is an attempt to rush it through in the sense that here to-day, when we ask for an investigation of certain pertinent facts, we find it resisted in the Committee on Foreign Relations, and we find the distinguished author of the resolution, the Senator from Virginia [Mr. SWANSON], leading the fight.

Now it is said that we must act. I say that in my judgment there is not one man in a hundred thousand in the United States who has ever sat down and studied the protocol or the so-called statute of the court. The papers have not discussed it, and there ought to be time for the American people really to understand this question.

Mr. WALSH. Mr. President, I should like to ask the Senator another question.

Mr. REED of Missouri. Certainly.

Mr. WALSH. When did the Senator introduce his present resolution?

Mr. REED of Missouri. On December 16, I think.

Mr. WALSH. Was that its first appearance in the Senate?

Mr. REED of Missouri. Yes.

Mr. WALSH. But the Senator has had pending resolutions of the same tenor for quite a long while; has he not?

Mr. REED of Missouri. No. I will state the facts to the Senator.

Mr. WALSH. I should be very glad to be informed.

Mr. REED of Missouri. A resolution was introduced in 1924 which had to do with the general subject of propaganda. I will ask the Senator from Virginia to hand me that resolution.

Mr. SWANSON. This is the resolution, I think, in connection with which the Senator was appointed a member of a committee to investigate this same thing.

Mr. REED of Missouri. No; not this same thing, by any manner of means. A resolution was introduced on December 20, 1923, and it was reported and passed on January 17, 1924. That resolution called for an investigation of propaganda and the use of money to control the action of Congress upon revenue measures, and whether this money or propaganda was being employed to defeat the adjusted compensation bill. There was another clause calling for an investigation of whether such influences were being employed by either American citizens or the representatives of foreign governments to control or affect the foreign or domestic policies of the United States.

That resolution, it will be noted, was directed chiefly to an investigation of the efforts to defeat adjusted compensation. It did contain also the other clause; but what good would an investigation in 1924 of the efforts to influence this Government in its foreign relations have done with reference to a propaganda that has been organized since and carried on since?

That resolution, or the effect of it, was largely abortive. It was abortive because—

Mr. SWANSON. Mr. President—

Mr. REED of Missouri. Let me conclude, and then I will yield to the Senator. It was abortive because the author of the resolution was compelled to be absent, and could not be here to furnish such facts as he thought he had in his possession, or to follow it up. But, I repeat, what plea is it that two years ago a resolution was introduced that had to do with a general subject matter, when what we are seeking now to get at is a propaganda since organized and since employed?

Mr. WALSH. That is what I wanted to inquire of the Senator. President Harding in some way or other was prevailed upon three years ago to support this proposal. Apparently then there was no propaganda current.

Mr. REED of Missouri. Except what laid over from the old League of Nations' matter.

Mr. WALSH. But since that time the Senator understands the propaganda has been organized?

Mr. REED of Missouri. Yes; I think so; or, at least, if the propaganda existed at that time it has been revived and intensified and directed immediately to this World Court problem.

Why, Mr. President, there is hardly an organization in the United States that has a forum to which speakers are invited that has not been harangued by men who, I believe, are paid agents of this organization that puts out the propaganda. I should like to have a chance to find out if they are paid and who pays them and who contributes the money.

Mr. WALSH. Mr. President, I stated on the floor of the Senate the other day that it is quite likely that there is such an organization, and that it is paying for literature that is being sent out, and doubtless paying for the circulation of Judge de Bustamente's book. At the same time I held in my hand and showed to the Senate—the Senator was not here at the time—a book published and gratuitously circulated, an expensive thing, obviously for the purpose of furnishing material against adherence to the World Court.

Mr. REED of Missouri. Very well.

Mr. WALSH. So that both the advocates of this resolution and the opponents of this resolution are circularizing the country in favor of their views.

Mr. REED of Missouri. Undoubtedly; and this resolution is not limited to one side. I want to know what interests are putting out vast sums of money to control us in our international relations, and I do not care which side is doing it; but I will undertake, if this investigation is ordered, to show that there has been a hundred dollars, if not a thousand dollars,



spent in favor of this propaganda for the World Court where there has been a dollar expended on the other side.

Mr. WALSH. I merely want to ask the Senator whether his delay in pressing his resolution does not afford some justification for the suspicion that he is simply endeavoring to delay the matter?

Mr. REED of Missouri. Why, no—in pressing this resolution?

Mr. WALSH. Yes.

Mr. REED of Missouri. Why, if the Senator please, I introduced this resolution and asked for its immediate consideration. I was told that I could not have immediate consideration. Objection was made by the distinguished leader on the other side of the aisle. It then went to the Committee on Foreign Relations.

Mr. WALSH. Oh, yes; but the Senator could have introduced his resolution away last spring, when we set this matter down for consideration.

Mr. REED of Missouri. Exactly; I could have introduced last spring a resolution about a propaganda that occurred this summer! That is the position that is taken. This propaganda has been organized and carried out this summer. It may have been organized partially before, but its principal work has been done this summer. I could not introduce a resolution to investigate a thing that did not exist, or that, if it existed, was in its infancy. This thing has taken its full scope and sweep during this summer; and very early in the session—on the second day, I believe—I introduced this resolution. I tried to get immediate action. Immediate action was denied under the rule. It then went to the committee, and this morning is the first time I have had an opportunity to take it up before the committee. The committee reported it adversely; and I brought it here to this body, and I am now asking for its passage.

Mr. SWANSON. Mr. President, will the Senator yield for a minute?

Mr. REED of Missouri. Yes.

Mr. SWANSON. Will the Senator agree to name a specific time at which we can vote on the World Court and the reservations, provided this resolution of investigation is passed?

Mr. REED of Missouri. Why, no; certainly not. There is no occasion for a trade. In order to get information there is no occasion for our agreeing to vote at a particular time.

Mr. SWANSON. No; it is not a question of a trade, but of preventing delay. I have an idea that this is simply to put the matter in cold storage, where the Senator was very glad for it to be for two years.

Mr. REED of Missouri. Yes, indeed. For my part, I would not encumber a first-class cold-storage plant with the thing. I would put it in its grave if I had my way.

Mr. SWANSON. Of course; and I think the Senator is trying to do it by putting it in cold storage and killing it.

Mr. REED of Missouri. And the only way you can keep it from going to its grave, in my judgment, is to deny to the American people the opportunity to understand what you are trying to do to them; to let the American people understand that you are dragging them, not into the League of Nations, but into something infinitely worse; for if you had dragged them into the League of Nations they at least would have had something to say in reference to the regulations that will govern this court. They would have had something to say with relation to the constitution of the court and its membership. But now, after having seen the league rejected—and I helped to reject it, because I believed it to be wrong—now that you are denied a voice in the league and a chance to help organize and in some measure influence a court created by the league, you propose to go into a foreign court, created by a foreign tribunal, manned by foreigners, every one of them, and submit the interests of the United States of America to a court of that kind. I say that if that proposal is ever understood by the American people they will condemn it more violently than they have in two elections condemned entrance into the creator that makes this creature.

Mr. WALSH. Mr. President—

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

Mr. REED of Missouri. I yield.

Mr. WALSH. The last remarks of the Senator prompt me to call attention to the line of argument he is pursuing. There is one American upon the World Court.

Mr. REED of Missouri. Representing whom?

Mr. WALSH. Representing no one.

Mr. REED of Missouri. Exactly; that is a good representation.

Mr. WALSH. But that does not apply to Judge Moore any more than to any other judge of the court. No judge of the

court represents anybody or anything. But that is not the point. The Senator speaks about all the members of the court being foreigners. Of course, that is not true, so far as Judge Moore is concerned; but that is neither here nor there. Can the Senator conceive of a world court on which there would not be foreigners?

Mr. REED of Missouri. Of course not.

Mr. WALSH. So the argument is not against this court—

Mr. REED of Missouri. Oh, yes; it is.

Mr. WALSH. But against any world court.

Mr. REED of Missouri. No; that is not correct.

Mr. WALSH. Any world court must have foreigners on it. Mr. REED of Missouri. Yes; but it does not have to be composed exclusively of foreigners, with no representative of the United States there.

Mr. WALSH. No—

Mr. REED of Missouri. Now, Mr. President, let us get through with one thing.

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

Mr. REED of Missouri. I would like to answer one question first.

Mr. LENROOT. Would the Senator favor a world court where the nations would have as judges men who represent nationals instead of law and justice?

Mr. REED of Missouri. I do not think you will ever get any other court than the kind the Senator first described until you change the hearts of men and make men all over. The Senator knows that is true, and everybody else who has any common sense knows it; and the Senator has plenty of common sense.

Mr. WALSH. So the Senator registers himself as against any world court.

Mr. REED of Missouri. As against this court—

Mr. WALSH. Well—

Mr. REED of Missouri. Oh, well, I am not going to discuss any world court. You might as well say that I was against any kind of a drug and then impale me because I would not eat strychnine. I am discussing this proposition.

Now let me discuss the contention that there is an American on this World Court. Who appointed him? Whom does he represent? He is just one man out of 115,000,000 people, selected by a foreign government as a decoy duck to induce America to light in this international pond, and he is willing to do that sort of work for the people or countries who appoint him.

Mr. WALSH. Mr. President, the Senator will understand that I did not claim that Judge Moore represented anybody.

Mr. REED of Missouri. The Senator said he was the one American on the court.

Mr. WALSH. I merely challenged the statement of the Senator from Missouri that every member of the court was a foreigner.

Mr. REED of Missouri. Let it be just as technical as the Senator wants to make it. Every member of this court is a foreigner, appointed by a foreign government, except one, and he has gone over and gotten himself appointed by a foreign government.

Mr. WALSH. I challenge the statement of the Senator again. No member of the court is appointed by any foreign government.

Mr. REED of Missouri. I know that argument; we will debate that and we will have lots of fun with it. Let me deal first, however, with another proposition, the proposition that these men will be judges and not nationals. That is to say, that when a man goes on this court he will forget his kith and kin, his blood and his traditions, his loyalty to his land, the prejudices of race, the teachings and doctrines that were instilled in him in youth, and that he will sit up there like a pair of intellectual scales weighing things, no prejudice entering into them.

Mr. President, the deepest sentiment in the human heart is love of race and country. It transcends affection for wife and child, for father and for mother, because men through all of the ages have left their wives and their children and gone forth to die in the cause of their native lands. It is as ineradicable as life itself, and the American citizen sitting upon that tribunal who could forget America is unworthy to live under America's flag. The peoples of other lands love their countries as we love ours, and the man who could enter that court and forget his country, his race, and his people would be so devoid of human attributes that he would be unfit to decide a human question.

We need not go into generalizations. Every page of history demonstrates the truthfulness of what I have said. We know that it is true in our local courts of justice that jurymen who belong to this clan or to that faction can not, even

where they are burdened only by these trivial ties, be trusted to decide questions of fact. We know that our judges disqualify themselves, and are disqualified, because of interest, and we know that when we have put into effect all these disqualifications, nevertheless it is not always that we can secure an impartial decision. Hence we have provided for courts of appeal which may, under different auspices and in a different atmosphere, review the actions of our trial courts.

Show me an American citizen who has so little love for his country that he could forget America and her traditions, and I will show you a man unfit to decide any question. Show me an Englishman who will forget his loyalty to his King and to the Union Jack and to the people of Great Britain, and I will show you an Englishman who has not yet been born.

Will it be said that these judges will be disinterested? They can not be disinterested. Down through the ages there have come the hates, the animosities, the loves, the fears, the blood ties, and the soul ties of the centuries, and these men will sit there as Englishmen, as Frenchmen, as Italians, and so on, without calling the entire list. That is so well known that the principle is to a slight extent recognized in the documents which create this court, where they propose in certain instances that if a national is not represented he can be represented by one of his own people.

Mr. WALSH. Now, I want to get this slant from the Senator. Suppose the United States has such a controversy with some foreign country as we have been accustomed to submit to arbitration, the determination of which we have submitted to foreigners. Of course, it could not be submitted to arbitrators of our own or of the other country. Am I to understand the Senator to be opposed to that policy?

Mr. REED of Missouri. I am glad the Senator called attention to that; but, of course, that is aside from what I am discussing here.

Mr. WALSH. Not at all. The Senator is saying that it is impossible to get people to decide cases upon grounds of justice and the law.

Mr. REED of Missouri. No; I did not say that.

Mr. WALSH. That is my understanding of the argument.

Mr. REED of Missouri. I said that a world court composed of permanent judges appointed by the political powers of other countries will represent those countries on such a court.

Mr. LENROOT. Will the Senator yield at that point?

Mr. REED of Missouri. Let me answer one question at a time. Arbitration is a wholly different proposition from the World Court. In the first place, you do not arbitrate unless two or three things coordinate. First, you have a particular question to arbitrate, and you know what that question is before you talk about arbitration. You are therefore dealing with a concrete thing.

Mr. WALSH. You will be doing the same thing in the case of the World Court.

Mr. REED of Missouri. No; I do not agree with the Senator on that. But let me not be led aside. Let me draw the line between these two principles.

Second, we name an arbitrator, our opponent names an arbitrator, and those two gentlemen name a third. Taking a concrete question, it may be possible to find in all the world some third man who can fairly decide it, and so we can arbitrate certain questions. But what questions? We never arbitrate any question except it be one that, if the decision be against us, no fatal consequences will result. We have never arbitrated a great national policy. We never will arbitrate a great national policy. On the other hand, where there is some concrete question that we are willing to arbitrate, where we have one of the judges, where we have a voice in the selection of the third or determinative vote, where we can find some man whom we may regard as fairly impartial, and where the decision is necessarily limited in its scope, we enter voluntarily and without any obligation whatsoever to enter.

When you come to the World Court, however, you find there representatives of the important countries or groups of countries sitting permanently. If we had a membership upon that court, nevertheless we would have nothing to say with reference to the selection of the other members, and at present we have no membership and no means by which to acquire membership. This permanent court, with its fixed judges, then, is the tribunal before whom we would come. Name me an American question, a question that is great enough to involve our country in war, that we can submit to that tribunal and have a fair and impartial judgment. Name me the question.

Mr. WALSH. We submitted the Alaskan boundary question to arbitration.

Mr. REED of Missouri. I am talking about the World Court. Certainly, we submitted that question to arbitration.

Mr. WALSH. Why are we running any more risk before the World Court than we are before The Hague Tribunal or were before the Alaskan Boundary Commission?

Mr. REED of Missouri. Let us leave the World Court out for the present and leave the others out.

Mr. WALSH. All right; take the Alaskan Boundary Commission.

Mr. REED of Missouri. The Alaskan boundary dispute was a concrete question, very limited in its scope, one that did not involve the life of this country, and one over which we never would have gone to war with Great Britain. It was just such a problem as has been settled over the diplomatic table every day in the year for the last 2,000 years between the nations of this world, the trifling and small things that never bring war. But would the Senator be willing to submit the Monroe doctrine to this court?

Mr. WALSH. Mr. President, I would not submit the Monroe doctrine to the court, and we are under no obligation to submit the Monroe doctrine to the court. We are at just as perfect liberty to submit questions to the World Court as we were to submit a question to the Alaskan Boundary Commission.

Mr. REED of Missouri. I understand that argument. We would not submit the Monroe doctrine to the World Court; then we can not expect Great Britain to submit to this World Court her similar policies, which have to do with her zones of influence throughout the world.

Mr. WALSH. The Monroe doctrine is not a legal question that would go to the court at all; neither is Great Britain's policy of imperialism a question which would go to the court. Whenever a treaty is made and there is a controversy concerning the construction of the treaty, and the parties agree to go to the World Court with it, they go there.

Mr. REED of Missouri. Let us not get into an argument about submitting policies. Of course, you do not submit a policy. I am talking about questions arising under the Monroe doctrine. Let us say that some foreign country proposes to come over and establish itself on this side the ocean contrary to the Monroe doctrine and we protest. Is the Senator willing to submit that to this World Court?

Mr. WALSH. It is not necessary to answer that question, because we are under no obligation to submit it.

Mr. REED of Missouri. Exactly. Let me proceed a little further, and we will see where we come out. If we claim that as a condition attaching to violations of the Monroe doctrine we must concede to Great Britain the same right to hold out of this court questions arising under her national policies which involve zones of influence and the holdings of vast bodies of land.

Mr. WALSH. Of course, she can withhold anything she pleases unless she has bound herself by treaty to submit it.

Mr. REED of Missouri. Exactly; but she would withhold them.

Mr. WALSH. I presume so.

Mr. REED of Missouri. Then we can say the same thing with reference to France, the same thing with reference to Russia, and the same thing with reference to the rest of them.

Mr. WALSH. No question of policy goes before the court.

Mr. REED of Missouri. So we have now eliminated from the consideration of the court every question that really is likely to involve a country in war, for it is only over those great questions the world goes to war.

Mr. WALSH. I stated in the first address I made to the Senate substantially the same thing—

Mr. REED of Missouri. Very well; I thank the Senator.

Mr. WALSH. That the great international controversies likely to precipitate war are not legal controversies. They are political controversies and do not go before the court at all.

Mr. REED of Missouri. Exactly so; and now we have your court, which the propagandists have been telling the world will settle all human dispute, usher in the millennium, paint the skies of the immediate future with all the rosy dawn tints of the glorious day when God will reign on earth. We have got down to the point that not a single question which really will involve the world in war is to go before the World Court, and what have we left? It is something that would not rise to the dignity of a first-class justice of the peace court at the road forks.

Mr. DILL. We have the financial settlements that might go before the court.

Mr. REED of Missouri. I am now following this line of thought. I am claiming that the line of thought is altogether inaccurate in its practical aspects, that we are dealing here only with words and not with substance when we take the posi-



tion my distinguished friend does; but I want to follow out that position.

Mr. WALSH. Mr. President, will the Senator suffer another interruption?

Mr. REED of Missouri. Certainly, though I ought to yield first to the Senator from Wisconsin.

Mr. WALSH. The Supreme Court of the United States does not deal with political questions at all. It denies that it has any jurisdiction over them, but it settles a good many troublesome controversies just the same.

Mr. REED of Missouri. But where is the parallel between a Supreme Court nominated by the Chief Executive of this Nation, confirmed by the representatives of all of the States of the Union, acting under a Constitution which we drew and which we can change, under laws that we drew and which we can change, liable to us for impeachment if it does not perform its duty in accordance with the high ethics that have always governed that great tribunal—where is the parallel between such a court and a lot of foreigners selected by foreigners to sit in a foreign country, with no constitution to govern, with no right of appeal, with no chance for a hearing, with no law to act under, for there is no law except the will of this body and the will of its creator and master, the League of Nations, which the American people repudiated. Where is the parallel?

Now, Mr. President, I yield to the Senator from Wisconsin.

Mr. LENROOT. The Senator stated some time ago that the judges upon this court represent the nations of which they are nationals. I would like to ask if it is not a fact that in three of the cases which have been before the court the judges have joined with the balance of the court in deciding against the country of which they are nationals?

Mr. REED of Missouri. I do not know what they have done in little things. I know that when Great Britain wanted to rape Turkey she had no difficulty in doing so.

Mr. LENROOT. Will the Senator yield further at that point?

Mr. REED of Missouri. Certainly.

Mr. LENROOT. Does the Senator disagree with the opinion of the court in the Mosul case?

Mr. REED of Missouri. I undoubtedly do. I disagree in all of these land-grabbing operations, whether done under the form of a decree of court or at the point of the bayonet.

Mr. LENROOT. May I ask the Senator whether he has read the opinion in the Mosul case?

Mr. REED of Missouri. I have read the newspaper accounts. I know what is back of it. I think I am sufficiently advised to talk about it intelligently.

Mr. LENROOT. I merely suggest that if the Senator will read the opinion he will find that the court expressly disclaimed having anything to do with the merits of the contention and decided only two important questions involving the interpretation of a treaty.

Mr. REED of Missouri. And they decided against Turkey.

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

Mr. REED of Missouri. Certainly.

Mr. KING. I apologize to the Senator for interrupting him.

Mr. REED of Missouri. The Senator need not apologize.

Mr. KING. The Senator made the statement that Great Britain had raped Turkey. I suppose the Senator alluded to the Mosul case. May I say to the Senator that I made some investigation concerning that matter. The Kurds occupied for many years, for centuries before the Turks came into Asia Minor, a part of Mesopotamia and a part of what now constitutes Turkish territory, including the Mosul district. They claimed it as their country, and it was known as Kurdistan. Turkey, by force of arms, asserted sovereignty over it, as she did over Syria, Palestine, and Egypt.

Mr. REED of Missouri. How many years ago?

Mr. KING. A number of hundred years ago. When the World War was ended, Turkish sovereignty over Palestine was extinguished, as some years before her sovereignty over Egypt had been extinguished. The Kurds insisted upon having an autonomous government, and perhaps they would have had such government had it not been for the warfare waged against them by the present Turkish Government. I want to say that many persons think the Kurds are entitled to Mosul and a part of the territory within the Kingdom of Iraq. The Kurds who inhabit Mosul do not want Turkish sovereignty, and Great Britain is protecting their rights against the unlawful assertion of authority by Turkey, as well as the rights of many Arabs and other nationalities who reside in the Mosul Vilayet.

Mr. REED of Missouri. Yes; Great Britain is protecting their rights and taking the oil.

Mr. KING. No; I deny that.

Mr. REED of Missouri. That is just what she is doing—protecting the rights, going back and reversing a decision rendered three or four or five hundred years ago. Always there is a pretext. The first thing we know somebody will be over here saying the North American Indians ought to be repossessed of this land and arguing it, and there will be some tender-hearted people who will be weeping over poor Lo and his wrongs at that time. The fact is that Great Britain gets the oil, and that is what Great Britain was after.

Mr. President, we have reached the interesting point in the discussion where it is now conceded that no great political question big enough to involve the world in war is jurisdictional with the court. So the court is not going to stop war at all unless the nation sees fit to submit a particular controversy. If we get no decision in a controversy between human beings—and nations are only aggregates of human beings—except when both of the parties are willing and anxious to arbitrate it or have it decided, we have a question over which they never would go to war. Nations do not go to war over questions where both sides are satisfied to submit to arbitration. Indeed, they rarely go to arbitration where both sides are willing to arrive at a conclusion. So, by this line of reasoning, we have a court that has no jurisdiction over any matter that will produce war. Then, where does its jurisdiction begin and end? What have we left? A shell, if this line of argument be correct, though I do not agree to it at all.

Then we are told that the judges are to be something superhuman, that they are to take into consideration no interests of their own country—an argument that I think appeals to no man of very sound judgment and very wide experience in the courts or elsewhere.

The next thing I want to call attention to is the fact that we are asked to go into a court which has no jurisdiction and yet we are afraid to go into it without reservations. Now that is a strange and anomalous thing. Indeed it is a strange thing. Sirs, if this court is really to produce any good results in the world, if it is the kind of thing it has been painted, if it is to be the great instrumentality for peace and good will, if it is to settle all controversies, why go into it with reservations? Why not go in head, horns, and tail? If there is no danger in it—and there can not be if these judges are superhuman and inspired by a divine impulse to do exact and equal justice—if that be the case, why go in with reservations? When we say "go in with reservations," pray tell me what is meant by that? We will either be inside or outside, or else we will be like a fat individual trying to crawl through the transom of a door, who gets stuck at about his belt line and who is equally unprotected from either direction. Half way in and half way out! Reservations! That is a good deal like getting married with reservations. A marriage with reservations has resulted in every age of time after all in the woman running the house just the same as she ought to do.

I ask the champions of this new heaven, in which there shall be neither selfishness nor ill will, where exact and equal justice will be weighed out in the unvarying scales, and all men and all nations shall receive their absolute due, why not go into it? Why reserve something? If it be so fine and great a thing, why not embrace it? Why not take it to your bosom? Why not trust your fortunes to it? Why not give our country the benefit of these glorious things without reservations? The fact is you stand here confessedly afraid of the thing you tell the American people they ought to swallow—afraid of it, afraid to go into it—and you might well be afraid. You might well be afraid, sir. I shall not argue this to-day, but at a later time, because this tribunal does have jurisdiction, because, as I shall undertake to show, in its practical aspects it does have a power of assertion, and because—to employ a colloquialism—the whole "set-up" of the entire organization is for the enforcement of compulsory obedience. The body has gone so far that it actually took the preliminary steps to call on other nations for force to be applied in the Greek and Italian controversy.

Mr. LENROOT. The court did?

Mr. REED of Missouri. The body that created the court. The Senator said—I will not say the Senator did personally, but all of the gentlemen who advocated the League of Nations told us that the League of Nations had no power to exercise force. Yet that tribunal has already, at least in one case, taken the steps to employ force.

Now, Mr. President, I should like to get a vote on this resolution. I do not know whether other Senators desire to speak on it or not. I want light, all the light we can get. So I am going to suggest the absence of a quorum. If other Senators

desire to speak on the resolution, of course, they will do so, but I should like to get a vote.

The PRESIDING OFFICER (Mr. JONES of New Mexico in the chair). The absence of a quorum being suggested, the Secretary will call the roll.

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

Ashurst	Ferris	King	Robinson, Ind.
Blease	Fess	La Follette	Sackett
Borah	Fletcher	Lenroot	Schall
Bratton	Frazier	McKellar	Sheppard
Brookhart	Gerry	McKinley	Shortridge
Broussard	Gillett	McLean	Simmons
Bruce	Glass	McMaster	Smith
Butler	Goff	McNary	Smoot
Cameron	Gooding	Mayfield	Swanson
Capper	Hale	Means	Trammell
Couzens	Harreld	Metcalf	Tyson
Cummins	Harris	Neely	Wadsworth
Curtis	Harrison	Norris	Walsh
Dale	Howell	Oddie	Wheeler
Deneen	Johnson	Pepper	Williams
Dill	Jones, N. Mex.	Pine	Willis
Edge	Jones, Wash.	Pittman	
Edwards	Kendrick	Reed, Mo.	
Ernst	Keyes	Reed, Pa.	

Mr. CURTIS. I was requested to announce that the Senator from Indiana [Mr. WATSON], the Senator from Arkansas [Mr. CARAWAY], and the Senator from Georgia [Mr. GEORGE] are absent on official business, attending the meeting of the Committee on Privileges and Elections.

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

Mr. REED of Missouri. Mr. President, I ask for the yeas and nays on the pending resolution.

The VICE PRESIDENT. The question is on the motion of the Senator from Missouri to agree to the resolution, on which the yeas and nays are demanded.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. I transfer that pair to the Senator from Louisiana [Mr. RANSDELL] and vote "nay."

Mr. LA FOLLETTE (when Mr. SHIPSTEAD's name was called). I was requested to announce that the senior Senator from Minnesota [Mr. SHIPSTEAD] is detained at his home on account of illness. If present, he would vote "yea."

The roll call was concluded.

Mr. McKINLEY. I am paired with the senior Senator from Arkansas [Mr. ROBINSON]. Not knowing how he would vote, I withhold my vote.

Mr. REED of Pennsylvania. I have a general pair with the senior Senator from Delaware [Mr. BAYARD]. I transfer that pair to the junior Senator from Connecticut [Mr. BINGHAM] and vote "nay."

Mr. BROUSSARD. I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. In his absence, I withhold my vote.

Mr. GEORGE. I have a pair with the senior Senator from Colorado [Mr. PHIPPS]. In his absence, I withhold my vote.

Mr. JONES of New Mexico (after having voted in the negative). I have a pair with the Senator from Maine [Mr. FERNALD]. I transfer that pair to the Senator from Mississippi [Mr. STEPHENS] and permit my vote to stand.

Mr. WALSH. I rise to announce that if the senior Senator from Arkansas [Mr. ROBINSON] were present he would vote "nay."

Mr. McKINLEY. In view of the announcement that the Senator from Arkansas [Mr. ROBINSON], if present, would vote "nay," I shall vote. I vote "nay."

Mr. HARRISON. I wish to announce that the junior Senator from Alabama [Mr. HEFLIN] is necessarily absent.

The result was announced—yeas 16, nays 55, as follows:

## YEAS—16

Ashurst	Dill	Johnson	Norris
Blease	Frazier	La Follette	Reed, Mo.
Borah	Harreld	McMaster	Schall
Brookhart	Howell	McNary	Wheeler

  

Bratton	Fess	Lenroot	Sheppard
Bruce	Fletcher	McKellar	Shortridge
Butler	Gillett	McKinley	Simmons
Cameron	Glass	McLean	Smith
Capper	Goff	Mayfield	Smoot
Caraway	Gooding	Metcalf	Swanson
Cummins	Hale	Neely	Trammell
Curtis	Harris	Oddie	Tyson
Dale	Harrison	Pepper	Wadsworth
Deneen	Jones, N. Mex.	Pine	Walsh
Edge	Jones, Wash.	Pittman	Watson
Edwards	Kendrick	Reed, Pa.	Williams
Ernst	Keyes	Robinson, Ind.	Willis
Ferris	King	Sackett	

## NAYS—55

NOT VOTING—24

Bayard	Fernald	Moses	Shipstead
Bingham	George	Norbeck	Stanfield
Broussard	Gerry	Overman	Stephens
Copeland	Greene	Phipps	Underwood
Couzens	Hefflin	Ransdell	Warren
du Pont	Means	Robinson, Ark.	Weller

So the resolution was rejected.

## BILLS INTRODUCED

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

By Mr. JONES of New Mexico:

A bill (S. 2236) granting an increase of pension to August Probst; and

A bill (S. 2237) granting an increase of pension to Belle Forsha; to the Committee on Pensions.

A bill (S. 2238) to amend an act approved June 20, 1910, entitled "An act to enable the people of New Mexico to form a constitution and State government and be admitted into the Union on an equal footing with the original States; and to enable the people of Arizona to form a constitution and State government and be admitted into the Union on an equal footing with the original States"; to the Committee on Public Lands and Surveys.

By Mr. JONES of Washington:

A bill (S. 2239) to amend the naval record of Kenneth A. Kellog, alias Frank Barry; to the Committee on Naval Affairs.

By Mr. JOHNSON:

A bill (S. 2240) granting an increase of pension to David Smart; to the Committee on Pensions.

A bill (S. 2241) to amend paragraph 3 of section 202 of the World War veterans' act of 1924, approved June 7, 1924; to the Committee on Finance.

By Mr. MEANS:

A bill (S. 2242) for the relief of Mark J. White; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 2243) for the relief of the New Jersey Shipbuilding & Dredging Co., of Bayonne, N. J.; and

A bill (S. 2244) for the relief of Benjamin Stern, Melville A. Stern, and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hallo, as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N. Y.; to the Committee on Claims.

A bill (S. 2245) to amend the immigration act of 1924; to the Committee on Immigration.

By Mr. McKINLEY:

A bill (S. 2246) granting an increase of pension to Max Liedtke; and

A bill (S. 2247) granting a pension to Charles Sidney George; to the Committee on Pensions.

A bill (S. 2248) for the relief of Frank A. Reese, former postmaster at Sullivan, Ill.; to the Committee on Post Offices and Post Roads.

By Mr. HARRIS:

A bill (S. 2249) to provide for the erection of a public building at the city of Eastman, Ga.;

A bill (S. 2250) to provide for the erection of a public building at the city of Wrightsville, Ga.;

A bill (S. 2251) to provide for the erection of a public building at the city of Fort Valley, Ga.;

A bill (S. 2252) to provide for the erection of a public building at the city of McRae, Ga.;

A bill (S. 2253) to provide for the erection of a public building at the city of Swainsboro, Ga.;

A bill (S. 2254) to provide for the erection of a public building at the city of Vidalia, Ga.; and

A bill (S. 2255) to provide for the erection of a public building at the city of Cochran, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. BROUSSARD:

A bill (S. 2256) to provide for an examination and survey of Bayou Sennette, Jefferson Parish, La.; to the Committee on Commerce.

A bill (S. 2257) granting a pension to Russel Boyd Powers (with accompanying papers); to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 2258) providing for a survey of the natural oyster beds in the waters within the State of Florida; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 2259) authorizing the issuance of a congressional medal of honor in the name of Lieut. Col. Asa Bird Gardiner, deceased; to the Committee on Military Affairs.

A bill (S. 2260) to amend section 4 of the immigration act of 1924; to the Committee on Immigration.



A bill (S. 2261) to encourage home ownership and to stimulate the buying and building of homes, to create a standard form of investment based on building-association mortgages, to create Government depositories and financial agents for the United States, to furnish a market for Government bonds, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROBINSON of Indiana:

A bill (S. 2262) for the relief of Oliver C. Rice (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2263) granting an increase of pension to Clarissa Jameson (with accompanying papers);

A bill (S. 2264) granting a pension to Emily Simons (with accompanying papers); and

A bill (S. 2265) granting a pension to Emma Kemp (with accompanying papers); to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2266) granting certain public lands to the city of Stockton, Calif., for flood control, and for other purposes; to the Committee on Public Lands and Surveys.

A bill (S. 2267) to modify the project for the control of floods in the Sacramento River, Calif., adopted by section 2 of the act approved March 1, 1917, entitled "An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes";

A bill (S. 2268) for the improvement of San Joaquin River and Stockton Channel, Calif.;

A bill (S. 2269) providing for a channel 10 feet deep and of varying widths in the Sacramento River, Calif., and for other purposes; and

A bill (S. 2270) providing for the improvement of Pinole Shoals and Mare Island Channel and turning basin, California; to the Committee on Commerce.

#### AMENDMENTS TO TAX REDUCTION BILL

Mr. HARRELD submitted an amendment intended to be proposed by him to House bill No. 1, the tax reduction bill, which was referred to the Committee on Finance and ordered to be printed.

Mr. STANFIELD submitted three amendments intended to be proposed by him to House bill No. 1, the tax reduction bill, which were referred to the Committee on Finance and ordered to be printed.

#### PROPOSED INVESTIGATION BY THE TARIFF COMMISSION

Mr. FRAZIER. I submit a resolution and ask that it be read and lie on the table.

The resolution (S. Res. 113) was read and ordered to lie on the table, as follows:

Whereas the report of the Commissioner of Internal Revenue shows that in 1923, after deducting alleged deficits of corporations claiming "no net income," the net income of corporations manufacturing textiles and textile products was \$491,567,738 and the net income of corporations manufacturing metals and metal products was \$1,249,415,813; and

Whereas no investigation of the costs of production, capitalization, efficiency, and business methods of many of these corporations has been made for many years, if at all: Therefore be it

Resolved, That the United States Tariff Commission be, and it is hereby, directed to investigate the costs of production, capitalization, efficiency, business methods, and profits or losses of typical corporations manufacturing textiles and textile products, and metal and metal products, including an equal number of those showing large profits and those claiming in 1923 "no net income," and to report their findings to the Senate not later than May 31, 1926.

#### ALUMINUM CO. OF AMERICA

Mr. WALSH. Mr. President, on yesterday I presented to the Senate two resolutions and asked for their immediate consideration. Objection was then made to their immediate consideration but I understand the objection is withdrawn. I ask unanimous consent for the present consideration of those resolutions.

The VICE PRESIDENT. Is there objection?

Mr. SHORTRIDGE. Mr. President, a parliamentary inquiry. What are the resolutions?

Mr. WALSH. They are two resolutions offered by me on yesterday.

Mr. LENROOT. With regard to the Aluminum Co. of America.

The VICE PRESIDENT. Is there objection? If not, the Chair lays the first resolution before the Senate.

The Chief Clerk read Senate Resolution 109, submitted by Mr. WALSH on the 5th instant, and it was considered by the Senate and agreed to, as follows:

Whereas under and pursuant to Senate Resolution 127, Sixty-seventh Congress, second session, the Federal Trade Commission conducted an

investigation of the aluminum cooking-utensil industry, as a result of which it found, and on October 8, 1924, reported to the Attorney General, that the Aluminum Co. of America had been pursuing practices in commerce violative of the decree of the District Court of the United States for the Western District of Pennsylvania, rendered in the year 1912, and was consequently in contempt of that court; and

Whereas on the 30th day of January, 1925, the then Attorney General, Hon. Harlan F. Stone, addressed a letter to the chairman of the Federal Trade Commission in which he stated: "It is apparent, therefore, that during the time covered by your report the Aluminum Co. of America violated several provisions of the decree; that with respect to some of the practices complained of—they were so frequent and long continued—a fair inference is the company either was indifferent to the provisions of the decree or knowingly intended that its provisions should be disregarded, with a view to suppressing competition in the aluminum industry"; and in the said letter stated that inasmuch as the investigation conducted by the Federal Trade Commission was carried down only to the year 1922 it became necessary to prosecute a further inquiry to ascertain whether the practice as announced had been continued since that year, which investigation he asserted the department would have made, the necessity for it arising from the fact that under the law no proceeding for contempt can be maintained unless begun within one year from the date of the act complained of; and

Whereas on the 2d day of January, 1926, a statement was given to the public press by Assistant Attorney General William J. Donovan to the effect that such examination is still in progress and that its completion might be expected within three weeks; and

Whereas if the unlawful practices charged by the Federal Trade Commission to have been pursued were discontinued upon the making of their report to the Attorney General the statute of limitations will already have run against any proceedings for contempt based upon such practices, and if they were continued thereafter and discontinued only upon the promulgation of the letter of the Attorney General on the 30th day of January, 1925, the statute will have run on the 30th day of the current month: Be it

Resolved, That the Committee on the Judiciary of the Senate be, and it hereby is, directed forthwith to institute an inquiry as to whether due expedition has been observed by the Department of Justice in the prosecution of the inquiry so initiated on the direction of former Attorney General Stone, or which he reported would be initiated.

The VICE PRESIDENT. The Chair lays the second resolution before the Senate.

The Chief Clerk read Senate Resolution 110, submitted by Mr. WALSH on the 5th instant, as follows:

Whereas under and pursuant to Senate Resolution 127, Sixty-seventh Congress, second session, the Federal Trade Commission conducted an investigation of the aluminum cooking utensil industry, as a result of which it found, and on October 8, 1924, reported to the Attorney General that the Aluminum Co. of America had been pursuing practices in commerce violative of the decree of the District Court of the United States for the Western District of Pennsylvania, rendered in the year 1912, and was consequently in contempt of that court; and

Whereas on the 30th day of January, 1925, the then Attorney General, Hon. Harlan F. Stone, addressed a letter to the chairman of the Federal Trade Commission in which he states, "It is apparent, therefore, that during the time covered by your report the Aluminum Co. of America violated several provisions of the decree; that with respect to some of the practices complained of they were so frequent and long continued a fair inference is the company either was indifferent to the provisions of the decree or knowingly intended that its provisions should be disregarded, with a view to suppressing competition in the aluminum industry," and in the said letter stated that inasmuch as the investigation conducted by the Federal Trade Commission was carried down only to the year 1922, it became necessary to prosecute a further inquiry to ascertain whether the practice as announced had been continued since that year, which investigation he asserted the department would have made, the necessity for it arising from the fact that under the law no proceeding for contempt can be maintained unless begun within one year from the date of the act complained of; and

Whereas on October 17, 1924, the Federal Trade Commission adopted a resolution as follows, to wit, "That the report (being an advance typed copy of the report above referred to) and all evidence in support thereof be transmitted to the Attorney General forthwith"; and

Whereas the transcribing of the evidence for the use of the Attorney General involved so much time and expense that on October 20, 1924, the chairman of the commission addressed a letter to the Attorney General in which he said that the better course would be to grant him "immediate access to the files at the office of the commission."

Accordingly the commission extends to you and your representatives an invitation to examine the evidence in support of this report in the files of the commission, with the understanding that such portions as are desired by the Department of Justice will be photostated and copies furnished. The commission will be glad to place at your disposal an office adjacent to the files, and will also



furnish the assistance of an employee familiar with the contents of the files to aid your representative in the examination.

"By direction of the commission";

And

Whereas on February 10, 1925, the Federal Trade Commission by resolution extended a further invitation to the Attorney General to examine all evidence in its possession, upon which said report was based, which brought from the Department of Justice the information that a special agent of that department be granted the privilege of inspecting and making copies of the evidence in the possession of the commission in support of its report; and

Whereas on the 11th day of February, 1925, the commission adopted a resolution in terms as follows:

"That in accordance with a previous ruling by the commission upon a similar state of facts, that the information requested be furnished by the commission subject to the qualification that material obtained from the Aluminum Co. of America itself shall not be made available, but shall be kept confidential"; and

Whereas the investigation so directed by former Attorney General Stone is being prosecuted by the Department of Justice without the aid of documentary and other evidence in the possession of the Federal Trade Commission, obtained from the Aluminum Co. of America and otherwise, upon which its said report was founded:

*Resolved*, That the Attorney General be, and he hereby is, directed to advise the Senate whether, in his opinion, the objection of the Federal Trade Commission to his having access to the evidence in its possession upon which its report was founded is well sustained in law, and if in his opinion it is not, what steps he has taken or contemplates taking to require said commission to permit him to have access to and to take copies of the same.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution? The Chair hears none.

The Senate proceeded to consider the resolution.

Mr. REED of Pennsylvania. Mr. President, I think I ought to say that I have taken up this matter with the various Government officials who are interested in it, and all of them have expressed to me their feeling that there is no reason why the resolution should not be adopted.

Mr. REED of Missouri. Mr. President, I am heartily in favor of this resolution; but I call attention to the anomalous fact that when it is desired to investigate a department of the Government or a high official of the Government it seems to be very popular, but when it is proposed to investigate a propaganda organized by bankers and interested parties to control legislation here it is exceedingly unpopular. I just want to call attention to the contrast; that is all.

The VICE PRESIDENT. The question is upon agreeing to the resolution.

The resolution was agreed to.

#### MONOPOLIES AND MONOPOLISTIC TRADE ASSOCIATIONS

Mr. KING. Mr. President, I submit a resolution which I ask to have read, and then I should like to have it lie upon the table. It is a companion resolution to one which I heretofore have offered.

The VICE PRESIDENT. The Secretary will read the resolution.

The resolution (S. Res. 112) was read, as follows:

Whereas it is claimed that 80 per cent of the world's total production of rubber is consumed by the industries of the United States; and

Whereas the rubber consumed in the United States is entirely imported, and it is claimed that the supply of rubber available for importation is in the control of a monopoly in the Federated Malay States, which monopoly, it is alleged, has curtailed imports and by such means has forced the price of rubber to advance from a normal or reasonable price to unreasonable price levels; and

Whereas it is claimed that other foreign monopolies control the supplies of coffee, sisal, quinine, potash, and nitrates imported for use and consumption by the people of the United States; and

Whereas some of the agencies of the Government, particularly the Department of Commerce, are exhibiting great interest in the alleged foreign monopolies which it is claimed control for monopolistic purposes the foregoing commodities and are denouncing such foreign monopolies and demanding investigation of the same, but are silent as to the many monopolies and combinations in restraint of trade in the United States, which have been strengthened and aided in their sinister and predatory activities by unjust tariff laws and the failure of the Government to enforce the Sherman Antitrust and Clayton Acts, and which are annually robbing the American people of many billions of dollars; and

Whereas numerous monopolistic trade associations have been formed and are being formed in the United States to control the domestic production and distribution and to fix the price in the domestic market of steel, steel manufactures, aluminum, aluminum

manufactures, copper, brass, cement, brick, lumber, plumbing supplies, furniture, petroleum, anthracite coal, bituminous coal, bread, meat, packing-house products, milk, ice cream, woolen manufactures, cotton manufactures, chemicals, dyestuffs, and practically every other commodity of necessity or convenience required by the people; and

Whereas the acts of Congress providing for the prevention and punishment of de facto monopolies and combinations to restrain competition are not being enforced against such trade associations and other combinations to restrain trade and destroy competition, but on the contrary such trade associations and combinations are being permitted to monopolize production, control distribution, and to fix prices with the complaisance of Government officials who otherwise protest against foreign monopolies in rubber, coffee, sisal, quinine, potash, nitrates, and dyestuffs; and

Whereas nearly all articles of consumption, of either foreign or domestic production, required for the use of the people are being distributed at prices controlled by de facto monopolies and monopolistic trade associations, which withhold supplies to stimulate competitive demand and bidding to satisfy the normal consumption, by which process profits are augmented and funds are produced for the further monopolistic engrossment and control of the production and distribution of essential commodities; and

Whereas there are no means of relieving the people from the exactions of such monopolies and monopolistic trade associations, except by the breaking up and punishment of such monopolies and monopolistic trade associations, and protecting the freedom of trade and competition in commerce between the States and with foreign countries: Now therefore be it

*Resolved*, That the Committee on the Judiciary is hereby authorized and directed to investigate the extent to which the importation, production, and distribution of rubber, coffee, sisal, quinine, potash, nitrates, dyestuffs, steel, steel manufactures, aluminum, aluminum manufactures, copper, brass, cement, brick, lumber, plumbing supplies, furniture, petroleum, anthracite coal, bituminous coal, bread, meat, packing-house products, milk, ice cream, woolen manufactures, cotton manufactures, chemicals, dyestuffs, and other essential commodities are being controlled by either foreign or domestic monopolies or monopolistic trade associations; to inquire into the reason why such monopolies and monopolistic trade associations are not being indicted and tried for violation of the antitrust act and of the acts supplementary thereto; and further to inquire as to whether or not existing laws are adequate for the prevention of such monopolies and monopolistic trade associations, and, if not, to formulate and recommend legislative measures which shall be adequate to prevent monopolies and monopolistic trade associations being formed to restrict competition in the production and distribution of essential commodities.

Mr. BORAH. Mr. President, what becomes of that resolution?

Mr. REED of Missouri. It is hard to tell.

The VICE PRESIDENT. The Senator from Utah asked to have it lie on the table.

Mr. KING. Yes, Mr. President; I asked that it lie upon the table.

The VICE PRESIDENT. It will be so ordered.

Mr. BORAH. I suppose the Senator wants it to lie on the table so that he can speak on it?

Mr. KING. The Senator from Nebraska desires to speak upon a resolution which bears upon a similar subject, and I desire to submit some observations upon that resolution as well as the one just read. I believe that both resolutions can be discussed at the same time.

Mr. REED of Missouri. Mr. President, I desire merely to inquire whether the Senator would not be willing to amend his resolution by including also an investigation of the money being spent by banks to control legislation? The Senator has everything but that in his resolution.

Mr. KING. I hope the Senator from Missouri, with his acumen and his usual accuracy, will differentiate between banks and the trusts which are controlling the commodities of life. I concede that the banks of New York City, particularly, are employing to-day nearly \$500,000,000, a considerable portion of which consists of deposits made by banks established in various parts of the United States, for speculative purposes, and are promoting corporate consolidations and monopolistic organizations, some of which are issuing watered stock and securities that do not meet sound business or moral standards.

Mr. REED of Missouri. Including, I take it, the league court. I should like to have that included, if the Senator will put it in.

Mr. KING. Mr. President, the Senator from Missouri reminds me of what Viscount Cave said upon one occasion of a very distinguished Irishman, T. P. O'Connor:



He is always eloquent; he is always witty; he is always earnest; and he is always wrong.

Mr. REED of Missouri. Mr. President, I should expect my internationalist friend to quote a foreigner in any event.

Mr. KING. If the Senator would go to church a little oftener and quote Christ a little oftener, I am sure he would not take the implacable attitude which he now takes in regard to the World Court.

Mr. REED of Missouri. Mr. President, I did not know the Senator was a special envoy extraordinary of Christ.

#### PRESIDENTIAL APPROVAL

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on December 22, 1925, the President approved and signed the joint resolution (S. J. Res. 28) to declare Saturday, December 26, 1925, a legal holiday in the District of Columbia.

#### EDUCATION OF PERSIAN STUDENTS IN THE UNITED STATES (S. DOC. NO. 33)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, referred to the Committee on Foreign Relations, and ordered to be printed:

#### To the Congress of the United States:

I transmit herewith a communication from the Secretary of State with regard to the utilization for the education of Persian students in the United States of a sum not to exceed \$110,000, received from the Persian Government in reimbursement of the expenses incurred in connection with the return on the U. S. S. *Trenton* of the remains of the late Vice Consul Robert W. Imbrie who was killed in Teheran on July 18, 1924.

In view of the prompt manner in which the Persian Government met the demands for reparation which were made by this Government as a result of the killing of Vice Consul Imbrie, in rendering all appropriate honors to the body of the vice consul while on Persian and Mesopotamian soil, in paying to the widow the sum of \$60,000, in carrying out the execution of the death penalty in the case of three persons and of 30 other lesser sentences in the cases of persons found guilty in varying degree of participation in or responsibility for the assault, it is my earnest hope that Congress will see fit to authorize the setting aside of the funds, not to exceed \$110,000, which, as indicated above, have been received from the Persian Government, to be spent for the educational purposes aforementioned under such conditions as the Secretary of State may prescribe.

Such action by Congress will tend to foster friendly relations between the United States and Persia and will be in line with the precedent already sanctioned by the Congress in the case of the Boxer indemnity fund.

CALVIN COOLIDGE.

THE WHITE HOUSE,  
Washington, January 6, 1926.

#### RECLAMATION PROJECTS

Mr. PITTMAN. Mr. President, the Secretary of the Interior called and there was held in the city of Washington in December a conference with regard to reclamation. There were a number of very able addresses delivered upon that occasion. There was one made by the junior Senator from Wyoming [Mr. KENDRICK] which I think is of such value that I ask it be published in the RECORD.

The VICE PRESIDENT. If there is no objection, it is so ordered.

The address is as follows:

RECLAMATION CONFERENCE, WASHINGTON, D. C., DECEMBER 14, 1925

Mr. KENDRICK. Mr. Chairman, Mr. Secretary, ladies, and gentlemen, I have enjoyed and been instructed by every address we have heard this morning. I think we are unusually fortunate in having the facts told as they have been told.

I agree in the thought expressed by the Secretary of the Interior, as well as by the Secretary of Agriculture and Congressman CRAMTON, as I believe you will, that this is not a time for avoiding the facts, but it is a time for looking the facts squarely in the face and meeting the issue on that ground. In no other way can we hope to profit by the experience of the past and return to the time described by Congressman CRAMTON, when not only the people of the West but the people of the entire Nation will take pride and satisfaction in the work of reclamation.

Mr. Chairman, there is, however, a side to this situation which should not be overlooked. I am unable to agree even in part with any plan which would partially or totally suspend or even delay development of our reclamation projects. Such action would prove not only uneconomical but unwise in the extreme. It would prove

uneconomical because of the disrupting and demoralizing influence upon organizations already in the field that have been provided as a result of long effort and not a little financial cost. The greatest economies obtained in construction and development have resulted through the instrumentality of a force of competent, trained, and disciplined employees. In order to maintain such a force, reclamation must be essentially a continuing operation. Figures showing the actual cost of constructing a reclamation project will indicate the economy of proceeding from first beginning to full completion without regard to any incidental cost or influence. It would prove unwise to suspend or delay development because of any supposed surplus of farm products. The Nation's experience has shown over and over again, in connection with farm products, that the surplus of to-day becomes the shortage of to-morrow.

With his usual accuracy of speech, the Secretary of the Interior, a few weeks ago, addressing a meeting of citizens residing upon the Powell, Wyo., project, made the statement that it takes 25 years to develop an irrigation project. No prophetic vision is required to foresee the vastly multiplying numbers of our citizens that are to be engaged in the industries supplying the needs of our own country and the markets of the world as well. As this number increases there will be a corresponding increased demand for farm products.

We may find timely warning in the words of President Coolidge in a speech made in Chicago recently: "The surplus lands of the country are exhausted; the industrial population is outstripping the farm population. These must come to the farmers for their food and raw materials. While we can produce more, the markets for food are increasing much faster than present farm productivity. The future of agriculture looks to be exceedingly secure."

Reclamation is a national problem in its strictest sense, as has been pointed out, but we may well consider its direct meaning to and effect upon our arid States. The plan of development draws from the States directly benefiting, the funds with which to develop; it transforms an exhaustible natural resource into an inexhaustible resource; it brings to these States the needed foodstuffs without the necessity of transportation cost, and through its influence in producing a balanced industrial situation it aids in the material growth of our Western Commonwealths.

Reference has been made to mistakes in the selection of the projects in our section. As an illustration of this point I would call your attention to the conditions which apply and show the urgent need of development by reference to two projects in my State. One of these, located in the center of the State, is not and could not be called a new project; it is a subdivision of a project begun many years ago. It surrounds the city of Casper, the largest industrial center of the State, a town of 30,000 people, in which the consumption of food products must be met entirely by commodities which are shipped in. In this particular section there is wonderful land, an abundance of water, and the conditions are almost ideal for intensive farming. The products from a reclamation project here would be consumed right where they are produced.

It just happens that from the county in which this land is located there have been delivered to the reclamation fund within the last few years millions of dollars.

We have another project of wonderful land that is at the present time easily irrigated at a moderate cost. The development of this small project would save the abandonment of a 40-mile line of railway which is urgently needed to meet the transportation requirements of a very rugged type of 2,000 citizens in the upper Platte Valley.

Those are the things which influence the man from home to do what he can to secure the selection and development of these projects.

While reclamation is facing many and serious problems, from the best study of the situation which I have made, I am unable to believe it is facing a crisis.

In the first place, I do not share in the present apparent attitude of pessimism in reference to the record of reclamation, and in passing upon its history it should be borne in mind that in this country, at least, the legislation was largely experimental. It constituted a new department in Government activity, and with every progressive step it was necessary to provide both organization and equipment. It was a great national movement without any considerable background of experience. When compared with any previous experiment in government one is compelled to wonder, not at our failure to obtain greater results, but I submit it is a matter for congratulation that we have done so well.

Both the settlers on the project and those responsible for the administration of the reclamation law have allowed themselves to believe that the depression in value of agricultural products, and the consequent failure to meet obligations to the Government, has all involved a situation peculiar to reclamation.

No real understanding of conditions prevailing to-day on reclamation projects can be had without a comparison with the general condition on the farms of the Nation. Such a comparison can not fail to be instructive, and, as I believe, will assuredly reflect favorably upon the results obtained on reclamation projects.

It might be interesting to note a comparison between the number of farms abandoned on reclamation projects, and the number abandoned for different causes in farming communities elsewhere in the West. I refer to a table giving the acreage under irrigation on all of the projects as 2,015,633, the number of farms 45,087, the number of farms abandoned 291 with an acreage of 14,101 or seven-tenths of 1 per cent.

On January 9, 1924, there was released by the United States Department of Agriculture, a statement showing farm foreclosures and bankruptcies since 1920. Of the different paragraphs in this statement I shall read only two or three, as follows:

"The 2,400 farmers, each reporting for a specified area, made returns on 69,000 owner-farmers. It was shown that of these owner-farmers 2,800 lost their farms through foreclosure or bankruptcy, 3,000 lost their farms without legal process, and 10,400 farmers held on through the leniency of creditors." Another paragraph:

"Of 26,000 tenant-farmers in the areas covered, 1,900, or more than 7 per cent, lost their property through formal proceedings; 2,000, or more than 7 per cent, went under without legal formality; and 5,500, or more than 21 per cent were spared such losses only through the leniency of creditors."

Still another paragraph:

"Applying the percentage of losses obtained in the inquiry to the 1920 census figures for owners and tenants in the States covered, it is estimated that out of a total of 2,289,000 owner and tenant-farmers, more than 108,000 lost their farms or other property through foreclosures or bankruptcy; over 122,000 lost their property without legal proceedings, and nearly 373,000 retained their property through the leniency of creditors."

The illustration may not be entirely correct, but it does indicate strongly the truth of the statement already made that the collapse of agriculture has been general and that failure is not any more peculiar to reclamation projects than to other farming sections of the country.

These figures are not submitted as evidence that the settlers on the projects have met their obligations in a satisfactory way, but they do suggest that, as a result of the collapse of agriculture throughout the country, the payments of obligations made by farmers on reclamation projects compare more than favorably with those in other farming sections.

I want to refer here to a statement made by the Secretary of Agriculture in which he said, as I recall, that on some of the projects it has taken two or three sets of settlers to people them. Why, Mr. Secretary and Mr. Chairman, every State west of the Missouri River has used up, if the term be appropriately applied, about three sets of settlers in establishing homes over those States. That is the record of the West; so this situation is not vastly different from that to which we are accustomed.

As I believe, the records show that seven of the existing projects are paying in full, and the prospects are favorable for seven others to soon be in the gilt-edged class; furthermore, that the outlook for collections on nearly all of the projects is improving.

It is not too much to say that the improvement in collections is due largely to changes recently made by the department, under which investigations are conducted of individual cases and discriminations made between the man who can pay but is unwilling to do so and the man who is willing to pay but financially unable to do so. Neither economic need nor simple justice would justify the Government in imposing arbitrary conditions upon the man who has kept the faith in his efforts and is financially unable to meet his obligations. On the other hand, the man who can meet his obligations to the Government should be required to do so. His failure to pay under such circumstances involves not only an injustice to the Government itself but works a corresponding hardship upon the great plan of reclamation. The settler who can pay and is not required to do so exercises a discouraging influence upon the one who does pay, sometimes at a very great sacrifice.

But to-day we are not concerned primarily with the history of reclamation, its failures or successes, save and excepting as the record may serve to guide us in the future. We may well follow the able counsel of our Secretary of the Interior when he says, "Under the circumstances the sensible thing to do is to face the facts, whether favorable or otherwise, and in the light of such information and experience as we have plan such changes as are necessary to make reclamation a success."

It is my conviction that such changes as are required to enable us to avoid in the future the mistakes of the past are largely corrective, and I also believe the authority for such changes was included in a bill introduced at the last session of Congress and favorably reported by the committees of both Houses. In substance this legislation provided for discretionary action in the selection of settlers, for the employment of project managers, and for the extension of reasonable credits to the settlers on the projects.

It may be said that under the original plan no step taken in the process of reclamation more clearly indicated the experimental character of the work than was shown in the selection of settlers. Ac-

cording to our ideas of equal opportunity and fair play every application was placed upon exactly the same footing, and if the 20 years' experience in reclamation has demonstrated any fact it is that such a process of selection proved unfair, not only to the man who failed because of inexperience and lack of capital, but it also worked a real hardship on the settler who remained and because better equipped by experience and financial strength was successful.

In the conquest of the desert the selection of settlers should be not at all unlike the principle employed in selecting the soldiers for service in a military contest. It is not only important, it is vital, that every man so selected should enlist with the highest qualifications for success.

The bill as drawn will, I believe, give authority and make it possible to discourage such settlers as are foredoomed to failure and encourage those better equipped as farmers.

The years have taught us the real economic necessity of community effort on these projects. Experience has shown the great saving in both time and money through cooperation. This change of method has recently been adopted almost universally in other farming sections of the country by State and county in the employment of a county agent. This plan was not initiated without doubt and misgivings on the part of the farmers as to the results to be obtained through such an agent, but to-day we all know the high character of service which the county agent renders acting in the strictest sense as a guide, counsellor, and friend to farmers throughout the entire country and generally proving helpful to all.

So, too, there is need of some directing force on the reclamation projects to advise and even direct farmers both individually and collectively in preparing the ground, planting, harvesting, and marketing farm products.

It is unnecessary to point out the effect of this community interest in promoting satisfactory social conditions as well.

The bill referred to includes provisions that will authorize the employment of such a project manager.

My recollection is that I did not touch upon another important phase of this question. A change is necessary in future operations, and I mention it here for that reason. One of the things which we have learned from experience is that it is a mistake for the Government to construct these main canals and these dams and leave to the individual settler the detail of preparing the land for irrigation. It would be just as sensible, from my viewpoint, in most cases to leave part of the canal unconstructed and leave the responsibility of finishing and building the canal to the individual settler, who is without equipment and experience, and without any knowledge as to how it is done.

Stating it as briefly as I can so you may get my idea, I believe in many cases it would be unnecessary to level the land. A great many of our lands out West along these projects are in almost ideal condition to begin with. Where it is necessary to level before irrigation, I insist that a man has a better chance to succeed on land which has been prepared for him and which costs \$150 an acre than he has on land which he must prepare himself, even though it costs but a hundred dollars an acre.

The third provision of the bill includes authority for the extension of legitimate credits to settlers for the purchase of livestock and other equipment necessary to farm life, such credits to be proportionate and limited to the investments already made by the settler in either capital or labor, or both.

It so happens that almost every reclamation project in the arid West is now or was originally located at a place more or less remote from banking facilities or adequate sources of credit. Under such circumstances it seems only reasonable to me that the Government, which is already the preferred creditor, should follow the plan employed almost universally by bankers who are financing borrowers in every kind of endeavor; in effect to extend such additional credit as will, through increased efficiency in production, lend more of stability to the loan, as well as to promote the payment of the same. Failure to meet such an emergency would be as unwise on the part of the lender as to furnish a settler the means with which to prepare the ground for cultivation and withhold the money with which to buy the seed for planting.

If we could secure such changes in the law as are included herein, there is every reason to believe that the plan of reclamation would be greatly improved.

There have recently been discussions in Congress and elsewhere of a plan under which the individual States would assume a larger share of the work of reclamation. As suggested, the plan would require the States to assume responsibility for the settlement or operation of the projects when completed by the Government, and to become financially responsible for the return of the cost of such projects to the Federal Government. From my viewpoint there is nothing in the past record of this scheme of development which makes necessary any such radical change in its program, and there are, as I view it, many reasons why such change would prove unwise and even disastrous to the whole program of reclamation.



Manifestly the States should participate in every possible way in securing settlers for the projects and in lending every possible influence to the success of the project. Every possible aid should be furnished through immigration bureaus and other incidental agencies. It should be accepted by the people of the State as a part of their responsibility to give moral and incidental financial aid in settling and developing Federal reclamation projects within the borders of the State. Such contribution constitutes an essential part of the State's obligation and the State which fails to meet that obligation averts a distinct responsibility and does so at its own cost. However, I do not believe it is either wise or necessary to depart from the original plan of reclamation by making unnecessary demands upon the States.

In the first place, the majority of our Western States in which these reclamation projects are located are already carrying their full quota of bonded indebtedness and of tax burdens. Some of them would no doubt be denied the right to participate under constitutional prohibitions.

Let us presume conditions such as I have suggested prevented my own State from assuming such an obligation. The records will show that she has contributed \$26,000,000 to the reclamation fund, with a return in development cost of \$16,000,000, which includes more than one piece of construction made in dams located within the borders of our State but for the benefit of projects in sister States. Under such circumstances would you deny her the right to participate in the benefits of this development if she were unable to assume the obligation suggested?

From the standpoint of administration such a change would prove extremely impracticable. In nearly every State election there are strong possibilities of complete changes in State officials, and the absence of a continuing force would bring to the administration of such a department untried and inexperienced administrators, while in the Federal Government there is a continuing force of experienced, well-trained, and highly efficient directors. No one can conceive of such a force to be included in the unstable and ever-changing officials of State administrations.

Participation in operation on the part of the State would mean dual authority, a mistake entirely unnecessary for us to make.

The necessary changes in both legislation and administration are incidental and not fundamental. The friends of reclamation may well find in the outlook vastly more of encouragement than discouragement. Such mistakes as have been made can and will be corrected without

serious loss. We may well find not only encouragement but inspiration from the fact that such mistakes are of judgment only.

It should be a matter of justifiable pride to every friend of reclamation that throughout the 20 years of administration the record of expenditures and disbursements is straight and clean, with not a single charge of corruption or misappropriation of funds. An army of men in khaki uniform, directed by the genius of American engineers, has proceeded with fidelity of purpose to carry out the great constructive work of reclamation.

The record will show an investment of \$200,000,000 in reclamation and a prospective loss of \$26,000,000; a proportionate loss vastly less than that which almost any other business or industry has suffered in a like period of time.

The reclamation law was not intended as a profit-making law, yet the prospective loss is something more than 10 per cent, while the investment in itself has resulted in the production of not less than \$1,000,000,000 worth of values.

In this connection I desire to quote from the clear, strong, forceful statement written by the Secretary of the Interior and published in recent periodicals:

"The benefits which come from irrigation are mainly of a public character. Irrigation is therefore important in a national conservation policy. It develops a potential resource, increases taxable wealth, creates an agriculture to supplement the best use of grazing lands, builds up local centers of business and industry, and increases the traffic of transcontinental railways."

All this suggests the high national purpose of reclamation, and we may well proceed with confident assurance in carrying on the most constructive campaign of conservation ever initiated throughout all the centuries of civilization, and continue in the subjugation of our desert places of which the poet has aptly spoken, "God must have made thee in His anger and forgot."

#### FEDERAL AID TO STATES

Mr. REED of Pennsylvania. Mr. President, I ask unanimous consent to have printed in the RECORD a table which I send to the desk showing taxation by States and Federal aid paid to the States by the United States Government.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

The table is as follows:

*Federal aid under the fifty-fifty system, fiscal year ending June 30, 1925*

States	Roads	Cooperative agricultural work	Vocational education	Vocational rehabilitation	Maternity and infancy	Total
Alabama	\$2,367,059.57	\$234,601.83	\$135,374.64	\$19,548.94	\$25,836.95	\$2,782,321.93
Arizona	759,664.64	44,761.23	30,536.01	5,000.00	12,253.71	832,215.59
Arkansas	1,835,978.92	193,276.10	101,215.74	1,687.03	13,500.00	2,145,667.81
California	3,346,816.24	149,935.46	194,625.49	16,313.36	15,620.00	3,722,710.55
Colorado	1,678,505.39	83,670.07	54,689.55		5,000.00	1,821,865.01
Connecticut	903,810.44	68,950.09	78,176.82			1,050,937.35
Delaware	385,737.26	28,141.56	30,000.00		11,504.01	455,382.83
Florida	1,201,584.13	95,843.33	56,309.15		16,531.72	1,370,268.33
Georgia	2,494,796.29	273,880.76	166,725.58	9,681.65	27,290.00	2,972,374.28
Idaho	835,245.73	64,847.74	35,214.38	4,068.78	5,000.00	995,068.23
Illinois	3,621,054.94	228,572.98	367,205.93	48,185.54		4,265,019.39
Indiana	4,184,190.40	173,087.09	167,053.64	14,611.02	25,750.00	4,564,692.15
Iowa	1,839,907.52	183,096.43	137,805.97	19,032.45	26,213.60	2,206,055.97
Kansas	2,917,961.09	146,102.06	101,478.02			3,165,541.17
Kentucky	1,840,055.70	228,567.23	139,077.68	2,178.41	26,298.64	2,245,175.66
Louisiana	1,243,790.76	165,163.83	103,153.85	12,691.26	22,129.80	1,546,931.50
Maine	510,283.23	77,697.76	46,685.26	6,861.69		641,527.94
Maryland	621,915.84	88,363.51	82,338.79		19,277.00	811,895.14
Massachusetts	1,369,630.31	55,296.75	215,996.11	8,991.93		1,649,915.10
Michigan	3,609,501.49	169,413.95	208,298.56	22,250.53	34,741.11	4,044,224.64
Minnesota	3,233,220.77	162,819.33	136,431.68	22,675.56	25,974.65	3,581,121.90
Mississippi	2,171,302.47	209,404.83	103,561.05	17,099.27	22,076.58	2,523,354.20
Missouri	4,208,311.64	213,921.32	194,357.98	5,193.44	31,000.00	4,652,784.33
Montana	1,142,609.02	75,182.13	38,329.40	4,669.20	13,701.91	1,274,491.66
Nebraska	1,535,989.82	117,370.98	74,460.82	8,336.65	11,330.00	1,747,488.27
Nevada	1,900,041.06	27,980.11	30,000.00	2,716.73	10,522.00	1,971,259.90
New Hampshire	553,913.21	45,044.69	32,983.26		12,988.31	644,929.47
New Jersey	1,889,720.46	94,483.81	177,954.62	29,955.65	31,284.55	2,223,399.09
New Mexico	2,910,090.59	62,978.53	34,366.24	2,447.20	12,430.33	3,022,312.89
New York	4,813,177.91	268,278.11	584,609.45	50,738.96	80,041.78	5,796,846.21
North Carolina	2,087,691.07	259,656.06	147,080.12	14,544.92	27,259.66	2,536,731.83
North Dakota	934,328.79	94,694.01	47,169.02	6,144.71	6,500.00	1,088,836.53
Ohio	2,652,957.54	238,785.06	326,629.36	47,255.21	48,843.46	3,306,470.63
Oklahoma	2,852,978.73	196,022.88	116,710.96		23,679.48	3,189,392.05
Oregon	1,081,482.02	86,186.89	47,229.42	7,174.80	15,283.46	1,247,356.59
Pennsylvania	3,701,190.14	337,051.38	494,443.52	29,822.79	68,810.99	4,631,318.82
Rhode Island	359,281.96	19,288.82	47,342.90	1,840.23	14,076.28	441,310.19
South Carolina	1,220,841.20	186,214.49	97,226.97		21,355.47	1,525,638.13
South Dakota	1,856,680.86	87,676.30	46,033.83	3,931.38	14,293.11	2,008,665.48
Tennessee	3,079,450.10	228,873.63	134,549.60	17,380.92	17,250.00	3,477,484.25
Texas	5,136,128.59	394,515.26	267,723.90		41,450.62	5,839,818.27
Utah	1,554,844.27	51,265.68	31,376.32	3,162.81	13,000.00	1,653,649.08
Vermont	563,080.01	53,323.53	31,791.61		5,000.00	653,195.15
Virginia	1,878,842.43	212,654.66	132,741.56	13,938.40	25,574.00	2,263,751.05
Washington	1,101,796.53	97,094.29	77,198.71		5,000.00	1,281,989.53
West Virginia	630,038.80	141,791.45	84,269.13	13,903.85	10,000.00	880,003.23
Wisconsin	1,325,077.48	163,629.27	150,241.48	24,686.23	27,751.62	1,691,386.08
Wyoming	1,723,033.50	41,717.74	30,000.00	1,376.58	5,000.00	1,801,127.82
Hawaii	10,657.25		30,000.00		5,000.00	45,657.25
Total	95,749,998.11	6,862,055.00	6,198,716.08	519,535.10	929,116.30	110,259,420.59

Total Federal tax payments and Federal aid received, fiscal year ending June 30, 1925

State	Amount paid in Federal taxes	Federal aid received from Government	Percentage of Federal tax payments returned to States as Federal aid
New Mexico.....	\$854,512.91	\$3,022,312.89	353.69
Nevada.....	617,668.70	1,971,259.90	319.15
South Dakota.....	1,199,147.47	2,003,465.48	167.49
North Dakota.....	924,835.83	1,088,836.53	117.73
Wyoming.....	1,690,548.59	1,806,127.82	106.84
Mississippi.....	4,009,777.21	2,523,354.20	62.93
Idaho.....	1,749,557.13	995,068.23	56.88
Montana.....	2,449,568.15	1,274,491.66	52.08
Arizona.....	1,707,613.16	852,215.59	49.91
Arkansas.....	5,342,255.56	2,145,657.81	40.16
Utah.....	4,147,237.15	1,653,649.08	39.87
Alabama.....	9,440,086.01	2,782,421.93	29.47
Oklahoma.....	11,621,795.16	3,189,392.05	27.44
Nebraska.....	7,485,085.51	1,747,488.27	23.35
South Carolina.....	6,623,390.55	1,525,638.13	23.03
Tennessee.....	16,946,671.31	3,477,484.25	20.51
Georgia.....	15,200,727.18	2,972,374.28	19.55
Vermont.....	3,340,638.83	653,195.15	19.55
Kansas.....	17,379,524.49	3,165,541.17	18.21
Texas.....	34,673,543.08	5,839,818.27	16.84
Iowa.....	18,554,243.98	2,206,055.97	16.28
Oregon.....	8,223,841.27	1,247,355.59	15.17
New Hampshire.....	4,458,379.85	644,929.47	14.47
Colorado.....	14,215,164.11	1,821,865.01	12.82
Minnesota.....	27,983,215.50	3,581,121.99	12.80
Indiana.....	38,446,429.25	4,564,662.15	11.87
Louisiana.....	17,232,561.56	1,546,931.50	8.98
Washington.....	14,940,626.62	1,281,989.53	8.58
Kentucky.....	28,214,320.74	2,245,175.66	7.96
Missouri.....	61,461,178.33	4,652,784.38	7.57
Maine.....	8,926,206.55	641,527.94	7.19
Florida.....	20,823,730.75	1,370,258.33	6.58
Delaware.....	8,316,987.79	455,352.83	5.48
West Virginia.....	16,475,115.34	880,003.23	5.34
Wisconsin.....	36,160,434.80	1,691,386.08	4.68
Virginia.....	48,628,276.98	2,263,751.05	4.66
California.....	121,777,522.20	3,722,710.55	3.06
Connecticut.....	36,951,448.63	1,050,937.35	2.84
Rhode Island.....	10,363,922.57	441,310.19	2.70
Maryland.....	31,059,415.16	811,895.14	2.61
Ohio.....	142,497,084.21	3,309,470.63	2.32
Illinois.....	201,831,920.47	4,265,019.39	2.11
Michigan.....	195,726,494.83	4,044,224.64	2.07
New Jersey.....	110,199,707.06	2,223,399.09	2.02
Pennsylvania.....	246,592,155.56	4,631,318.82	1.88
North Carolina.....	166,962,875.15	2,536,731.83	1.52
Massachusetts.....	118,909,084.22	1,649,015.10	1.39
New York.....	658,585,982.21	5,736,846.21	.87
Total.....	2,562,923,419.68	110,259,420.59	

#### THE WORLD COURT

Mr. LENROOT. I move that the Senate proceed to the consideration of Senate Resolution No. 5 in open executive session.

The VICE PRESIDENT. The question is on the motion of the Senator from Wisconsin.

The motion was agreed to, and the Senate, in open executive session, resumed the consideration of Senate Resolution No. 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. FESS. Mr. President, I do not intend to detain the Senate for any great length of time in the discussion of the World Court, largely because it has been so completely covered by those who have preceded me. When the subject was new there seemed to be a great field for discussion, but after listening to those who have presented the arguments for and against, especially the arguments for, there is very little left to be said that has not yet been said. There are a few angles, however, that I should like to call to the attention of the Senate which I think have not been sufficiently stressed.

I take it that there are certain things upon which there is very little dispute. For instance, most people are agreed that war should be outlawed if there is any way to do it, and there has been a great amount of interest in that particular phase of this discussion. I think, however, Mr. President, that there can be no outlawing of war by mere resolution or by statutory enactment. I doubt whether there can be any outlawing of war even by conference. It must come through a long trend of action on the part of nations which are attempting to cultivate what might be called the international mind, or create an international conscience, and that is not the work of a session of the legislature, not even the work of a decade in a nation's history. It is really the work of generations, and so far as the talk of outlawing war now, in the present state of

public opinion, is concerned, I do not think there is anything to it.

There are certain things about which I think all will agree if we look at the subject impartially. I have heard it now and then stated that we ought to remove the causes of war, thereby averting the possibility of war. I do not see how it is possible to remove the causes of war when we realize the elements which produce those causes, and I think an impartial discussion of the question will lead, not to the removal of the causes of war, but rather to some method by which, when these causes arise, we might prevent those causes from eventuating in war.

The truth about the matter is that differences of opinion and differences of position between nations will arise. That has always been, that will continue to be, so long as people do not all look at the same things in the same way. We have our various differences. We have the Jews and the Gentiles, and the demarcation is very sharp, and at one time the differences produced religious war; but they do no longer.

We have the Catholic and the Protestant, and sharp differences have arisen in the past which produced a series of religious wars; but they do no longer.

We have differences in our Protestant organizations. Likewise we have differences in political understanding. In our own country we had the Federalists and the anti-Federalists, and a sharp difference grew out of the interpretation of the Constitution of the United States. While that did not produce war it did produce clashes of bitter opinion.

We have had the Democrat and the Whig. We have the Republican and our insurgent friends on this side of the aisle. Differences arise out of honest opinion, and at one time the differences were sufficiently acute to produce clashes; but not any longer.

So it will be in the future. As long as men look differently upon the same thing, even from the same data, so long will these differences which once produced war continue. I do not think there is much in the suggestion that we are to remove the causes of these differences therefor. They are bound to come up, and we might as well face the situation, which is the outgrowth of the mentality of the world.

Causes of war grow out of disputed rights. A nation asserts a right that is hers. Another nation declares that it is not a right, and out of that difference there come clashes that are frequently settled by the arbitrament of the sword. Causes of war, therefore, growing out of disputed rights, are spreading over the world at this very minute. Causes of war are imminent in many sections of the world.

We have undertaken legislation to carry out an amendment to the Constitution of the United States imposing a certain restriction on what some persons regard as personal liberty. In order to enforce that amendment we have passed an enforcement act and are attempting to enforce it not only upon our own nationals, within our own Territorial limits, but we are attempting to enforce it also on the borders of the Nation extending out over a certain distance in the sea. Some nations claim that that is not our right. We claim as a nation that it is our right. Some nations claim that if a ship is permitted to land at an American wharf that ship must be operated by its crew; and if the practice of the Government is to permit that crew to use certain ship stores and those ship stores include liquor, we could not under the claim of a national right enforce a prohibition of those rights which they themselves claim to be theirs. On the other hand, we claim that that is our right, and there is no doubt but that we shall insist upon it as our right. There is an instance right at this moment of a dispute arising between nations in which one nation asserts a certain thing as its right and another nation questions its right. It is foolish, I think, for us to hope that we will reach a level of civilization in the very near future where these differences which produce causes that in other days would produce war would not again arise.

Causes of war grow out of national policies, as they grow out of disputes over rights. We in America have a policy that is as well known as any assertion that any nation has ever made, the Monroe doctrine, a policy that has been recognized by every administration from the time it was originally announced up to the present time, a policy that is more than a hundred years old. Three times we came dangerously close to a war with nations in enforcing that policy. I am not referring to the different disputes in regard to it; we have had disputes every decade. I am referring now to three specific times when it looked like war.

The first time was in 1863, when the French Government violated the Monroe doctrine by locating a French army in Mexico, placing Maximilian at the head of the army, to establish a French empire in Mexico. Every Senator will recall that



we protested against that conduct as an open violation of the Monroe doctrine. We were told at the time that the Monroe doctrine was not international law and therefore France was under no obligation to respect our protest. Not until 1865, two years later, when General Sheridan was sent to the border of Mexico at the head of 50,000 of the best trained troops in the world to demand the withdrawal of the French Army, was the French Army withdrawn. Then it was withdrawn and the maintenance of the Monroe doctrine was respected without having produced actual war.

Every Member of the Senate will recall that in 1887 and again in 1893 Grover Cleveland was President of the United States. Whatever might be said by the friends or enemies of that great President, he at least had a strong backbone and knew what he was doing and had the courage to back it up. Every Senator will recall that a dispute arose over the border between Venezuela and British Guiana. It was thought the British Government was invading Venezuelan territory and there were protests offered. The matter finally was allayed for the time being and then broke out again in 1893. Again Mr. Cleveland happened to be President of the United States, there having been an intervening term by President Harrison. This time President Cleveland asked the Congress to authorize a commission to investigate the point in dispute, claiming that Britain was violating in South America the Monroe doctrine. When he asked for the appointment of the commission he asked that authority be given to him to enforce the findings of the commission. I recall most distinctly, as a teacher at the time in a university, that we called the attention of the class that here was a statement by the President of the United States in the maintenance of the Monroe doctrine against the strongest empire in the world, and the question of what would be the outcome was one of serious moment.

The Senate will recall what happened. The commission started on its work. The Prime Minister of Britain, Lord Salisbury, recognizing the significance of the utterance of the President, suggested that the question ought to be arbitrated. Immediately the United States agreed upon arbitration, and that dangerous Venezuelan episode, growing out of a bit of conduct that was in violation of the Monroe doctrine, came to a final peaceful adjustment, but not until we had gone dangerously close to the line of war.

In 1901 or 1902 we had the third episode, when President Roosevelt was at the head of the Government. Venezuela had refused to pay, or was neglecting to pay, debts alleged to be due to Germany. The German Empire ordered two battleships sent into the Caribbean waters, with orders to take possession of two Venezuelan ports of entry and hold those ports until sufficient customs duties or revenues had been collected by the German Government to settle the Venezuelan debt to Germany. Anybody could see what that would do to the Monroe doctrine. The President of the United States summoned to the White House the representatives of the German Government to go over the matter and presented three specific questions: If the German Government can send two battleships into the Caribbean waters, why should she not send a whole fleet? If she can take one or two ports of Venezuela, why can she not take all of Venezuela? If she can hold the ports until an alleged debt is satisfied by the German Government, the creditor, why could she not hold them indefinitely? Then what about the Monroe doctrine?

It was at that time that the Government of the United States was told by the German Government that the Monroe doctrine was not international law, as it was not, of course. We did not hold it to be international law. Members of the Senate will recall that the President gave a limited number of hours for the German warships to withdraw from the Venezuelan waters, and they were withdrawn. That was the third time when the international policy known as the Monroe doctrine came dangerously close to war. The first time was with France, the second time with Britain, and the third time with Germany.

So there is no doubt that wars do grow out of national policies as well as out of disputed rights of nations. Britain has her national policy in Mesopotamia. There has been no single episode during the debate on the World Court that has attracted so much attention as the Mosul incident, which grows out of a policy of a great country. France has a policy known as the Morocco policy, and France has to-day on the borders 200,000 troops to defend that policy, as well as troops in Syria to defend the policy there. Japan has a policy in China. Almost every nation has what we call its national policy. Out of these policies frequently grow such acute disputes that they produce war. The greatest war that ever shook the world grew not out of either a disputed right or a national policy,

but out of the mere episode of the assassination of an heir to a throne by a half-witted provincial in the little town of Sarajevo; and yet out of that mere episode came the greatest convulsion that ever shook the world, and which involved the whole world.

My contention is that causes of war will arise and causes of war will persist, and it is not our business to attempt to prevent their arising. That is the work of generations of education. That is the work of the church, of the members of the various organizations for the lifting up of civilization on to a higher level, which is a work of generations and we have not yet reached it. The big problem with us is not to find how we can prevent the causes from arising, but, knowing that the causes will come up, how we can prevent them eventuating into actual war. That is our problem. No one is looking ahead to a time near at hand when causes of war will not come up between nations. These matters are bound to be present with us. The question with me, with the Senate, and with the country is, Can we find some way by which these causes, which we know will come up and which are threatening the world, can be prevented from taking the nations into actual war?

The United States has been in the forefront of an effort to find the agency. We have tried every conceivable plan that is peaceful in character to avert war, and no nation of history has such a record as has America. We have tried negotiation, with a fair degree of success. We have tried mediation, with a greater degree of success. We have tried conciliation, which is almost identical with mediation. We have tried arbitration. People may laugh at arbitration and may scoff at it if they care, but America has to her credit 113 arbitration treaties, and nobody knows how many wars have been averted by those treaties; at least several have been averted. When it was said a moment ago that the United States never would yield a policy to arbitration, the question is what the word "policy" means.

Mr. President and Members of the Senate, the greatest single arbitration movement in the early time of our history—I do not refer to the Jay treaty, which is a good one—was the Alabama claim of 1872. That was a question of policy, whether in a neutral shipyard ships could be built to be used by a belligerent. That is not an incident, that is not an uninteresting fact, but it goes right to the very integrity of international relations between belligerents and neutrals. We submitted the problem in 1872 to arbitration, and we got the verdict over Great Britain. It involved a most delicate question, and yet we submitted it to arbitration.

In our history we have won arbitrations and we have lost arbitrations, but the United States has never been so discredited nor so dishonorable as to refuse to abide by the decree of the arbitrators when once we submitted a question to arbitration. We have a splendid record in arbitration, and no Senator of much self-respect will deny the real value to the peace of the world of the arbitrations into which we have already entered.

Mr. President and Senators, good as is negotiation, valuable as is mediation and conciliation, and important as is arbitration, they all fall short. Arbitration is much better than the other proceedings, but it falls short of doing what the world wants done and what modern civilization demands. In the first place, arbitration, from the nature of the case, never can involve any action until the question comes up, and then the arbitrators are selected with special reference to the particular case. Everyone knows what that means. The arbitrator is never an impartial jurist. He is always a negotiator. He is a special pleader. That means that the arbitration involves partial rather than impartial findings. When we get into a dispute with a country and agree to submit it to arbitration we select our arbitrator. The other country selects its arbitrator. Those arbitrators select the third, and the third arbitrator is always the umpire. From the very character of arbitration, our arbitrator negotiates. He tries to get the best he can. He is pleading the special case of America, and the other arbitrator is pleading the special case of his country. The umpire selected by the other two always becomes the final judge in the dispute. Such a matter can not be one that is judicially decided. In other words, arbitration falls short because it is partial, it is temporary, and it can not be decisive. I do not speak one word against the valuable results that the nations have achieved through arbitration, but I mean that it does not go far enough.

The suggestion more far-reaching than any that had theretofore been made, that came nearest to providing for the establishment of a permanent judicial agency which would secure justice by impartial decision upon all the facts, was the proposal made in 1899 by the American delegates at the first Hague conference, which was repeated in 1907 at the



second Hague conference by the American delegates, and which was finally adopted in 1920 as a part of the treaty that closed the World War.

In the first place, in 1899, with arbitration before us as an agency for the settlement of international disputes, which was tried but was found insufficient, there was an effort to create a world court, but the very best idea that grew out of that conference, representing 23 nations, was the American suggestion to create an arbitral court. That tribunal, however, came to be merely a board of arbitration. Senators will recall that the phraseology of the minutes of that conference and of the reports of the conference indicates that the creation of an arbitral court was contemplated, but, of course, it was not a court; it was merely a board of arbitration. The purpose originally was to establish a court, but the nations in 1899 had not reached the stage where they could look with favor upon the proposal for a court. They, therefore, limited its functions to arbitration; and, as has been said over and over, the agents selected by the 23 nations were merely a panel, some say of jurors, others say of judges—but it can not be more than that—not sitting all the time, but ready at any time to be called upon by the nations which the panel represented to adjust a dispute.

We were the first Nation to submit to The Hague Tribunal a difference between another nation and ourselves. That difference was with Mexico. It also ought not to be overlooked that, through the suggestion of President Roosevelt, a dispute with Germany was submitted to The Hague Tribunal. That was the most important and the greatest contest that had ever gone to that court up to that time. The Hague court was American in suggestion; it was American in formulation, and it was brought to life by the American Government submitting to it the first cases to be arbitrated.

In 1904 President Roosevelt conceived the plan of having a second Hague conference, and he felt out the governments of the world in reference to it. Unfortunately, Japan and Russia were then at war, and they notified President Roosevelt that if a conference were called in 1904 they would not be able to attend. President Roosevelt, in deference to those nations, withdrew his suggestion. When the Japanese-Russian war was over he again took the matter up with the Czar of Russia, and the Czar called the second Hague conference in 1907.

It has been stated here, and it is, therefore, useless for me to repeat it except merely to connect events in logical sequence, that our President, who was then Mr. Roosevelt, suggested to the then Secretary of State, Elihu Root, to instruct our delegate to the conference, Joseph Choate, to submit a world court proposal as a substitute for the board of arbitration which was then in existence. Senators, there has been no more succinct statement made before or since than that which was then made by Elihu Root on the importance of the court. The proposal was made; it was argued with great ability and acumen by Joseph Choate, who drew upon American history as a background. The result was that after three weeks of discussion the delegates agreed upon a world court.

As has been stated on this side of the aisle and also on the other side, what prevented the World Court, which had been outlined completely, from becoming a real court was the dispute that arose in that conference over the manner of selecting the judges, who were to be 15 in number. Mr. President, instead of 23 nations, in the second conference there were 46, and they did not fully understand our American system of jurisprudence. They could not understand that here are 48 States and a Supreme Court of but nine judges. If 46 nations joined in creating a world court they could not understand how with only 15 judges all the nations could be represented; but, on the other hand, they thought that only the nations from which the court members were selected would be represented in the court; in other words, that only 15 nations out of 46 would be represented. Had they been familiar with the American system, especially the American judicial system, they would have recognized that William Howard Taft, the Chief Justice of the Supreme Court, born in Ohio, and appointed Chief Justice while a resident of Connecticut, no more represents either Ohio or Connecticut than he represents Pennsylvania, New York, Nevada, California, or any other of the 48 States. The Supreme Court does not represent States; the Supreme Court represents the entire Nation; it represents all the people of the entire country; and in 1907 that was to have been the idea precisely of a world court. But the small nations seemed to fear what the distinguished Senator from Missouri has suggested he fears, that they would not be represented unless there was a judge from each one of the adhering States. Of course, a tribunal so constituted

would not be a court at all. Therefore, the conference of 1907 adjourned, with the distinct understanding that by the time of the next conference, which would be the third, the plan would be worked out, and the court in a little while thereafter would be in existence and in operation.

Mr. President, the third conference never was called. The second conference, as I have said, was in 1907. In 1908 the first Balkan war broke out; in 1911 war covered the Balkan States; in 1914 the whole world became involved in war; and so the third conference at The Hague never took place, and The Hague court of 1907, now in abeyance because the third conference was not held, did not become such a judicial agency as it was expected to become.

If in 1919, when the peace conference was in session endeavoring to bring about proper adjustments of the problems and issues growing out of the World War, those who participated in that conference were concerned at all with preventing war in the future, the one thing that would inevitably come out of that conference would be a fulfillment of the aspirations of the nations and their efforts for 20 years to find some way by which disputes could be settled by a judicial process rather than by a clash of arms.

I think it was somewhat unfortunate that, instead of the emphasis being placed upon the court, it was placed upon the covenant of the League of Nations. I do not want to discuss the League of Nations at this time; I think it is entirely aside from the issue. I do, however, want my colleagues to know that I am not speaking as a friend of the league, as probably they all know. Whether my attitude is wise or otherwise, the Record will show that on the 19th of February the House of Representatives, following the announcement on the 14th of February of the adoption of the covenant—only five days after its adoption—I attacked on the floor of the House the League of Nations and stated the reasons why I thought the United States must not take the step. I sometimes deplore that in the debate it may seem necessary for me to say this, but I have to say it so that it will be understood that one who is now speaking for the World Court is not speaking as an advocate of the League of Nations. I am compelled to state my attitude for that reason.

After this American idea had been suggested in two conferences at The Hague and more recently suggested by a commission engaged in formulating a treaty intended to bring to a close a great war, after having advocated such a proposal for 26 years, I ask, Are the American people justified in rejecting the proposal when it comes not from an American conference but from a conference held in Europe and in accordance with a statute which was very largely written by an American, Elihu Root? That is the immediate question that I want now to answer.

Mr. President, I do not look upon the origin of the present World Court as being at all important. If anyone is anxious to know about its origin, it is very easy to demonstrate that its origin is American. The author is an American. Although it was suggested by article 14 of the league covenant, yet article 14 authorized the appointment of a commission. The commission was appointed. That commission had on it Elihu Root. Elihu Root, more than any other one man, wrote the statute which created the court. But even though Elihu Root, an American, had had nothing whatever to do with the statute, is that a reason for rejecting an American idea that was taken up by a group of men in Europe sitting on the adjustment of the differences of the World War with a view to forming a treaty? If they took it up and submitted it to the world, should we for that reason refuse to adhere to it and thereby reverse our whole historic policy upon this subject merely because it arose out of article 14? I think not.

There are some things that are certain, about which we may be sure. One is, it is either this court or no court. It is not necessary for me to go into details on that subject. The mere statement carries with it the conclusion. This court now has been ratified by 48 states, and is working satisfactorily. Upon it sits the greatest talent, from a judicial standpoint, known to the world. In its few years of service, in the rendition of a few decisions, it has shown a marked independence that can not be excelled by that of any other body, even the United States Supreme Court. So, even though we would wish to have a new court—and I should prefer, if it were possible, to have it wholly separate from the League of Nations—even if that were possible, it is a question whether there is sufficient liability in our relationship to this court to justify us in even considering the matter seriously.

To me it is not a serious matter, even though we had no reservations; for I have examined this statute carefully, as one who would present it to a body of university students. I can not find a single involvement, outside of the election of



the judges and fixing their salaries and the item of advisory opinions; and yet the only thing that is in the covenant and not in the statute is the advisory opinions. All the rest is in the statute that controls the court.

My point is that having the judges selected by the council is not having the League of Nations select the judges. It is the statute, whose power is given to the council as an agency of the statute, and not the league, that selects the judges. Even though the league should die the statute would go on, and even though the league were wholly discontinued the court would continue; and at least as soon as the judges are to be reelected there will be, without doubt, an amendment to the statute by which a new agency will be created to select the judges.

I agree with the Senator from Wisconsin [Mr. LENROOT] that while I recognize the reason why the council and the assembly were chosen as the electoral agency to select the judges; and while I admit that there is no liability; yet I wish that another agency had been selected, but just now I do not know whether such an agency could have been selected. Some think we ought to have had the panel in the arbitral court of The Hague. That would be doubtful wisdom, because there are 81 of those judges, and it would be difficult to get them together. I think that is very doubtful. In other words, the court is created under a statute, and that statute chose as the agency for the election the council and the assembly. It could have chosen anything else, and whatever it might have chosen would have been under the statute and not under the covenant.

I do not know any language that could make it clearer than the very language that is used. The single point on which the covenant rules is the matter of advisory opinions. Article 14 does say that advisory opinions may be given by the court; but, Mr. President, the statute is entirely silent on advisory opinions. If you read the report of the meeting of the commission of 10 that framed the statute, you will find that they got into some dispute about advisory opinions, and they decided to leave that matter out of the statute entirely. I admit that that is the one point on which the authority is contained in the covenant, but I hold that where it says the court "may give advisory opinions" that is not mandatory. That is not imperative, notwithstanding the statement of the famous jurist from Cuba, whose book has been quoted here over and over again, in which he says that it is imperative. The language is that the court "may give advisory opinions," and the court showed in one case that came to it that it would not give an advisory opinion. If it had authority to adopt that course in that case, I think it would have authority to do it in any case; and taking the panel of judges sitting on that court, with the degree of ability they possess, I have not the slightest doubt but that they will use their own discretion as to whether or not they will give advisory opinions. That goes straight to the claim that the court is under the covenant, for that is the only place where the covenant speaks and the statute does not speak.

In other words, every function that the court fulfills as a court comes in its authority from the statute and not from the covenant; and if the court should look for its authority to do this or that, it would not look to the covenant. It would look to the statute that created it. It seems to me that a mere statement of the manner in which the statute came into effect is sufficient to clarify that in toto.

For example, the statute was to be effective, which means that the court was to come into existence, when the statute was ratified by two-thirds of the states in the League of Nations, or two-thirds of the members of the League of Nations. It has been stated that that language ties the court to the League of Nations, ties it into the covenant. I deny that. That is not true. The use of the words "two-thirds of the members of the league" is purely numerical. Why did they not say "when ratified by 48 states," or why did they not say "when ratified by two-thirds of all the states of the world"?

In the first place, there is a dispute as to how many states there are in the world, and that language would be wholly indefinite, so that no one would know when the court was in existence or when the statute had been ratified by a sufficient number to bring it into existence. The number would have to be specific. The reason why they did not say "32 out of the 48" is that there was not any particular fixed number of members of the league. It was a variable quantity. It might be increased or it might be decreased. Therefore, to make it definite, they said "two-thirds of the members of the league." There is no doubt as to that; and it does not tie the statute into the covenant at all, and has nothing to do with it except to make the number definite.

I do not share the opinion of a good many of our friends who think that because the judges are selected through this

agency they can not be independent. That has been answered here on the floor of the Senate sufficiently without any reiteration from me. The league gets its force from the covenant. The covenant was adopted by the commission and submitted for ratification to the members that are now in the league. The court gets its authority from the statute, and no state is held in the court until it ratifies the statute, as no state is held in the league until it ratifies the covenant.

A member of the league may be a member of the court, and a member of the league may not be a member of the court. We have members of the League of Nations that are not in the court because they have not ratified the statute. If the league controlled the court, then membership in the league would put the states into the court; but everybody knows that five members of the league are not in the court because they have not ratified the statute creating the court, and they will not be in the court until they do ratify the statute.

As a member of the league may not be a member of the court, so a state not in the league may be a member of the court. Membership in the league does not put a state in the court, and membership in the court does not put a state in the league. The two are entirely separate—so much so that it is perfectly consistent for one to espouse the court and oppose the league, or to espouse the league and oppose the court. The source of the two, in their authority, is entirely different.

When I listen to the distinguished Senator from Idaho [Mr. BORAH], whose ability is universally recognized and whose personality is one of the charms of human experience, it is difficult to throw off lightly what he says. Then when I hear the Senator from Montana [Mr. WALSH] take up the argument of the Senator from Idaho I have the same situation mentally. I am reminded of the critic who was criticising the participants in a university debate. When the debate was over the critic rose and said: "The affirmative has produced argument absolutely unanswerable. The negative proceeded and answered every word of it." That seemed to be my experience as I listened to the argument of the one and then the rebuttal of the other. But suppose I had not heard or the Senate had not heard the able Senator from Montana in reply to the Senator from Idaho—what would be our position?

Without speaking disparagingly, as I would not, I must say to my colleagues here that while the Senator from Idaho submits arguments which, to say the least, are persuasive, though not conclusive to me, there are others who produce arguments just as conclusive and equally persuasive. Giving to the Senator that credence and respect that belong to an independent thinker and to a constitutional lawyer of very high rank, I can not but remember that there are others of equal ability who do not agree with him.

I remember Senator Elihu Root who, from the standpoint of intellectual acumen, and especially international law and international relations, is probably the peer of any man in the world. Senator Root does not take the position occupied by the Senator from Idaho [Mr. BORAH].

While President Wilson was still on the sea before he reached Europe on his first trip I was in a conference with at least one other Senator who is now in the Chamber, together with several others, some of whom have passed on, and members of other parties. I remember how Senator Root, when there was presented to him the matter of the proposal the President would make to Europe, talked for an hour and a half and impressed us with the danger of allowing what might be called a super-government to become too broad in its jurisdiction; and when he was asked in what respect American independence might be lessened or surrendered, or what might affect the sovereignty of the Nation, he very specifically referred to questions like immigration, questions like finance, domestic questions, upon which we must never surrender our independence. When the covenant was later announced he suggested seven amendments and urged them as a condition for ratification. That man, equal, it seems to me, to any man in this body or out of it, takes the position that we can adhere to the court and not be connected with the League of Nations.

I recall Charles E. Hughes, whose ability is quite equal to that of any man who will speak on either side of this question from the standpoint of cold, intellectual acumen. Mr. Hughes said to a group of lawyers interested in international law that he had examined this proposition, and he made the open, positive assertion that the court, under the statute, would not involve us in the League of Nations.

I believe it would be conceded that William Howard Taft has ability, and he takes the position that adherence to the court would not take us into the league, although he has been one of the strongest advocates of the league from the very beginning.

Then there is John Bassett Moore. Men may scoff at him and scorn his name, but John Bassett Moore is one of America's greatest international lawyers now living and one of the greatest in the world.

These men are capable witnesses, competent to speak on whether this proposal would take us into the League of Nations or not. By this evidence, supported by such men as the senior Senator from Virginia [Mr. SWANSON], who, I think, in the opening debate covered almost every phase of the problem and closed nearly every crack and cranny so that no one could get out, I am convinced that we should vote to adhere to the court. And the Senator from Virginia was ably seconded by the Senator from Montana [Mr. WALSH].

With all due respect to men whom I love and admire, who oppose our adherence to the court, I can say to them frankly that I shall not have the slightest hesitancy, as an opponent of the entrance of the United States into the League of Nations, in voting unqualifiedly for our adherence to the World Court.

I shall not so vote because I believe the court will prevent all wars. I hope nobody is so foolish and shortsighted as to think that anybody voting for the World Court believes that it will prevent all wars. I do not vote for it for that reason. I do not vote for it because it will remove the causes of war, for it will not. I will vote for it, first, because it is a step toward the lessening of the chances of war. It is an agency the establishment of which will afford time to submit to impartial men disputed questions that are justiciable and give the nations time to cool off; then they will likely not go to war.

I would not resist our adherence on the ground which some people urge, that there should be an international code of law. We have been fighting for such a code since the beginning of our Nation, and we have made progress, but we will never get a code until we establish something like a court, and that will be the strongest possible reason and the greatest agency that will not only promote but will demand a codification of international law. For that as an additional reason I shall vote for the protocol.

The big thing with me, however, and the one all-controlling motive I have, is that we can not hope to outlaw war until we create such a stable opinion throughout the world on behalf of peace and against the horrors of war, that war will be made impossible. When we negotiate to prevent a war, we have done that much toward the building up of a body of conviction. When we arbitrate and prevent war, we have added to the peaceful results of our endeavors, and in that degree made war outlawed, and have built up a body of conviction as against war and on behalf of peace, and to me the one agency above all yet proposed, which will build into the thought of the world and create an international conscience, establish an international mind, and make the world see a light against war, is a court to which the points of dispute may be submitted for decision. That decision will be one of the guide posts for the building of a higher civilization, to determine the thought and the conviction of the world against war, and the court, in my judgment, will be the greatest agency for that that has yet been suggested.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from Ohio yield to his colleague?

Mr. FESS. I yield.

Mr. WILLIS. Will not my colleague, before he closes his remarks, explain to the Senate and to the country the difference in the effect on the development of international law of an arbitral tribunal such as the one at The Hague and a permanent World Court such as he so ably advocates?

Mr. FESS. Mr. President, I think my colleague was out of the Chamber when I contrasted the two. I have already done that.

Mr. WILLIS. Very well.

Mr. FESS. Mr. President, I shall vote for the adherence of this country to the World Court protocol, first, because I think our national interests lie in that direction. Secondly, because I believe it is an honorable thing for America to do. Third, I believe it is our duty. A nation might ignore its interests, but no nation can ignore its national honor or its national duties, and if we believe that war ought to be minimized, and it is our mission to build a public opinion that will make war impossible in time, that will outlaw war because the conscience of the world will not stand for it, if we believe that, this is the only opportunity I see by which we can accomplish that, and as one who would not vote to take this country into the League of Nations, I will vote without any hesitancy for the World Court.

I will vote for the reservations, not because I think they are essential, not because I think we would go into the league if

we did not adopt them, but I will vote for the reservations only to placate that portion of America which is being misled by the propaganda that this is a league court, that this is not a World Court. This is a league court in the sense that the league uses it, and it will be an American court in the sense that America will use it, and it will be no more a league court than an American court when we shall join.

I will support the reservations simply to appease the fear that has been aroused in the American mind that our adherence to the court will send us into the league; but that is the only reason why I will vote for the reservations.

#### EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business in secret session.

The motion was agreed to, and the doors were closed. After five minutes spent in secret executive session the doors were reopened, and (at 4 o'clock and 5 minutes p. m.) the Senate, as in legislative session, adjourned until to-morrow, Thursday, January 7, 1926, at 12 o'clock m.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate January 6, 1926*

##### POSTMASTERS

##### CONNECTICUT

Edward H. Bailey, Danbury.  
Levi C. Frost, Milldale.  
Florence G. Perry, Montville.  
Nellie A. Byrnes, Pomfret.  
Lincoln Taylor, Stamford.  
Robert A. Dunning, Thompson.

##### DELAWARE

Richard F. McClure, Claymont.  
Clarence T. Esham, Frankford.

##### INDIANA

William Graham, Bloomington.  
Leo Yount, Brookston.  
Anton R. Gustafson, Chesterton.  
George W. Overmyer, Culver.  
James Quilliam, Elmore.  
Walter L. Oster, Georgetown.  
Clarence H. Magenheimer, Haubstadt.  
Charles E. Jones, Hazleton.  
John J. Wood, Hobart.  
Willis D. Handley, Monon.  
Mary A. Dooley, Montezuma.  
Irwin Knight, Morgantown.  
Elva P. Loughlin, Odon.  
Lillie Robbins, Oolitic.  
Chester F. Morris, Parker.  
Elmer E. McCarter, Piercetown.  
Albert W. Bitters, Rochester.  
William A. Williams, Rome City.  
Bernice M. Beeks, Urbana.  
Fred G. Kennedy, Whiting.

##### MARYLAND

Lillie M. Pierce, Glyndon.

##### MICHIGAN

Jesse R. Phillips, Auburn.  
Henry S. Myers, Caro.  
Glen H. Doyle, Cedar Springs.  
Thomas M. Melvin, Detour.  
Platt A. Mumaw, Marshall.  
Harmon L. Fox, Mayville.  
Glenn W. Davis, Reading.  
Ray S. Cox, Ravenna.  
Nathaniel Lobb, Munising.  
Glenn B. Swiler, Mecosta.  
Ralph W. Clapp, Saugatuck.

##### MONTANA

William J. Fransham, Bozeman.

##### NEW MEXICO

Florence Shelpman, Nara Visa.

##### NORTH DAKOTA

Carl E. Peterson, Binford.  
Frank K. Shearer, Dazey.  
Theodore S. Overby, Finley.  
Reinhart Gilbertsen, Glenburn.  
Hattie M. Leach, Havana.  
Ralph E. Itskin, Hazen.



Myron T. Davis, Lisbon.  
William W. Lehman, Rocklake.  
James N. Campbell, Stanley.  
Ada A. Sorenson, Tuttle.

## OHIO

William Harper, Burton.  
Emory W. Henderson, Dunkirk.  
Asa D. McCoy, Marietta.  
Mayme C. Reed, Metamora.  
Robert J. Simpson, Piney Fork.  
Clara C. Cope, Prospect.  
Randle B. Hickman, Wilberforce.  
Bertus H. Moore, Williamsport.

## PENNSYLVANIA

George D. Kinkaid, Ebensburg.  
William H. Weston, Gallitzin.  
Jean McPherson, St. Benedict.

## PORTO RICO

Carmelo Oben, Central Aguirre.

## RHODE ISLAND

William H. Follett, Howard.

## WEST VIRGINIA

William A. Ramsdell, Ceredo.  
Albert Kirk, Kermit.  
Joshua E. Buckley, Marlinton.  
Leslie C. Halbritter, Tunnelton.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, January 6, 1926

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Every good thing in all the world, our heavenly Father, is but a single ray of Thy light and love. May we have hearts to bless Thee. Thou art the rock of our salvation, the foundation of all heavenly vision, and the shepherd of all Thy earthly children. With us blessed Lord, things are so partial, obscure, and uncertain. We see so often through a glass darkly, and so often lose our way. Do Thou help us and forgive our delays. May we count this fact to be grandly true; namely, that a good deed is a step toward God and a reach toward our fellow man. Amen.

The Journal of the proceedings of yesterday was read and approved.

## SWEARING IN OF A MEMBER

Mr. CELLER, a Representative from the tenth district of New York, appeared at the bar of the House and took the oath of office prescribed by law.

## ENROLLED JOINT RESOLUTION SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that the committee had examined and found truly enrolled joint resolution of the following title, when the Speaker signed the same:

S. J. Res. 20. Providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress.

## THE INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. CRAMTON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the Union for the further consideration of the Interior department appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. BURTON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of a bill of which the Clerk will read the title.

The Clerk read the title, as follows:

A bill (H. R. 6707) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1927, and for other purposes.

Mr. CRAMTON. Mr. Chairman, I yield 45 minutes to the gentleman from Missouri [Mr. ELLIS].

Mr. ELLIS. Mr. Chairman, in the time allotted to me I propose to speak on inland waterways. I shall not present my own views but the views of those in authority, with which I am

in hearty accord. This is about the ground I shall seek to cover. I want to speak of what is happening inland—of certain manifestations and demands of the people inland. And then, addressing myself more especially to my colleagues of the inland, I want to ask how we, who are charged with the duty to represent inland people on this floor, are going to respond to those demands.

There is, as I presume few of us are unaware, throughout the vast interior between the Alleghenies and the Rockies a remarkable awakening to waterway transportation. It is, of course, a reawakening, but in its aspects it is something new and unprecedented.

Heretofore agitations for inland waterways have been localized and have been prompted largely by competitions between trade centers. Starting at high levels of business at distributing markets on the rivers, there has been little movement outward or downward, little appeal to lower levels of business or industry. Neither the primary producers on farms or in workshops, in the hinterlands, nor the ultimate consumers out in the open spaces have been much concerned. The present movement has started at the grass roots. It is going strong from the ground up and from the hinterlands out. Farmers occupy the place of leadership in this movement. Well out in the front, moreover, are the farmers of the Grain Belt—trans-Mississippi to the mountains, St. Louis to Fort Benton. The reason for this changed aspect is not far to see. The unmatched need of the inland West is cheapened transportation. High discriminatory freight rates impose an intolerable burden upon every activity in every community. From no one, whatever his occupation or profession, whether producer or consumer, may the burden be wholly lifted. From the farmer, none of it is being lifted. He can pass none of it on, for he is a primary producer and an ultimate consumer. He is hit first, hit last, and hit hardest. He is the alpha and omega of an intolerable situation. The farming interests of the West have been late in realizing all of this, but they are keenly aware of it now.

In October last there was a great convention at Kansas City. It was presided over by a farmer. Lately president of the State horticultural society, now a member of the State board of agriculture of his State, engaged largely in general farming, on the directorate of a bank on a "main street," Mr. Arthur J. Weaver, of Falls City, Nebr., was selected upon his peculiar qualifications to sound the keynote. I quote one paragraph of his address:

Mississippi River navigation, when fully restored, will serve an empire. The development of the Missouri River will serve an inland empire. The proper development of both these rivers will place the Middle West on an equality with other sections now favored by water transportation. If this task were as gigantic as the construction of the Panama Canal, it should be taken in the interest of the future America.

In the resolutions the meeting designated itself a "conference of 1,000 earnest delegates from the seven great agricultural Commonwealths popularly designated as the Missouri River Valley States."

Pointing with pride to the Panama Canal, the meeting nevertheless viewed with regret that because of its discriminatory rates in favor of the two ocean-to-ocean coasts "have resulted in a condition harmful to all interests in general and agriculture in particular in this section of the United States."

Having so diagnosed their ailment, these delegates thus prescribed the remedy:

To remedy this untoward and un-American situation, we behold one, and only one, avenue of relief, and that avenue is the earliest possible practicable employment of the great natural waterways in the Mississippi Valley for transportation of the surplus agricultural products of this valley empire from the farm to the southern sea, and thence to the markets of the world.

I shall take occasion in another connection to refer again to these resolutions. There was another feature of that meeting to which I now desire to advert. When the conference was called the Secretary of Commerce, Hon. Herbert Hoover, was thoughtfully invited to address it. The distinguished Secretary promptly replied that he would at once from data at his command painstakingly survey the whole inland waterway situation and investigate all the potentialities involved; that if he so developed a message for the conference he would appear and deliver it. He appeared and, as was anticipated, delivered a masterly address. In his opening remarks to the conference the Secretary expressed his pleasure in speaking upon the subject assigned him:

For—

He said—

the subject is one in which I am deeply interested, and it is one in which the Department of Commerce is enjoined by its organic act to assist and promote.

If we were to make a survey of the many great problems of progress which lie before us, the development of our water resources would stand in the forefront. For generations we have driven our energies in the development of the land. We have done a great job. We have done comparatively little with our water resources. To-day we must speed the development of our water in its aid to the land—power, irrigation, and, above all, transportation. This will test our vision and our statesmanship. For we must consider these questions not alone in the light of needs to-day but those beyond our time and generation.

We have reached a new era in the development of our inland waterways. We need to take a reinventory of these resources in the light of new facts and of older forces that have been slowly crystallizing over recent years, and we have need to adopt new conceptions of them. A survey of these forces assures us that if we guide our national policies aright we can make this decade mark the rebirth of our waterways.

We have made great advances in methods of river improvement and canal construction. With the depths of water which we can now provide we can bring to bear great improvement in design and the size of water craft, in methods of propulsion, and in loading and discharging cargoes. These inventions and improvements restore to the waterways the position of being again the most economical transport for many kinds of goods, which advantage they lost to the railways in times when they could carry boats of only 3 feet of draft.

Permit me to quote further and somewhat freely the utterances on that occasion of the head of the department of our Government specially charged, as he fittingly puts it, to study problems which relate to industrial welfare throughout our borders:

Our agriculture and industries are based on higher standards of living than those of foreign competitors, and if we would maintain these standards we must secure the cheapest form of transportation of agricultural and industrial products both to domestic and world markets.

We must face the provision of more transportation for the Nation. Only a quarter of a century hence we must serve an increased 40,000,000 in population, and their traffic will increase faster than their numbers. The terminals and great gateways of our railways already show premonitory signs of congestion. We shall need vast expansion by rail and water, and the capital cost of this expansion in these regions will be less by water than by rail.

Because we will have full employment for both railways and waterways, we can now quit the destructive battle between water-borne and rail service for an era of mutual coordination.

We must find some natural curb upon further congestion of population in the great urban centers through greater diffusion of our people throughout the country, and our waterways offer a positive contribution to this accomplishment.

We have to-day behind us a long suspension of national projects due to the war and its aftermath. We have recovered a degree of economic strength that makes it possible for us to undertake any justifiable task of national development.

Most important of all, we must envisage our inland waterways as great unified transportation systems, not as isolated units. We must conceive and attack their construction as a connected whole, not as a collection of disconnected local river and lake improvement projects, as has been our habit in the past. Every great transportation system, whether rail, water, or highway, must consist of main trunk lines between great centers of population and industry, with collateral feeders of gathering and distribution service.

The topography of our country, the present and future necessities of our population, the development we have already accomplished, and, above all, the goodness of Providence in our natural water channels clearly define for us two such major inland waterway systems—the Mississippi system and the Great Lakes system.

I visualize the Mississippi system as 9,000 miles of connected waterways, a transportation system of which some 3,100 miles are trunk lines and 6,000 miles of laterals. That is, a main north-south line 1,500 miles in length, reaching from New Orleans to Chicago, and there connecting with the Great Lakes system and crossing this a great east-west trunk line 1,600 miles in length, from above Pittsburgh through Cairo to Kansas City. Over a large part of these main stems we can maintain 9 feet of depth.

In addition to these main trunks, we must diligently improve feeders through the Tennessee, the Cumberland, the Arkansas, the upper Missouri, the upper Mississippi, the Monongahela, the Alleghany, and other streams to workable depth for modern craft.

It will serve the vast heart of American agriculture and will place great commercial and industrial cities with upward of 7,000,000 people in the cheapest of communication with each other and it will con-

tribute to the cheaper transportation of agricultural and bulk commodities over a great hinterland of States.

In this conception your project for the further improvement of the Missouri between St. Louis and Kansas City has a most important setting.

To the last paragraph I have quoted I commend some gentlemen who upon this floor in former Congresses have, in crass misinformation, shortsightedly carped, croaked, and inveighed against the particular stretch of the Missouri River for which I have been standing every hour of my intermittent membership in this House during 20 years.

I wish time and space would permit me to quote still more at length from this great speech of Secretary Hoover. It was a public service, for he has compiled a veritable textbook on a vital subject. From his place in the administration he spoke as one having authority. His utterances have been inserted in the RECORD. They should be widely distributed and widely read. They cover the whole ground, answer every honest question, and resolve every sincere misgiving that may have been entertained by anyone with only superficial information as to the practicability and the necessity of developing and using our great inland rivers. His words, moreover, carried assurance to his hearers. Had the joy of the great audience who heard Mr. Hoover at Kansas City been manifested in song, in unison would have resounded, "Reinforcements now appearing; victory is nigh."

This, however, the delegates to that convention did do, as did the delegates to a later and larger convention at St. Louis; they went out to their homes and constituencies highly resolved upon a veritable crusade for inland waterways.

Now, Mr. Chairman, gentlemen of this Committee of the Whole House on the state of the Union, and you Members in particular, my colleagues of the inland West, what is to be done about it? The people out there know what they want, why they want it, and when they want it. They know, now that they have read the President's message to this Congress, that his Secretary did speak to them with authority, did accurately reflect administration views of their problem and of the true solution of their problem. The President in his message urges the completion of a system of trunk lines, modern channels, "connecting Chicago, New Orleans, Kansas City, and Pittsburgh," and that work be prosecuted "on the tributaries," thus pithily and pointedly indorsing in entirety the program of his Secretary of Commerce. I make the point that in the speech and the message is reflected the mandate of the Kansas City conference. Listen to the concluding resolution there adopted:

We therefore urge on the Congress of the United States that it promptly enact legislation as will provide for and insure the earliest possible completion of all approved inland waterway projects by lump-sum appropriation.

Do we get it? "Legislation" is demanded; not mere piecemeal appropriations; "promptly enacted," not next year; "to provide for and insure completion," not simply to tend toward but "earliest possible completion of all approved inland waterway projects"; not some projects, the clamors for which must, forsooth, be stilled by measured and stinted allotments.

Let me interpret into freer English the modest expressions of these considerate constituents of ours. Do they not admonish that no longer will be tolerated the piddling, procrastinating, highly wasteful, wholly inadequate, absolutely unprecedented, un-American methods heretofore employed with respect to inland waterway development? Mr. Chairman, the humiliating truth is our constituents are completely justified by the disgraceful facts of the case. Twenty years ago I voted here for the adoption of the Ohio project from Pittsburgh to Cairo. The job was, after the manner we have pursued, entered upon at once.

For 20 years we have been pretending to be developing the Ohio River. The work is not done. On some reaches it can hardly be said to be begun. Meantime the benefits of real, practicable navigation and the proper returns on the investments in the reaches that have been completed have been denied. This is but one instance among multiplied others. I select it because, as far as I know, there has been the greatest unanimity always as to the Ohio project. And oh, the waste of millions in bank anchorage, channel control in the Mississippi, the Missouri, and other lesser streams; works left incomplete and so prey to flood waters; all because faith was neither pledged nor kept for continuous prosecutions to completion of those endeavors.

I will not enlarge upon the disgraceful record we have written. It is an awful indictment of the efficiency of popular



government. But how unprecedented, un-American have been the policy and the practice! We have deliberately done so in no other instance of public works or internal improvements. When in 1902 the Panama Canal was projected the President was authorized in the fundamental law to acquire right of way, obtain jurisdiction over an appropriate zone, and then to proceed, through designated instrumentalities, "to excavate, construct, and complete an ocean-to-ocean canal." The Congress that passed the fundamental act, contemplating that subsequent Congresses would hesitate to undo their work, left little for subsequent Congresses to do with respect to the great undertaking. Funds were amply provided in advance. To carry the work forward to completion the Secretary of the Treasury was authorized to draw from time to time on the credit of the United States. All that spelled a definite purpose—accomplishment.

But I cite an instance more recent. The national good roads program was initiated in the Sixty-second Congress. Action in the nature of a preliminary survey was then taken, but, that no delay might happen, provision was made that results of the survey should be promptly reported. The decisive step was taken in the Sixty-fourth Congress by an act authorizing the Secretary of Agriculture to proceed "to cooperate with State highway departments in the construction of roads." The authorization was not to dillydally, but to proceed, and proceed he did. In the act of that Congress appropriations were made to become available five years ahead, aggregating \$75,000,000. In an act of the Sixty-fifth Congress in 1919 the program was liberalized, and the work had been then so far expedited that further appropriations were required and were made for the years 1919, 1920, and 1921, adding to previous appropriations \$200,000,000. In the Sixty-seventh Congress in 1922 appropriations were further made—three years in advance, mark you—\$50,000,000 for the fiscal year ending June 30, 1923, \$65,000,000 for the fiscal year ending June 30, 1924, and \$75,000,000 for the fiscal year ending June 30, 1925. What was done in the Sixty-eighth Congress I have not taken the trouble to ascertain, but the work is going forward, and Congress is not holding its breath, and the American people are pleased with the progress that is being made.

In such fashion the Government in other undertakings has gone about the promotion of the general welfare. In this one class of internal improvements a different policy or utter lack of policy has prevailed. The Panama Canal was completed before we had a Director of the Budget, but the national program of articulated good roads, as I have observed, the Budget notwithstanding, is progressing admirably. Do we hear of Budget interference in that regard? There is no suggestion that the Congress abdicate in the determination of the investments to be made out of the National Treasury for good roads. Ah, Mr. Chairman, I doubt not that General Lord has the respect and confidence of every Member of this House. We delight to honor his Budget recommendations within the range of his proper functions; but, with all respect to the present occupant of that office, a director of the Budget can no more properly dictate or adjudge the investment to be made in the development of inland navigation than may the newest justice of the peace in the remotest Podunk in America. If this is not so, then for the country's sake let us abdicate and unload our responsibility. If on the other hand we will, as we ought, follow the other precedents I have cited, we shall do our duty and neither bother nor be bothered by the Budget.

Again, I ask, what are we going to do? The Secretary of Commerce, the member of the Cabinet who most appropriately should do it, has sketched plans and specifications in strict accordance with the mandates of our constituents. The President has stamped them with his definite approval. If we mean to do business at this session the two methods I have cited stand as precedents for our guidance.

The bill of the gentleman from Pennsylvania [Mr. PORTER] reflects the method employed in digging the canal. Shall we stand for that? The bill is, I understand, locked in the fond embrace of the Committee on Ways and Means. Or shall we follow the more recent precedent and make appropriations now that will be available from year to year for the periods of earliest possible completion of a definite program? If we can get action, either of these methods of procedure will serve, if only it include the immediate undertaking and carrying forward of worthy projects not yet fully approved—the Missouri, northwest from Kansas City, and the other "feeders" defined by the Secretary in his comprehensive plan—such action will meet the requirements of the situation and enable us to do our duty to those who have sent us here. Either of these plans or any other plan that amounts to a definite, prescribed program and will get somewhere, I will heartily support.

Mr. Chairman, as has been brought about in the highway building to which I have adverted, I want to see American constructive ability, energy, capital, and enterprise organized and marshaled to develop and convert our great navigable rivers into channels of commerce. To accomplish this a program must be adopted; investments must be definitely made, so that assurance will be afforded that work will go continuously and systematically forward to completion. This will not be realized unless we do something else here than quibble over the admeasurement of piecemeal, parsimonious allotments from year to year—when we know that, if we are unwilling to do more, we ought to have the courage to do less, and so quit the practice of haphazardly wasting public money.

Again, Mr. Chairman, I appeal to my colleagues of the inland West and remind them that there is crackling at the grass roots out there, that we may well incline an ear. [Applause.]

#### MESSAGE FROM THE SENATE

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 1129. An act authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department property, and authorizing the sale of certain military reservations, and for other purposes.

#### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

A message, in writing, from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries.

#### THE INTERIOR DEPARTMENT APPROPRIATION BILL

The committee resumed its session.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 25 minutes to the gentleman from Nebraska [Mr. SHALENBARGER].

Mr. SHALENBARGER. Mr. Chairman, the Nebraska delegation received this morning a telegram as follows from the governor of our State:

LINCOLN, NEBR., January 5, 1926.

Hon. A. C. SHALENBARGER,

House Office Building, Washington, D. C.:

You have been appointed a member of the Nebraska agricultural and livestock products committee called to meet at the governor's office at 4 o'clock Friday afternoon, January 8, to consider matters bearing on the welfare of agriculture in this State.

ADAM McMULLEN, Governor.

Nebraska, following in the footsteps of Iowa, is calling a state-wide conference to consider the critical condition of agriculture at this time, and this, together with the outbreak of Senator CAPPER, of Kansas, the other day against the tariff shows that rebellion against existing conditions is spreading very rapidly "out where the West begins."

Everything is serene and calm in Washington, but if we listen out yonder we will hear the rumble of the coming storm.

When the last Congress adjourned it was very evident that American agriculture was in a bad way and had failed to recover from the forced liquidation and adverse legislation that followed in the wake of the late war. Some of us pointed out that freight rates were unfair and excessive as to agriculture and demanded legislation to right that wrong. Just before the Sixty-eighth Congress adjourned it passed a resolution directing the Interstate Commerce Commission to investigate the railroad rate structure with the possibility of affording agricultural relief.

Far from securing any relief by this investigation, the railroads have promptly responded by asking that increased freight charges be allowed to those roads that most directly serve the farmer. Evidently the carriers are not concerned about a lack of farm profits. But they insist that the Interstate Commerce Commission shall permit them to increase their already swollen revenues, even though consequent bankruptcy stares the struggling farmer in the face.

Some of us had told this House, when the matter was up for consideration, that the Smith-Hoch resolution would be barren of real relief to agriculture. That the investigation would only put off the possibility of repeal or amendment of the Esch-Cummings law which has so adversely affected the prosperity of the great agricultural regions to the westward of the Allegheny Mountains.

I had hoped that the Interstate and Foreign Commerce Committee of this House, seeing the stricken state of agriculture and the failure of the railroads to respond to the spirit of the

Smith-Hoch resolution, would promptly take up railroad rate legislation as one of its major measures for action by this Congress.

But just before the holidays Secretary Hoover suddenly threw into the legislative hopper, by the hand of the Republican floor leader, a resolution to investigate the causes and effect of the high price of rubber and other articles which we import. The resolution was referred to the Committee on Interstate and Foreign Commerce and the chairman has indicated he will call it up for early consideration. There is no question but that the price of rubber is high and that British interests largely control it. But the great problem that is facing the American farmer and the one that should most concern this Congress is not the high price of rubber but the lowly state of American agriculture.

And it is not only excessive transportation costs that rob the farmer of his share of national prosperity that other lines of industry now enjoy. He is caught between the upper and the nether millstones of high tariffs and high freight rates, both when he sells and when he buys.

The President told the farmers in his Chicago speech that the tariff was beneficial to them, but the report of the research department of the National Farm Bureau Federation declared that the Fordney-McCumber Tariff Act is costing the farmers of the United States \$10 in outgo for every dollar they gain by it.

The hearings conducted by the Committee on Interstate and Foreign Commerce during the last Congress on section 15a brought out for the first time the fact that agriculture is paying more than twice its just share of the revenues that railroads receive for freight transportation, agriculture furnishing less than 9 per cent of the total volume of railroad freight traffic and paying over 18 per cent of the revenue the railroads receive for freight carried.

No wonder agriculture is staggering or prostrate under this unfair burden while other industries, and especially the carriers, continue to show increased profits, and many of them pay enormous dividends. No wonder that of the thousands of bank failures that have occurred in recent years, practically all of them have been confined to the agricultural portions of the country. It is little wonder that the bankers of Iowa summon their Congressmen posthaste to a state-wide conference, with a Macedonian cry for help. While disaster stalks grimly over the great agricultural prairies of the West, the annual statements of the presidents and managers of industrial, manufacturing, and transportation companies show greatly increased profits and dividends for the year just ended.

A recent report, given out by the Federal reserve bank at Cleveland, Ohio, states that of 63 representative industrial corporations of the United States reporting for the year 1925 their net earnings were nearly double those for the same period of the previous year, or an actual increase in net profits of 98.3 per cent. Steel manufacturers boast the biggest year in history; largest earnings ever reported by big business everywhere.

The railroads report the greatest freight traffic in history. Increased dividends, both in cash payments and stock issues, are evident on every hand. As examples, the Michigan Central Railroad Co. declares an extra dividend of  $7\frac{1}{2}$  per cent on the common stock, in addition to the regular semiannual dividend of 10 per cent. The Big Four Railway declares an increase of quarterly dividends paid.

The five northwestern railroad systems that have been asking increases in freight rates as a result of the Hoch-Smith resolution show large increases in net incomes in their reports filed with the Interstate Commerce Commission for September. The Soo heads the list with a gain in profits of 87.5 per cent over the previous period for 1924; the Great Northern, 40.7 per cent increase; the Northern Pacific, 35.5 per cent; the Chicago & North Western, 15.4 per cent; and the St. Paul, 13.3 per cent.

In the Corn Belt country the railroads have had an especially prosperous year, and they have in no wise felt the effect of the near panic and suffering that has afflicted the farmers and bankers in that region.

For instance, the Union Pacific Railroad, with \$220,000,000 of stock outstanding, shows annual net incomes as follows:

	Per cent
1921	15.02
1922	16.05
1923	16.07
1924	15.05

The Chicago, Burlington & Quincy Railroad, owning and controlling over 10,000 miles of railroads operating throughout the Corn Belt country, the same section of our Republic that is now crying out to Congress for help, shows annual net incomes as follows:

	Per cent
1921	27.05
1922	14.06
1923	14.05
1924	16.02

In 1921 the stock outstanding of the Chicago, Burlington & Quincy Railroad was increased \$60,000,000, which accounts for the lower percentages after that year.

A study of the Interstate Commerce Commission reports shows that 71 class 1 roads already reporting for 1925 show an increase in net earnings of 14.4 per cent over that earned for 1924.

Revenues for 1925 exceed those of any previous year, and the net return on a valuation of \$20,500,000,000 is 5.46 per cent.

These earnings are shown during the years when the farmers out there who pay the freight and make possible the profit of other lines of industry, including the carriers, were facing the most drastic deflation and shrinkage in value of their property that the country has ever experienced.

No matter how hard the farmer toils nor how fruitful mother earth may be to him, under present conditions the more he produces the poorer the farmer becomes. The Department of Agriculture reports the value of the farmers' grain is \$708,000,000 less for 1925 than it was for 1924. The shrinkage in the value of his total crop production for 1925 is \$447,000,000 below that for the previous year. Iowa, with a greatly increased corn crop in 1925, is thereby \$37,000,000 poorer than in 1924, and Nebraska finds the value of her farm crops worth \$62,000,000 less than in 1924, although mother nature has been good to her and given a more generous yield.

We are continually told by the President not to attempt price fixing for the farmer, no matter how sorry his plight. Let us consider how favorably the Esch-Cummins law fixed the profits of the railroads.

In August, 1920, the Interstate Commerce Commission, acting under what it considered the mandate of section 15-a of the Esch-Cummins law, advanced freight rates upon all commodities 25 to 40 per cent in designated groups of railroads. In 1922 the commission, perhaps moved by the cries of distress, and because results showed that rates were higher than business could bear, reduced freight rates horizontally 10 per cent. Trade and commerce at once revived, and in 1923 freight traffic broke all records both for volume and revenue. It is a matter of record that since the great advance in 1920 every time freight rates have been reduced both the railroads and the public have profited by it.

This advance in freight rates, the result of the passage of the Esch-Cummins law, put an additional expense upon the commerce of the country for railroad transportation of \$1,500,000,000 per annum. This money was by law given to the railroads. This statement, made in a letter from the Interstate Commerce Commission, was based on the volume of railroad traffic in 1920. The amount of excess charges above that previously paid must be far greater now, because railroad traffic has enormously increased in volume in the last five years.

This vast sum has all come out of the pockets of the producer and the consumer because the middlemen invariably pass the increased charges on to the consumer, and the farmer and other producers receive only what is left after all deductions for cost of transportation and middlemen's profits are made. In five years the public has had more than \$5,000,000,000 taken from it by the unfair provisions of the transportation act.

No wonder that the greatest producers of raw material in the Nation—the farmer and the soft-coal miner—are staggering under the load of this unfair burden. The whole principle of rate making sought to be established by the present law is unsound and unfair to the public. It is in effect a cost-plus plan for railroad operation and rate making, and seeks to make a fixed rate of income, the only fact to be considered in the fixing of railroad rates.

No matter how much money the railroads may spend in operation costs, they are allowed rates that will afford an agreed income. There is no efficient supervision of investments, expenditure, operation, or economy. Members of the Interstate Commerce Commission admit it has neither the machinery nor the means to supervise the efficiency, the economy, and the honesty of the operation of the railroads. Therefore, extravagance in expenditures and waste in management can run riot and still the carriers' agreed rate of return must be paid to them.

A comparison of the gross earnings and net returns for years past show differences that have never been satisfactorily explained. Example: Gross revenues for 1925 were six billion one hundred and seventy-five million, with a net return of 5.46 per cent. Gross revenues for 1920, the year of the great advance in freight rates, were six billion three hundred



and ten million, a greater income than for 1925, but the railroad reports show a net return of only .06 per cent.

In 1916, with a gross income of only three billion six hundred and ninety-one million, the railroads made a showing of a net return of 5.67 per cent—the largest in 10 years.

The tremendous shrinkage in net earnings for 1920 is brought about by the fact that the railroads reported an increase in their operating expense for that year of one billion four hundred million dollars in excess of preceding years. After they were granted an enormous increase in freight rates they reduced their item for operating expenses by a billion dollars in succeeding years. There must be something rotten in Washington as well as in Denmark.

Attempts are made to defend the enormous advances in rates granted in 1920 by claiming that the Interstate Commerce Commission, under the recapture clause of the transportation act, was to be paid part of the excess charges for the purpose of maintaining an adequate transportation system for the Nation.

The Supreme Court said in effect that the provisions of 15A are justified because of the recapture clause—that it is the "key provision." But the fact is now disclosed that the Interstate Commerce Commission has never used a dollar paid into it under the provisions of the recapture clause to aid any weak or struggling railroad. The principle is unconstitutional and is now shown to be a fraud and a sham. It is now evident that section 15A and the recapture provision are only a pretense and an excuse for taxing the people unfairly in the interests of the railroads that carry the vast majority of the traffic of the country.

The Wall Street Journal states the situation very clearly when it says:

The progress of the valuation movement has already been such that the carriers are likely to be protected for years to come in the rate level they are now working under, with practical immunity from application of the recapture clause until net revenues are substantially greater than they are on any but half a dozen unimportant roads.

Earnings produced by basing Western rates in part on the operating costs and the right to an investment return of the Chicago & Great Western swell the income of the Burlington and other more effective competitors.

Weber and Field, the famous comedians, used to crack a joke upon the practices of corporations. One would ask, "What is a corporation, anyhow?" And the other would reply, "A corporation is simply an excuse for not paying your bills." The recapture clause in the transportation act has been an excuse for both taking and keeping enormous earnings from the pockets of the people which the courts would not otherwise have permitted to have been taken from them. It has never served any useful purpose in assisting so-called weaker railroads.

The claim that railroad rates must be high enough to enable the carriers to earn 6 per cent interest, either as a whole or in groups, which is an entirely new principle of law written into the Esch-Cummins Act, has enabled certain roads in different groups to fatten themselves upon excessive freight rates while agriculture, which furnished the great volume of their traffic, continues to starve.

Example: In 1921 deflation and consequent bankruptcy prevailed throughout the agricultural regions of the Central West. That was the year the farmer could not pay his taxes nor discharge his debts. He was afraid to meet his banker because he could not pay the notes he owed him, and the banker was afraid to meet the farmer for fear he might ask for his deposit or to borrow more money.

Let in that desperate time for the farmer and the banker of the Middle West section 15A, working together with the recapture clause of the Esch-Cummins law and its cost-plus plan of railroad rate making, enabled the railroads that served that sorely stricken country to pile up enormous earnings. With teamwork between section 15A and the recapture clause it does not matter to the railroad managers whether the Iowa or Nebraska farmer receives 25 cents or \$1 a bushel for his corn. The railroad rates for moving that corn to market are the same. Corn and wheat may go up or down in price, the farmer and banker can sink or swim, the Esch-Cummins law provides a rule that guarantees that railroad rates shall be always steady and always profitable.

Example: The Chicago, Burlington & Quincy Railroad Co. owns and controls more than 10,000 miles of well-managed and efficiently operated railroad lines. It serves about the best farming country in America. A study of its reports show the excessive earning power of section 15A and the recapture clause—which, by the way, has never recaptured a cent from the Chicago, Burlington & Quincy Railroad.

In 1921, the year when hundreds of thousands of farmers in the West were broke or going broke, when they could not pay their taxes nor meet their debts at the bank, the Chicago, Burlington & Quincy Railroad Co. declared a dividend of \$104,000,000 upon the one hundred and ten millions of the outstanding stock of that system. Forty-four millions of this dividend was in cash and sixty millions was in stock. And that stock was worth not \$100 per share, as printed upon its face, but actually worth \$150 upon the open market; so that, in fact, the dividend was more than the entire value of all the stock issued to build that great railroad system.

This enormous dividend was made possible from profits paid to the corporation by those who used its transportation service. Before the railroad commission permitted the stock of the Chicago, Burlington & Quincy Railroad Co. to be increased in amount that railroad showed annual earnings of over 25 per cent; or, in other words, in every four years the people whom the road served paid it for transportation the entire cost of the outstanding stock of the system.

It is of little use to try to aid the farmer with schemes for wider markets abroad or cooperative selling at home if we permit any possible benefits to be taken from him by excessive transportation charges to those markets and by tariff taxes on the things he must buy in return.

Agricultural production in America is sufficient in volume. The ultimate consumer is paying a price that should leave the producer a living profit if transportation charges and middlemen's profits did not take so large a toll. We of the West in former years suffered from hot winds that an unkindly summer sent us. But to-day American agricultural prosperity is dried up at the source by the withering drought of the Fordney tariff bill and the Esch-Cummins railroad law. [Applause.]

Under the leave to extend my remarks I append the following:

#### INTERSTATE COMMERCE COMMISSION,

#### BUREAU OF STATISTICS,

Washington.

#### Chicago, Burlington & Quincy Railroad Co., net earnings and dividends, 1918-1924

Year	Net railway operating income	Net income	Capital stock	Dividend
1918.....	\$22,430,375	\$22,792,500	\$110,839,100	\$8,867,128
1919.....	22,530,855	23,542,471	110,839,100	8,867,128
1920.....	5,369,150	22,924,364	110,839,100	8,867,128
1921.....	29,145,007	25,009,973	170,836,900	104,925,917
1922.....	25,152,174	20,261,488	170,837,000	17,083,700
1923.....	25,855,567	19,290,529	170,837,400	17,083,735
1924.....	28,742,112	21,599,829	170,837,800	17,083,765

<sup>1</sup> Paid in quarterly dividends of \$2,216,782.

<sup>2</sup> Includes one cash dividend of \$2,216,782 and a stock dividend of \$60,000,000 on par value of \$110,839,100, a cash dividend of \$8,541,755 on par value of \$170,835,100, and a cash dividend of \$8,541,845 (regular) and of \$25,625,535 (extra) on par value of \$170,836,900.

<sup>3</sup> Paid in semiannual dividends of \$8,541,850.

<sup>4</sup> Includes \$8,541,865 on par value of \$170,837,300, and \$8,541,870 on par value of \$170,837,400.

<sup>5</sup> Includes \$8,541,875 on par value of \$170,837,500 and \$8,541,890 on par value of \$170,837,800.

#### Union Pacific Railroad Co. net earnings, 1918-1924

Year	Net railway operating income	Net income
1918.....	\$33,223,688	\$29,426,775
1919.....	30,767,308	32,628,808
1920.....	28,774,551	36,936,938
1921.....	28,351,910	34,307,525
1922.....	26,621,319	36,587,340
1923.....	28,844,299	37,758,341
1924.....	27,552,006	35,914,916

GRAIN CROP VALUES DROP \$708,000,000—FEDERAL REPORT SHOWS CORN VALUED AT \$764,238,000 LESS THAN IN 1924

(By the Associated Press)

Despite larger yields, the gross value of last year's grain crops in the United States decreased \$708,000,000, as compared with the previous year.

Department of Agriculture figures made public yesterday gave \$3,810,713,000 as the value for the grain crops, and showed a large deficit in the price of the corn crop, which was placed at \$1,956,326,000, as compared with \$2,270,564,000 in 1924. The total value of all crops was given as \$9,615,488,000, exclusive of nursery and greenhouse products and forest products of the farm. This represented a shrinkage of \$447,000,000 under the 1924 figures.



Texas led in the value of all crops, the total for that State being \$799,330,000, based on December 1 prices. Iowa's crops were the second most valuable, being priced at \$477,004,000, while California was third, with \$469,359,000.

#### NEBRASKA 1925 CROP VALUES

Nebraska crop values are \$62,000,000 below last year, according to preliminary estimates of the State and Federal Division of Agricultural Statistics. A short wheat crop and lower corn price accounts for this. The situation should improve with increased feeding operations.

Preliminary figures on 1925 crops based on December prices give a total value of \$297,000,000, as compared to \$359,000,000 for the same crop a year ago. This is a decrease of \$62,000,000 in crop values.

Lower prices of all grain crops except wheat accounts for the slump in total values. The average price of corn is 60 cents, against 91 cents a year ago. In spite of the larger production the total value dropped from \$185,000,000 to \$139,000,000. Wheat dropped from \$70,000,000 to \$47,000,000, due to the short crop. Oats slumped \$5,000,000.

Hay crops, although below last year in production, are worth more. Tame hay is valued at \$40,000,000, against \$35,000,000 last year. Wild hay is worth \$17,000,000, against \$15,000,000 last year. Potatoes are valued at \$12,000,000, against \$5,000,000 last year.

Sugar beets will bring about the same unless present prices are advanced.

Since 75 per cent of the wheat is sold, there is not much chance to realize on a possible higher price. The possibility of higher cash corn prices will depend upon the future status of feeding operations which to date have fallen below last year.

The most encouraging factor in the Nebraska situation is that the bulk of the corn and hay is marketed through the livestock route. So far, crops fed to livestock are bringing much better returns than those sold as cash crops. Greater activity in feeding operations will advance corn prices. While this will reduce the margin of profit for feeders, the general situation will improve with a moderate increase in feeding livestock.

#### A CAMPAIGN SLOGAN

Boundless prosperity in the East; bankruptcies, frozen credits, and closed banks in the West and Middle West.—Omaha Bee.

It might almost be made into a slogan for the coming congressional campaign. Nels Urdike's candidates for Congress might shout, for example:

"Peace in the East; war in the West—thank God for Coolidge!"  
Or what have you?

Mr. CARTER of Oklahoma. Mr. Chairman, I yield one minute to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by printing therein an editorial and a news item from the Baltimore Sun on the Army and Navy football game.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. BLACK of Texas. Mr. Chairman, reserving the right to object—and I do not intend to object—I do not think the CONGRESSIONAL RECORD ought to be used for reprinting editorials from any newspaper.

Mr. CHINDBLOM. Mr. Chairman, reserving the right to object, does this relate to the question of where the next football game is going to be?

Mr. LINTHICUM. It relates to that question, not as to where it is to be held, but it is a statement issued by the Maryland Members of this House that it ought not to be interfered with by any politics or any combination of Members or any other influence.

Mr. CHINDBLOM. I appeal to the gentleman not to insert this at this time. We are trying to get that game to Chicago, and if we are going to begin by putting things of that kind into the RECORD with reference to the game—

Mr. MAPES. Mr. Chairman, I object.

Mr. LINTHICUM. Mr. Chairman, as I understand it, this is general debate, and if I can not get it in this way I have a right to ask time and read it into the RECORD.

The CHAIRMAN. That question will be decided when it arises.

Mr. TREADWAY. Mr. Chairman, it is my purpose to approach consideration of Alaska and existing conditions there from three angles:

First. Its attractions to the tourist.

Second. Its commercial activities and possibilities.

Third. The Government's position.

It was my pleasure to make a most delightful visit to the Territory during the past summer. It has many attractions

to the tourist. The delightful inland voyage, consuming a week's time, between Seattle and Seward is as pleasant a trip as one can find at sea. The scenery enroute is charming—rugged hills, snowcapped peaks, and, above all, the near approach to one of the great wonders of nature, the Columbia Glacier. The scenery throughout Alaska is most picturesque. One need not visit Norway to see the midnight sun. I shall always remember the peculiar delight of a beautiful sunset at Cordova at midnight.

The trip from Seward to Fairbanks of 500 miles over the Alaska Railroad is also well worth while—impressive scenery and a vast wilderness.

An automobile ride of over 300 miles from Fairbanks to Chitina, while very strenuous, is worth taking once, with emphasis on the "once."

Nothing can be more novel than the ride on a flivver on rails of 115 miles down the Copper River to Cordova.

Altogether, Alaska is a most delightful place for the tourist. However, he can not be a means of support to the Territory, as there are only very limited accommodations, and the time during which tourists can visit the country is brief.

There are also serious drawbacks, principally the continuous rain and the worst mosquitoes the world knows, even thriving best beside the glaciers.

A brief reference now to the commercial possibilities of Alaska. The lure of gold gave Alaska its great publicity. Thousands rushed there during 1898 and 1899 thinking it would prove the Eldorado of the world. But few succeeded and bore the hardships of the prospector. His day has gone by. There are at present certain prosperous mining enterprises managed by such great companies as the United States Smelters and the owners of the Kennecott mines.

The other commercial industry of Alaska that is worth while is the fisheries. This is being carried on very successfully, although the employment is temporary and people are brought from the Pacific coast during the active season. It therefore can not be said that it offers any possibility of development of population. I commend most highly the Government supervision of the fisheries and the present law, known as the White Act, in honor of its author, Congressman WHITE of Maine.

Naturally there are great opportunities for securing fur, at which the trappers and traders do very well.

Other industries can not, to my mind, be successfully carried on under existing conditions.

To consider Alaska as an agricultural region is ridiculous. The southeast corner has some productive land, but anyone going to Alaska to farm would never be obliged to find a market for surplus crops.

With the exception of one development now under way, practically all of these lines of occupation are carried on along the coast or by transportation lines owned by the companies. So none of the great expenditures of the Government can be charged against them.

We hear a great deal about Alaska coal. Let me give you an illustration concerning it. I happened to be standing on the wharf at Cordova. There were three freight cars loaded with bagged coal on the track. On inquiry I found this was coal shipped from British Columbia in Canadian vessels to be used at our Government radio station, about 5 miles from Cordova. If the coal of Alaska can be commercially mined and is of good quality, will some Member kindly inform me why the Government itself should purchase foreign coal and bring it into Alaska for its own use?

The third item is the one wherein Congress is naturally interested. I do not hesitate to say that altogether too much money is being spent by the Federal Government in Alaska. There are about 20,000 white people there, and for this number we are expending \$11,000,000 annually.

In the bill before us there are several items for Alaskan appropriations, the largest one the deficit for the support of the Alaska Railroad. The construction of the road originally was a stupendous mistake. I question the value of its maintenance. It runs 500 miles between Seward and Fairbanks, both towns of about 2,000 inhabitants. There is a railroad town en route called Anchorage, another settlement having an excellent Government hotel named after our distinguished colleague, Mr. CURRY, of California.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SUMMERS of Washington. Mr. Chairman, do I understand the gentleman to say that he thinks the purchase of Alaska by the United States was a mistake?

Mr. TREADWAY. Oh, no; but the building of this railroad was a tremendous mistake.



Mr. SUMMERS of Washington. But before discussing the question of the railroad, I thought there was some reference in the gentleman's remarks to 20,000 people in Alaska and the amount of money that was being expended by the Government for their benefit, the inference being that Alaska was an unprofitable investment.

Mr. TREADWAY. I am very glad the gentleman interrupted me, if that is the inference that he obtained. I had no intention of saying that our ownership of Alaska was not a good proposition. What I did say was that we are expending there annually \$11,000,000 and that there are 20,000 white people for whom it is being expended. That is the annual cost to the Government of the upkeep of Alaska. Alaska cost us, as the gentleman well knows, \$7,200,000 in 1867, and was purchased through Secretary Seward. I am not questioning the merits of that original expenditure at all.

Mr. SUMMERS of Washington. The gentleman enumerates all of these disadvantages and not very many redeeming advantages, and the inference would naturally be from the gentleman's address, I thought, that we had made a bad purchase after all.

Mr. TREADWAY. No; I do not think so. I think Alaska is well worth what it cost us to purchase originally. It is well worth its retention because of its strategic position and the value of it to the Government in that respect. What I am criticizing are the business methods or the lack of business methods in carrying on the Government in Alaska. Do I make myself clear to my colleague?

Mr. SUMMERS of Washington. Yes.

Mr. KINDRED. Mr. Chairman, before the gentleman resumes the thread of his remarks, may I ask one question from a medical standpoint. The gentleman has referred to the large mosquitoes in Alaska.

Mr. TREADWAY. Yes.

Mr. KINDRED. May I ask the gentleman if the female of the anopheles variety, which produces malaria, is among those enormously big mosquitoes?

Mr. TREADWAY. Well, I do not know as to the malarial-breeding qualities. I can only testify myself positively as to the mighty disagreeable features of their continual presence. One can not stop anywhere for five minutes in Alaska before these hordes of enormous long-legged and long-billed fellows are active. I never saw anything in the world like it in the mosquito line. As I say, you can not stop for five minutes in Alaska without these swarms of insects bearing down on you and surrounding you. You are obliged to wear some protective headgear in order to have any kind of comfort. The strange thing about it is that they thrive so well just next to icebergs and glaciers.

Mr. KINDRED. If one escapes the anopheles, or female variety, he is fortunate.

Mr. TREADWAY. They are very large and bad there, but I do not think they are quite as large as the gentleman's medical phraseology, if I may so describe his language. [Laughter.]

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Certainly.

Mr. ROBSION of Kentucky. As I understand the gentleman's statement, there are 20,000 white people up there, at an expense of \$11,000,000. If the whole Nation spent in proportion, it would be \$66,000,000,000.

Mr. TREADWAY. Yes. I have that very comparison to make.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. RANKIN. The truth of the business is that the only census we have to go by is the census of 1920. That census gives a population of 27,000 white people and approximately 27,000 Indians, making in all 54,000.

Mr. TREADWAY. No; I said white people, and I think if the gentleman will consult the latest authorities he will find that I am correct. I am not questioning the official census. It is a difficult thing to make a census of Alaska. But I think if the gentleman will consult the authorities of the Interior Department he will find that my statement of 20,000 white people at the present time will be confirmed.

Mr. RANKIN. Is it not a fact that the Government's policy of driving the citizens of Alaska from the fishing grounds by granting exclusive rights to the cannery is the cause of the falling off in the white population in the Territory?

Mr. TREADWAY. No; I can not agree with the gentleman at all in that conclusion.

Mr. RANKIN. I think that is correct.

Mr. TREADWAY. That may be; but the gentleman and I differ in our opinion of the matter.

Mr. TAYLOR of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. TAYLOR of Colorado. I understood you to answer the question of the gentleman from Washington [Mr. SUMMERS] by saying that you do not look upon the purchase of Alaska as a bad purchase, but you were questioning the administration of it?

Mr. TREADWAY. Yes. That is my idea.

Mr. TAYLOR of Colorado. Has the gentleman made some suggestions as to how we could change it?

Mr. TREADWAY. Yes. I thank the gentleman.

Mr. TAYLOR of Colorado. Another suggestion: The Secretary of the Interior, as I understand it, in his report states that if we abandon the railroad we are abandoning Alaska, and it is a question as to whether or not we want to abandon Alaska, not a question of abandoning the railroad. Do you take that matter up?

Mr. TREADWAY. Yes. Let me touch on that just a moment. The railroad runs, as the gentleman well knows, from Seward to Fairbanks, 500 miles north, practically in the wilderness. The commercial value of Alaska, to my mind, is entirely on the seacoast. The only material benefit that I can see in the present continuation of the railroad over 500 miles is the possibility of coal development—which I do not think is probable under the conditions as I see them there—and the development of the use of the timberlands. There is no large timber there. The only chance in that section of using the timber is for wood pulp, and until our conservation laws are changed and until there ceases to be opportunity to get wood pulp at a more convenient market I do not think there will be any material development along that line.

I will say this to the gentleman from Colorado, that I can not see the great future in Alaska that we continually hear of, for which we must continue this expenditure of millions of dollars. Perhaps my vision is defective.

Mr. SUMMERS of Washington. Have you any idea of the values?

Mr. TREADWAY. I have the figures. They are obtainable, of course. They are on record. No doubt our friend sitting over there, the Delegate from Alaska [Mr. SUTHERLAND], can supply the gentleman. I have seen pamphlets, some of which I have in my office, showing the entire values. They are very large.

Mr. SUMMERS of Washington. If the gentleman is considering the Alaskan expenditures and measuring them by the population, should not the picture be able to show also the production?

Mr. TREADWAY. I do not question the expenditure of money where that production comes from. As I have already stated, it is along the coast. The greatest expenditure of governmental money in Alaska is in the interior, where even these 20,000 white people do not live. They live in Seward, Ketchikan, Juneau, and elsewhere along the coast. The gentleman can ask my friend, the Delegate from Alaska, what proportion of the population of Alaska is off the seashore.

Mr. SUMMERS of Washington. We have expended large sums of money for the Panama Canal, but not many people live there.

Mr. TREADWAY. Oh, that is not comparable with the expenditures for the upkeep of Alaska. In fact, I would say to my friend that if I am not in error the Panama Canal is to-day supporting itself. It is more than self-supporting. Alaska is not, and will never be.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I am always glad to yield to my friend.

Mr. RANKIN. The wealth taken out of Alaska is largely, as the gentleman says, taken along the seacoast. The fisheries yield \$40,000,000 a year, or about that amount, but the Government does not get any of that except through the income tax paid by the cannery.

Mr. TREADWAY. Yes. When we are told of the enormous sums taken out of Alaska we should remember that they are for private benefit, not for the benefit of the Government.

Companies that are carrying on the fisheries and companies that are carrying on mining are getting that large return and not the United States Government. In other words, we are subsidizing those companies.

Mr. RANKIN. I think so; but does not the gentleman think that if we would reverse our policy with reference to the fisheries of Alaska and use them for the benefit of the people who want to go there and live, as they do in British Columbia and in other fishing countries, we would have a larger population in Alaska and at the same time derive more revenue?

Mr. TREADWAY. I think there is something worth while in the gentleman's suggestion. However, to my mind, you will have a great deal of trouble in finding people who are willing to go to Alaska to reside. For instance, I have spoken of the midnight sun. It is a very delightful experience to be there with no such thing as darkness. It is a very remarkable experience to have daylight for 24 hours; but we must remember that at this time of the year it is 24 hours of night, and who wants that sort of a place to live in?

Mr. RANKIN. I will say to the gentleman that I covered practically the same ground he covered, and I found that the people who are in Alaska now want to live there; they want to make their homes there and rear their families there.

Mr. TREADWAY. They are welcome to my chance.

Mr. RANKIN. But they are driven from the fishing grounds by these cannerymen that now control fish production.

Mr. TREADWAY. That, I think, would lead us into a line of discussion on which I do not care to enter.

Mr. RANKIN. I will say to the gentleman that I think that is the most important question with reference to Alaska, and one which this House ought to take up, study, thrash out, and settle definitely, because on it depends the future of the Territory.

Mr. TREADWAY. All I care to say with reference to the fisheries matter is this: That the recent legislation which bears the name of our colleague from Maine [Mr. WHITE], to which I have just referred, is controlling the present fishery system, as far as I can see, very thoroughly.

The laws to-day, so far as the continuation in the future of the fishing industry is concerned, are good. They are intended to prevent extermination of the industry, but as to the merits of who may or may not catch the fish for canning, I do not care to discuss at this time.

Mr. RANKIN. I understood the gentleman to say that they import their labor from California.

Mr. TREADWAY. They have to do that because there is nobody else there to do it.

Mr. RANKIN. But it seems to me that if the policy were reversed with reference to the fishing industry, they would have people there the same as they have them in British Columbia and other fishing territories.

Mr. TREADWAY. Well, my friend, perhaps, has a vision of Alaska which I have not.

Mr. SUTHERLAND. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SUTHERLAND. Would not the gentleman from Massachusetts say that the question as to who has that opportunity is the all-important question on fisheries?

Mr. TREADWAY. Would I say that?

Mr. SUTHERLAND. Yes.

Mr. TREADWAY. I must confess that as an ordinary tourist I was not exploring those fundamental questions. I saw the fisheries in operation, and I saw the practical effect of the White Act. I would be very glad, if time permitted, to describe the operations, but as far as the fundamental question is concerned, I prefer not to discuss it because I confess I do not believe I have sufficient information to do so.

Mr. SUTHERLAND. Is not the question of the opportunity all that is involved in the controversy in Alaska?

The courts of the United States hold, and the Supreme Court holds, that the question of opportunity is the all-important question in connection with the conservation of fish; that the right of the individual is more important than the fish supply itself.

Mr. TREADWAY. I have no doubt that the information which the Delegate gives us is accurate, because he has an opportunity to know those things very much better than I have.

Next to the extravagance of the upkeep of the railroad is the construction of roads and trails. I drove three days over the Richardson Highway seeing at least 250 men at work with the very best of road machinery, expending Government money without an inhabitant to use the road. There are not 100 people living on the Richardson Highway.

What would the road-construction people of our States say if we wanted to carry on a highway-construction system, either in New England, New York, Texas, or any of the rest of our great country and could not show over 100 people living along the line to use that road of over 300 miles in length? Think of the absurdity of it and think of the waste of Government money.

Out of the 20,000 white population of the Territory, 3,000 of them are on the Government pay roll and 3,000 more clamoring to get on.

The difficulty with the government of Alaska is that it is handled by nine different executive departments here in Wash-

ington. It is the worst example of paternalism in government I have ever seen.

There is nothing equal to the paternalism of Alaska, and I am surprised that those hardy men up there want to feel that all they need is a little paltry salary from the Federal Government here.

Mr. RANKIN. If the gentleman will yield, how many of those employees did the gentleman find accredited to Alaska lived in the District of Columbia?

Mr. TREADWAY. I have not had that point in mind, but there are a good many salaried people here, I realize. My statement is that of the 20,000 whites living in Alaska, 3,000 of them living there are on the Government pay roll.

Mr. RANKIN. It has been some time since I investigated it, I will say to the gentleman, but it has been charged that the heavy end of the Alaskan pay roll is in the District of Columbia.

Mr. TREADWAY. I do not think that is borne out by the facts.

Mr. RANKIN. And they are employees of various bureaus that are probably hampering the Territory instead of helping it.

Mr. TREADWAY. I had the pleasure of meeting groups of men in different towns that I visited—they call them cities by courtesy, but they are not cities, only small towns or villages. They are a very hospitable set of people and delightful to meet. If you go into a group of 20 men in any town in Alaska, 19 of them, I will guarantee, are on the Government pay roll in some capacity or other. I do not think that is good government.

The use of the Alaska Railroad should be very materially curtailed, trail construction and road building out of the towns should be stopped, Government positions vacated, and the whole management of the Territory placed under the Interior Department with the governor directly in charge of all governmental affairs, supervised by the Secretary of the Interior.

The gentleman from Colorado [Mr. TAYLOR] asked me what I thought was a partial cure of this situation, and here it is: Get your Government functions centered in one responsible head and not have nine divisions up there for 20,000 people, but have one governmental agency responsible to the Federal Government for the conduct of Alaskan affairs.

Mr. TAYLOR of Colorado. Is not that very largely the solution of this matter; that is, the Alaskan problem?

Mr. TREADWAY. It is my thought about it, I would say to the gentleman.

Mr. TAYLOR of Colorado. There are some 36 bureaus, more or less, operating in Alaska, and nobody can accomplish anything with all this labyrinth of bureaucracy up there. If we could wipe out all of that meddling in everything by all the departments of the Government, as the gentleman says, and put the entire management and control of everything in Alaska all under one bureau of the Department of the Interior we would at least have some system to begin with, some head and some direct responsibility and some coordination and much more economy and less waste, would we not?

Mr. TREADWAY. That is one reason why I asked to appear before the gentleman's committee, as he will recall. I said to the Subcommittee on the Interior Department bill of the Appropriations Committee, when the bill was before that committee being written up by the gentleman from Colorado [Mr. TAYLOR] and his colleagues, under the chairman, Mr. CRAMTON, "you can not lay your hand on this thing." I have asked permission to appear before various subcommittees of the Committee on Appropriations. Your subcommittee handles the railroad. The War Department subcommittee handles these trails and highways and the Post Office Department handles the star routes, and so it goes. You can not lay your hand on the actual governmental function, and therefore I say you have got to start at the foundation and rewrite your organic act.

Mr. TAYLOR of Colorado. But in the meantime our Committee on Appropriations has no authority to do anything except to appropriate the money.

Mr. TREADWAY. One reason I asked for this time was to call the attention of the House to that very situation. You are obliged to follow this routine procedure in making these appropriations because there is the law. Somebody has got to undertake this job of getting at the bottom of conditions in Alaska and rewriting the organic act.

Mr. TAYLOR of Colorado. And that is a matter of legislation.

Mr. TREADWAY. Absolutely a matter of legislation.

Mr. TAYLOR of Colorado. I think it would be well if the gentleman would refer to the illustration which he and I discussed along this line before our subcommittee. Namely: "Suppose the Pennsylvania Railroad to-day owned everything



in Alaska, all property and rights of every kind belonged to that one corporation, the question is, What would they do with it? We agreed that the first thing they would do would be to coordinate and systematize it all, and put it under one management.

Mr. TREADWAY. My first suggestion was that they never would have built it.

Mr. TAYLOR of Colorado. Probably not, but that has gone by now. That is water that has gone over the wheel. Congress has built that railroad, as we then believed, for the opening up and for the welfare of Alaska. It is not now a theory but a condition that confronts us, and the question is what to do with Alaska. Every patriotic American is interested in that. I am absolutely not in favor of abandoning that country, under any circumstances.

Mr. TREADWAY. No; and I am not either.

Mr. TAYLOR of Colorado. The question is what shall we do with it, what is the best and most businesslike thing for Congress to do now under present conditions; and I would be glad if the gentleman would tell this House what his ideas are about that, because we all appreciate his judgment.

Mr. TREADWAY. My time is very nearly exhausted, and I shall have to ask for additional time, I am afraid.

Mr. TAYLOR of Colorado. I will be pleased to grant the gentleman 10 minutes additional.

Mr. TREADWAY. I thank the gentleman and appreciate his courtesy. The gentleman from Colorado [Mr. TAYLOR] kindly asked me what I would consider to be the best way of handling the railroad situation. That question came up in his subcommittee.

It is a hard question to answer because, as the gentleman from Colorado [Mr. TAYLOR] so well said, the fact that we made a mistake is well admitted by practically everybody in ever having built the railroad where we did; but it is there. There is very little obligation, as I see it, for its maintenance. There is a slight business obligation in possibly running out to Fairbanks that ought not to be overlooked in the final adjustment of the railroad problem. On the other hand, for the amount of traffic that my vision can see coming from that 500 miles of wilderness, there is no occasion for an appropriation of \$1,750,000 annually from the Federal Treasury for the support of the road purely as a deficiency in trying to keep it running 365 days in the year. I stated before the subcommittee, as the gentleman will remember, that part of that was on glacial formation. The manager of the road was at the hearing and took exception to my saying that it was on glacial formation, but he did admit, as the gentleman will recall, that it was where the snow slides would fall down and be of such tremendous weight as to carry the road out. There is also a great deal of wooden construction over brooks and streams there which is gradually being replaced. A storm or flood is liable to come down there any time and sweep a great deal away. It may be worth while for the Government to keep up that sort of thing, but this very gentleman, Mr. Noel W. Smith, loaned to our Government by the Pennsylvania Railroad, a very practical railroad man—

The CHAIRMAN (Mr. ARENTZ). The time of the gentleman from Massachusetts has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield the gentleman 10 minutes additional.

Mr. TREADWAY. Mr. Smith, a very practical man, told me that his problem there was not to meet expenses, but to see how much he could reduce the losses. That is not a very inviting situation for the Government to feel that all we can possibly expect to do is to reduce losses. I must say also that if we are to maintain that road I hope Mr. Smith will be the man to conduct it, because he is certainly a practical railroad man and is interested in the road. On the other hand, he is such a practical man that he knows there is sure to be a deficiency there, and the illustration of the Pennsylvania Railroad comes back again. What would become of either the president or the directors of the Pennsylvania Railroad if at any time they should ever have suggested to their stockholders that the Pennsylvania Railroad construct a line of railroad of 500 miles in length between two towns of 2,000 population with practically nothing between terminals?

Mr. MOORE of Virginia. May I ask the gentleman a question?

Mr. TREADWAY. It is perfectly apparent that those gentlemen would have been relieved of their positions by the stockholders.

Mr. MOORE of Virginia. I have been very much interested in the gentleman's able speech, and I would like to ask the gentleman whether, so far as he knows, anyone has undertaken to make a draft modifying the present act so that the evils which the gentleman discusses may be obviated?

Mr. TREADWAY. I am about to come to that point in reference to the President's recommendations to Congress in his message of a few weeks ago.

Mr. MOORE of Virginia. The question is who is going to do it?

Mr. TREADWAY. The Committee on Territories.

Mr. MOORE of Virginia. We can make speeches here indefinitely—

Mr. TREADWAY. That is true.

Mr. MOORE of Virginia. But matters of importance will not be taken care of in that way.

Mr. TREADWAY. I agree with the gentleman, and that is right in line with the position of the gentleman from Colorado. At the present time we are in routine, but my purpose in calling the matter to the attention of the House is in the hope that it might reach the ears of those who are in power to suggest and offer remedial legislation.

Mr. BYRNS. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BYRNS. I voted against the building of the road.

Mr. TREADWAY. So did I, and am glad I did.

Mr. BYRNS. But the Government has invested there about \$60,000,000.

Mr. TREADWAY. Yes.

Mr. BYRNS. The gentleman speaks of the losses, and I think it very clear to anyone who has thought about the matter and is in position to know that it never will be a profitable enterprise; but in view of the fact that so much money has been spent does the gentleman advocate abandoning it wholly?

Mr. TREADWAY. No; I have already said I would not advocate the abandonment of it completely. But I am enough of a Yankee, having been born and bred in New England, to hate to throw a good dollar after a bad one.

Mr. BYRNS. I thoroughly agree with the gentleman; but there has been quite a number of changes made in the management of the road, and they have never been able to make it pay.

Mr. TREADWAY. And they never will; they do not claim that they can. I ask the gentleman this question: We have expended \$60,000,000 in construction; does he think that we should continue to sink money at the rate of a million and a half dollars every year in order to get some use out of the \$60,000,000 that we have lost? Let me say to the gentleman that that loss is based on the actual running expenses, and not a dollar against the interest that we have also lost.

Mr. BYRNS. I see the force of the gentleman's argument. We have spent an immense sum of money there; and in view of the claim being made that it is of value to develop the country there even though it is operated at a loss of several hundred thousand dollars a year, does he not think we should have a railroad?

Mr. TREADWAY. Yes; but, as I say, I am opposed to sending a good dollar after a bad one.

Mr. RANKIN. Will the gentleman yield?

Mr. TREADWAY. Certainly.

Mr. RANKIN. I will say to the gentleman that I am a member of the Committee on Territories and voted against the last \$7,000,000 appropriation to finish the road. I have realized for years just what the gentleman is talking about now. But what does the gentleman think about the proposition of transforming the rolling stock of the road and using a small motor-driven car to relieve the Government of the burden of running heavy freight and passenger trains?

Mr. TREADWAY. I think the gentleman's suggestion is an excellent one. If there is any way to reduce the cost of the operating expenses we ought to do it.

Mr. RANKIN. I suppose the gentleman does not advocate tearing the track up?

Mr. TREADWAY. No. I had a talk with Mr. Smith in regard to the upkeep of the road in the winter. It entails great expense to keep the track open in the wintertime, but he said that they must keep their personnel up, and the only way to do it was by annual employment. I think a great saving can be made with less use of the road in the winter than in the summer. If there is any way of operating the road in such a way as to save expense, I think we should do it. I think the matter of gasoline-driven motor cars is worthy of consideration.

Mr. RANKIN. Running automobiles over the track with flanged wheels?

Mr. TREADWAY. Yes; I know; I had a ride in one on another road.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. TREADWAY. I will.

Mr. SUMMERS of Washington. I am not acquainted, outside of the Delegate to Alaska, with five people in Alaska.

I am not fully acquainted with the conditions there, but I have no doubt there has been more or less losses, but I understood the gentleman from Massachusetts to say that when he found a village containing 20 people, 19 of them were on the pay roll.

Mr. TREADWAY. I said a group of 20 men. I think perhaps I may have exaggerated a little, but it is not an unfair proportion.

Mr. SUMMERS of Washington. The gentleman is making an address meant to be an educational talk for the benefit of the United States on which legislation may be founded, and I thought possibly in the interest of accuracy the gentleman might want to modify his statement.

Mr. TREADWAY. I will be glad to explain what I intended to say. Perhaps what I did say was a slight exaggeration, but this is the fact: I was courteously received by the citizens everywhere and was asked in one evening among a group of men who were chatting in a clubroom where there were 20 or 25. Here was the judge, and there was the city marshal, and here the district attorney, and there the fishing man, here the mining man, and so on, so I do not think my statement was overstated. I am also quite confident the men not on Uncle Sam's pay roll were anxious to take the places of those already there.

I did say this to them, that outside of the city of Washington in all my experience I never had seen so many Government officials as were in the Territory of Alaska.

Mr. SUMMERS of Washington. No doubt it was a very distinguished gathering in honor of the gentleman from Massachusetts. [Laughter.]

Mr. TREADWAY. Well, it was a very pleasant one at least.

We have little conception of the vastness of Alaska. It is 12 times as large as the State of New York. It is as large as our whole country east of the Mississippi and north of the Ohio River.

The Alaskan boomer will tell you the country has great possibilities. I reply that you never can increase Alaska's population as long as there is the chance of the American to make a living within the boundaries of the United States. Nor will the population gain while the present timber conservation continues.

It is time Congress took notice of the load we are carrying for that very meager population. A very large part of this appropriation is being expended where the population is the smallest. It might be practical to divide this enormous territory and concentrate our efforts of development in the southeast section or from Seward south, the part of the Territory most available by water navigation.

The Government is building roads out from villages of from 2,000 to 2,500 inhabitants running to nowhere, simply giving the citizens of those towns pleasant automobile tours of a few miles. Worse than this, it is building roads where there are absolutely no inhabitants.

The War Department is estimating their road needs for the ensuing year at \$600,000 and has available \$900,000 under the appropriation for 1926.

The Forest Service has available, unexpended, \$514,000, with an annual allotment under the Federal highway act of \$463,000.

Let me refer to an amusing incident. On our trip southward when our steamer touched at Wrangell, I noticed a good-sized vessel tied to the wharf, labeled "United States Government," and named *The Highway*. On inquiry I was astonished to find that it was the means of transportation used by road officials to inspect highway construction. Could there be anything more absurd than highway officials traveling by boat in performance of their official duties?

Just look at the item of education. The estimate for 1927 in this bill is \$480,000.

The absurdity of the present governmental methods in Alaska is proven by the fact that the breeding of reindeer and support of reindeer stations is handled by the Bureau of Education. It strikes me as very peculiar, to say the least, that this is a function of that bureau.

I pause here to permit any gentleman who can to inform me what connection there is between education and the breeding of reindeer.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. DOWELL. What have these reindeer cost the Government?

Mr. TREADWAY. Oh, the reindeer appropriation is a very small one, under \$15,000 per annum.

Mr. DOWELL. And the reindeer herd has been developed since 1902, from about 1,200 to something near a quarter of a million?

Mr. TREADWAY. I thought the gentleman was going to answer my question.

Mr. DOWELL. I am just asking the gentleman how much we are spending on that item.

Mr. TREADWAY. From twelve to fifteen thousand dollars a year.

Mr. DOWELL. Then the Government is not losing anything by reason of that fact?

Mr. TREADWAY. I do not know what they are making through having it under the Bureau of Education.

Mr. DOWELL. I want to ask one other question and to partially correct the gentleman in his statement with reference to reindeer. The reindeer were placed in the hands of the educational department to educate the Eskimos in industry, were they not?

Mr. TREADWAY. I believe so.

Mr. DOWELL. Or to provide a vocation; and is it not true that the Eskimos have made wonderful success of their work with the reindeer in Alaska?

Mr. TREADWAY. I understand that the reindeer have tremendously increased, but whether they will be of any commercial value is a very grave question in my mind. They are being shipped to some extent to the United States, but the reindeer is a moss-feeding animal, and I do not think they will ever rival beef for food.

Mr. DOWELL. But it is costing absolutely nothing to feed them, because they feed on the moss of that Territory.

Mr. TREADWAY. That is true.

Mr. DOWELL. And through their being herded by the Eskimos they are furnishing employment and food for the Eskimos.

Mr. TREADWAY. That is all true.

Mr. SUTHERLAND. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SUTHERLAND. The gentleman from Iowa [Mr. DOWELL] asked practically the same question that I was going to ask. Would the gentleman from Massachusetts find any analogy between instruction in stock raising by the agricultural colleges all throughout the West and instruction in reindeer raising by the Bureau of Education in Alaska?

Mr. TREADWAY. I think the gentleman has made a good point there. That never had occurred to me previously, but there is some analogy, I am glad to admit.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. CRAMTON. Mr. Chairman, I am very glad to yield the gentleman three minutes more in order that I may ask him a question. As I understand it, what the gentleman wants is greater concentration?

Mr. TREADWAY. Yes.

Mr. CRAMTON. And less duplication of effort?

Mr. TREADWAY. Yes.

Mr. CRAMTON. These activities have scattered over a tremendous area. Does the gentleman think it would be more in harmony with his ideas to have one department sending its representatives over that tremendous expanse of territory to these scattered settlements to give the children industrial training and then to have, for instance, the Bureau of Animal Industry in the Agriculture Department sending its representative on their heels to teach the father how to care for reindeer? In other words, the system being followed is probably the most economical.

Mr. TREADWAY. Perhaps I was unfortunate in my reference to reindeer, but it is only an incident of my general remarks.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HUDSPETH. The gentleman made a statement in which I am somewhat interested. As I understand from a letter which he read, the Department of Education has taken over the matter of the reindeer?

Mr. TREADWAY. Oh, that is done under the law. It is not from any letter that I read.

Mr. HUDSPETH. Does that department supervise or have anything to do with the herding of them?

Mr. TREADWAY. The Delegate from Alaska [Mr. SUTHERLAND] answered that.

Mr. HUDSPETH. The statement was made before the Department of Agriculture by the Chief of the Biological Survey that they had now been delegated to look after that.

Mr. TREADWAY. That may be true. We have a great many different things delegated to these various activities, and it is hard to know from time to time where to find them. However, a representative of the Bureau of Education appeared in support of the reindeer appropriation.



President Coolidge in his message to Congress on December 8 last said:

The time has come for careful investigations of the expenditures and success of the laws by which we have undertaken to administer our outlying possessions. A very large amount of money is being expended for administration in Alaska. It appears so far out of proportion to the number of inhabitants and the amount of production as to indicate cause for thorough investigation.

With this I heartily agree. The entire subject of the management of the Territory should be given careful study with a view of reducing our expenditures there and seeing that the Government gets a dollar's value for a dollar expended.

The present rate of deficiency means that we are expending at the rate of \$550 per person. At that rate, if this annual expenditure was made for our 110,000,000 of people, our annual running expense to the Government would be \$60,500,000,000, exclusive of any interest on indebtedness. Do the taxpayers of the country want to continue such extravagance?

I am advocating reformation of Alaska's government, not abandonment of the Territory. It is valuable to this country for its strategic location, but it would be exactly as valuable if the overhead of expense was largely reduced.

I hope the Committee on the Territories, or such other committee as may have jurisdiction, will give most careful consideration to the President's suggestion of a "thorough investigation," and that as a result of the investigation constructive legislation will be brought forward completely reorganizing the government of Alaska. [Applause.]

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. LITTLE].

Mr. LITTLE. Mr. Chairman, Government statistics show that the farm population of this country has decreased 182,000 during the year 1924, according to estimate based on a survey of 25,000 representative farms made recently by the United States Department of Agriculture. Statistics further show that the movement from farm to cities, towns, and villages in 1924 is estimated at 2,750,000; the movement to farms was 1,396,000, making a net movement from the farm population of 679,000 persons, or 2.5 per cent. The gross movement from farms to cities in 1922 was 2,000,000, while there was a gross movement back to the farm in that year of 880,000 persons, a loss of 3.6 per cent from the farm. This is proof that the farmers of this country are carrying on a losing business, and something must be done to remedy this situation.

One of the principal reasons why this is taking place is the high cost of transportation for farm products. In 1917 wheat sold for over \$2 a bushel in Kansas City, and the farmers were able to pay the heavy cost of transportation; but with wheat selling in Kansas City in the month of August, 1924, at \$1.10 a bushel, it was impossible for the farmer to pay the charges of transportation and make a profit on the farm.

The farmers of the United States to-day are paying the same freight rates as they paid in 1917; taxes have increased more than 100 per cent and farm machinery from 75 to 100 per cent, but the farmer is receiving only a little more for his products than he did before the war. In other words, the farmer is paying practically a war price for everything that he buys and receives a pre-war price for everything that he sells.

The price of the farmer's wheat is fixed in Liverpool, and the amount he receives is that price less the cost of transportation. The freight rate from Kansas City, Mo. or Kans., by rail to Los Angeles is three times as great as transportation by boat from New York to Los Angeles. The States of Missouri and Kansas have the longest haul for the things they buy and sell because they are centrally located in the United States. The river haul from Kansas City to St. Louis will be one-third of the present railroad charge for the same distance. It has been proven conclusively that the building of commerce in any country depends to a large extent on the cost of transportation. During the past year the Government has expended \$800,000 on the improvement of the Missouri River. Since the railroads were first built in this country the Government and the various States of the Union have donated \$19,000,000,000 to the assistance of this industry.

Years ago it was said that the Panama Canal could never be built and others argued the expense of running the canal would be more than the returns, but it has so cheapened rates from Europe to the Pacific coast that it has become necessary that waterways be improved to compete with the canal. Statistics show that freight can be shipped from California to Europe by water for one-half of the rate from San Francisco to New York by rail and thence by water to Europe. Goods can be shipped from New York to San Francisco for one-half of the shipping cost from Kansas City to either of the

above-named cities. The cost of shipping 100 pounds of freight by water from New York to San Francisco is \$2.50, while it is \$5.12 by rail from Kansas City. Statistics show that the farm lands in Missouri and Kansas have decreased one-third in value during the past three years and the principal reason is that the farmers are no longer able to pay the high freight rates that are charged for the transportation of freight to-day. If the Missouri River is improved so that freight can be carried from Kansas City to St. Louis, it will mean a saving of from 6 to 10 cents on every bushel of wheat shipped between these cities, and the result will be, with the average yearly crop of 100,000,000 bushels of wheat in Kansas, a saving of from six to ten million dollars to the farmers of this great State which alone will pay for the entire improvement in a few years.

In a speech made by Hon. Herbert Hoover, delivered in Kansas City on October 19, he said:

Modern forms of development have made water carriage the cheapest of all transportation for many types of goods. Broadly, 1,000 bushels of wheat can be transported 1,000 miles on the sea for \$20 to \$30, by large Lake steamers for \$20 to \$30, by our modern equipped Mississippi barge service for \$60 to \$70, and by the railroads from \$150, to \$200.

Seventy-five years ago the great Central West was a wilderness. The early settlers builded their homes on the prairies. They fought the battles of the pioneers and have won an overwhelming victory. Then came the great lines of transportation that were builded across this continent. These railroads were given liberal support by this Nation and have grown into wealth until now they are worth \$19,000,000,000. They have made the bulk of their wealth from the producers of the soil. But how about the farmer? He has been less fortunate. If the farmer prospers, everyone else does likewise, but when agriculture fails then the world suffers.

I am in favor of the improvement of the Missouri River, which will cheapen the cost of transportation to the farmers of the Central West, whereby they can get reduced rates which will help in a measure to overcome the low price of farm products of to-day. The western farmers can no longer pay the high cost of transportation and prosper. I am therefore in favor of legislation to improve the navigable streams of this country that will benefit not only the farmers but the consumers as well. What is good for the farmer is good for everyone. The fact is that transportation enters into the cost of everything we use from the cradle to the grave, and cheaper freight rates will bring about better living conditions.

The great industries of the Central West are moving to the eastern and western coasts for the reason that they can not compete with European manufacturers and pay the freight rates from Kansas City and the Central West to New York and San Francisco. It is an easy matter to move a large manufacturing plant from Missouri or Kansas to New York, but it is impossible to move a farm, and therefore it is the duty of this Congress to make transportation rates such that the producers of grain in the Central West can successfully compete with the producers of grain in Canada, Australia, Europe, and South America. Practical economy teaches us that we must reduce the cost of production to the minimum in order to succeed. Good economy teaches that it is practical to buy a tractor or team and cultivate land rather than let it remain idle. It has been said that every human being has the right to live, but that right has been denied him if we deprive him of his right to help himself. If he can not move his grain and leave him a small profit, he and those dependent upon him must suffer. It is time that this Nation should wake up to the fact that farming from the Mississippi River to the Rocky Mountains is a losing business, and unless something is done to improve conditions and to increase the price of the farmers' products many of the farms of this Nation will be abandoned.

In my judgment it is physically impossible for American agriculture to long succeed under the present cost of transportation, and the time has come when the navigable streams of this Nation should be improved so that the producers of the United States may have an equal chance with the producers of the other nations of the world. By the river and harbor act approved March 3, 1925, it was provided for the improvement of the Missouri River from its mouth to the upper end of Quindaro Bend, in accordance with the existing project, with a view of securing the permanent navigable channel with a minimum depth of 6 feet and a minimum width of 200 feet with a reasonable additional width around the bends in said river. I favor this improvement and hope the time is not far distant when it will be a reality. [Applause.]

The CHAIRMAN. Does the gentleman from Kansas yield back the remainder of his time?



Mr. LITTLE. Yes; I do.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. LANKFORD].

The CHAIRMAN. The gentleman from Georgia is recognized for 15 minutes.

Mr. LANKFORD. Mr. Chairman and gentlemen of the committee, on every hand to-day we hear the argument made that we need cheaper freight rates and cheaper means of transportation. We also know that the farmers are playing a losing game and a great many of them are moving away from the farms and moving to the cities. It is urged here that there should be some legislation in behalf of the farmers, and various suggestions are made from time to time. Some of these suggestions are good; some are not good. Some will be followed; some will not be followed.

The gentleman from Kansas [Mr. LITTLE] argued here a moment ago that freight rates are too high. Well, freight rates are high. But the great loss to the farmer and the great loss to the consumer does not come altogether from the high cost of transportation. It comes to a large extent because we have too many men in between the man who produces and the man who consumes, and they get a very large part of the money which should go to the producer. The railroads, it is true, get large freight rates, but the railroads do something. They haul the farm products. They do something for which they get paid. But oftentimes the middleman, the man who handles the wholesaling of farm products, or the commission man, really does nothing but add to the cost of the food which he distributes. He really delays the distribution, and oftentimes the food becomes less valuable than when shipped.

This is true with the Georgia watermelon. I eat Georgia watermelons down in Georgia, and I enjoy them. When I came to Washington I desired to buy a Georgia watermelon. I paid five times as much for that melon as I paid in Georgia, and when I came to eat it I found it often two weeks or more from the vine and beginning to get slimy. In Georgia we would hardly feed a melon of that kind to the hogs.

If that melon had been transported to Washington and on the consumer's table in a few days' time, you would have had a delicious, juicy Georgia watermelon instead of one not fit to eat.

Mr. Chairman and gentlemen of the committee, one of the greatest questions of all time is the problem of how and where to secure food. It is the ever-present, never-ending question in time of war and in time of peace. Answer this question properly in peace times and it will remain answered even in the midst of the horrors of war.

Answer this question properly and you will have gone far in the solution of every economic problem of this country. Help the producers to produce more abundantly by working out a system to enable them to get a fair price for all they can produce and you will have solved nearly all the problems of the farmers of the Nation. Do this and you need not worry much about a credit system for them, for they will become lenders of money instead of borrowers of money. Help the farmers get a fair price for all they can produce, and even if the tariff is a little unfair as to them, they will not be hurt much, for they will be receiving an abundant income from the products of their labor. Do this for the farmers, and even if the tax bill does not give them the same reductions given others the farmers will not complain much, for they will have plenty of money with which to pay their taxes and will at the same time be laying some aside for future use. Help the farmers of the Nation market what they produce at a reasonable price, and the farmers will say, "Well, even if we do not get a square deal as to other matters, so long as we are able to get what is ours for our products we can stand a little unfair treatment."

Let us help the framers get simple justice. Let us help them get pay for feeding the world. Do this and they will feed the world better, and the world will be better satisfied. Certainly the farmers will be better pleased, and no one will deny that the consumers with better food for less will be better satisfied. The farmers should get more, much more, for what they produce, and the consumers should get much better food for much less than they are paying at the present. This is not a mere dream. It is not an impossibility. It is just what will happen if we will pass a bill here to enable the farmers of the Nation to sell their food products directly to the consumers of the country. I have an idea expressed in a short bill, which I earnestly believe will go very far in the consummation of this greatly desired, just plan for the producers and consumers.

Help the producers sell directly to the consumers, and the producers can sell for more and the consumers can buy for less, and there will be less delay and the food will be much fresher and much better. As a consequence the producers will

produce more and the consumers will consume more, and the transportation companies will haul more. The transportation companies can haul for less, for they will be hauling more and the companies can pay their employees more, for business will be better and the employees will get more for the dollars they receive, for good food will be selling for less.

The country is in the midst of a mighty coal strike. Why? Simply because the men who mine can not get enough food for the money which they are getting from their labor. In its last analysis the strike is on because food is too high. It is on because the farmers are not getting a fair deal. Give the farmers a fair deal and you will be giving the entire country a fair deal. Rob the farmers and you rob all mankind except the profiteer, and you become a joint robber with him.

Yea, you do more than that. You enable the profiteers of the Nation to rob the farmers continually without let or hindrance, with the Government standing by aiding and abetting the outrage.

But, Mr. Chairman, I will not now speak longer along this line of an appeal for the farmers of the Nation. I have spoken repeatedly along this line before, and, God being my helper, I shall do so many times more; but I greatly fear that much of what is said here for the farmers is like unto the seed of the sower which fell on stony ground. Our pleas fall on ears that are deaf to the needs of the great army of producers of the Nation.

To-day, though, I shall appeal to those present who are the friends of the farmers, and I sincerely hope that I may offer a plan for the aid of the farmers worthy of the consideration of the farmers and their friends everywhere.

Why can not the producers sell directly to the consumers?

The answer is, simply because there is not enough contact between the producers and the consumers. The distance between them is too great. There is too little communication between them, and the present system of communication is too primitive, complex, and expensive. Another reason is that there is not a sufficient system of getting the food of the producers to the consumers. All this maze of intricacies between the producers and consumers permit the middlemen who now distribute the food of the Nation to make unconscionable profits, to the great loss of the producer and the consumer.

Let us see if I am right about this proposition. What about the distribution of eggs? How is it now done? They are distributed in three ways.

One way is through the jobber, the wholesale concerns, the commission merchants, the cold-storage dealers, and so on, until the eggs are sold to the consumers by the retail merchant. In this way many people other than the producer gets a profit out of the eggs, with the eggs all the while becoming more and more unfit for use, until finally the consumer gets not a fresh dozen eggs, but a very stale dozen, at a price much in excess of what the consumer should pay for them, and to the great loss to the producer. In many cases foodstuffs, under the present system, is handled by only two classes of individuals—the robbed and the robbers.

Another way in which eggs are handled now is by the producers selling them either directly to the consumers or to the retail men, who sell them to the consumers. Either of these last two systems are much better than through the long route of middlemen. The very best system now, though, is the one in which the producer sells them directly to the consumers and delivers them to the consumers.

Now, there is another system akin to the last system just mentioned, and that is the one by which the producers sell directly to the consumers by means of the Parcel Post System. This system is an improvement over the system controlled by middlemen, but is very expensive, troublesome, and unsatisfactory. It is this system of handling by parcel post which I hope to get improved under the bill which I have introduced. If we can make the Parcel Post System efficient and sufficient, then we will bring all the producers in close touch with the consumers, and we will perfect a system by which the producers will sell directly to the consumers.

First, let us see just what is possible under the present Parcel Post System. Let us see how it works, and let us find its defects, and find a remedy for those defects if possible.

Suppose a man in Washington desires to get eggs by the Parcel Post System directly from the producers. He must first find some one in the country who wants to sell eggs this way, and then get in touch with him by letter or otherwise. He must find out how much the producer charges for the eggs and must pay him for them or convince him that he will pay for them as they are delivered, or in some way satisfy the producer that he will pay for the eggs. He must then get a container made of metal and must pay the postage on this container and mail it to the producer. He must wait for the



container to go to the producer and be filled and remailed by the producer. He must wait until this container gets back to the post office here and then is separated out from the other mail and is brought out to his house, and then probably 25 per cent or 30 per cent of the eggs are broken. In other words, the consumer here must pay two postages, possibly buy a money order, and do many other things, besides suffering the incident delays before he gets 9 or 10 eggs for a dozen. Of course, he soon decides that he had as well buy the eggs from the local merchant and save all this trouble and delay and expense. The middlemen of the country will never have cause to fear the Parcel Post System as long as it is as bunglesome and as expensive as it is now. And, by the way, it is run as efficiently and as well as it can be run under the laws passed by Congress authorizing its operation. What I want is a more efficient system for less expense to the patrons of it. Especially do I want this for the handling of food directly from the producers to the consumers.

What I have said in regard to the handling of eggs is equally true in regard to all other food and food products.

Very little foodstuff is now sold directly from the producer to the consumer because in most instances the producers and consumers are too far apart, and where they are far apart the Parcel Post System does not operate so as to bring them in closer proximity without too much delay, expense, and unnecessary detail. It therefore seems evident that if the Parcel Post System can be extended so as to eliminate much of the unnecessary detail and delay now incident to it that the problem will be solved.

The breakage of eggs can be easily remedied by providing for eggs to be handled in large boxes containing many dozen eggs. In other words, eggs and other food products could be kept separate from the other mail if handled in large quantities, either in carload lots or in other considerable quantities, and in this way transported safely and without breakage or other damage. Eggs and other food products would be handled in large quantities if such products could be sold directly to the consumer at much less cost than by the route of the middlemen.

I have in mind a plan whereby eggs could be mailed in large quantities at a time to the same destination, and in this way special attention could be given to the handling of them, thus insuring their transportation and delivery without breakage or damage. And let me again repeat what is true in regard to handling of eggs is true as to all other food products. I am simply using eggs as an illustration. I go even further under my bill and provide for the handling of watermelons, canteloupes, and many other items without the necessity of crating them or wrapping them. I will explain this feature of the bill later, after I read the bill.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LANKFORD. Yes.

Mr. JOHNSON of Washington. Would it not be necessary to have refrigerator mail cars to handle these eggs in large quantities?

Mr. LANKFORD. Of course, that would be true in handling eggs in large quantities and for long distances. It would not only be necessary to have refrigerator mail cars to handle eggs but also to handle such other farm products as would necessarily have to be handled in refrigerator cars.

Mr. JOHNSON of Washington. And the cost of the ice would come out of the postage?

Mr. LANKFORD. Yes.

Mr. JOHNSON of Washington. The Government would pay that?

Mr. LANKFORD. The Government could charge enough postage to take care of the cost of ice in handling eggs in this way when icing became necessary.

Mr. SCHAFER. Will the gentleman yield to me?

Mr. LANKFORD. I wish the gentleman would let me go a little further with my statement before I yield, because I think that when I get through explaining my proposition I will have answered the question which the gentleman intends to ask. I will say to the gentleman that I shall be very glad to yield to him later for any question he may wish to ask. I simply hope that by explaining my bill fully that I may answer many questions that would be asked now before it is fully explained. The idea presented by my bill is a new one, and I invite suggestions and questions.

I want to say further to my very good friend Mr. JOHNSON, from the great State of Washington, that of course it would be necessary for refrigerator cars to be used in long hauls of certain products, but it would not be necessary for ice to be used in short hauls. I am sure, though, that the icing, whenever

necessary, under my bill would not be any more expensive than it is under the present system of marketing through middlemen.

I know that my very good friend from the State of Washington joins me in favoring whatever workable system may be evolved in furtherance of cooperative marketing, as he is so much interested in the splendid cooperative marketing systems which have reached such perfection in his great State in the Northwest. I am anxious for us to pass some legislation which will help the cooperative marketing spirit throughout the entire country.

At present I want to go further with the egg illustration. Let me tell you just what could be done under the provisions of my bill in regards to eggs by giving you a concrete example of its operation as foreseen by me, and then I will read it to you. I feel that you will then understand it much better than if I should read it before explaining it. It is very short and almost every word in it is full of meaning and is essential to the plan as I see it.

Under my bill the egg producers in Virginia or in Maryland could organize into the Chesapeake Egg Co. and produce for market thousands of eggs daily, and could come to Washington and solicit orders for eggs to be delivered directly to the consumers on days to be agreed upon; in fact, for delivery on every day in the week. The consumers would ask, "Well, how will you make the delivery, on our front porches?" The producers would reply, "That matter is handled by parcel post, and will be prompt and there will be no need for you to be returning to us containers. All you have to do is to order the eggs for delivery on the days desired and remit to us the pay for the service and the eggs will come regularly, and they will be fresh and at much less cost than you are paying for them at present." Well, we will say, for example, that there are sold for delivery under this plan 3,000 dozen eggs for each day in the week. Then the producers' organization would notify the postmaster at the initial mailing point 10 days before the service is to begin that it intends to ship or mail 3,000 dozen eggs daily, in identical unaddressed packages, for delivery in Washington, D. C., to a list of 3,000 persons, each of whom is to take a package or more, as designated, on each day for a period of 60 days.

The postmaster at the initial mailing point would then know 10 days in advance that there would be mailed 3,000 identical unaddressed packages each day for a long period of time, all of which are to be delivered in the city of Washington to a specified list of 3,000 addressees or takers. He could and would notify the postmaster here to be prepared to handle this amount of regular mail for delivery to a list of 3,000 persons.

When the day arrives for the beginning of the service at the initial mailing point, the egg organization would deliver to the postmaster there in a mail car designated by the postmaster 3,000 identical packages of eggs, each dozen in a paper container, and these paper containers and eggs in large boxes as selected and approved by the Post Office Department. There would be no necessity for the eggs being carried to the post office, as they could just as easily and more cheaply be delivered directly to the mail car and there would be no necessity for the packages to be addressed and there would be no necessity for each package to be stamped, as the postage could be paid on the entire shipment at one time. Thus it will be seen that there would be practically no handling of this parcel-post matter at the initial mailing point. It will be seen that much trouble and expense will be saved at the initial mailing point. In fact, 90 per cent of the expense and labor at the initial mailing point of this class of matter will be saved.

Again, there can be easily a saving in the actual railway transportation, for this class of food products will eventually be handled in carload lots and, in fact, in trainload lots instead of in retail lots in mail cars oftentimes almost empty. There will be considerable saving on each pound transported under this system as against the present system. In all probability the saving will run as high as 75 per cent of the present cost. Of course, I am hazarding a guess at these savings. I do know that there will be a very large saving.

All right; when the car arrives in Washington, how will the matter be handled? The Post Office Department can easily arrange for these mail cars to have Government sidings. The mail car with the food products will go to its special siding and the large containers with the small identical packages will be removed from the car to mail trucks for delivery directly to the consumers. There will be no necessity for the food packages to be carried to the post office and handled there, for the packages will be identical and the delivery man will have a list of addressees or takers, each of whom is to get one of the identical packages. All the delivery man will have to do is to get on his route and deliver one of the identical packages to the



first address on his list and so on until all the packages have been delivered and all the names and addresses on his list have been supplied. The delivery and handling at this end can be done much more expeditiously and much more cheaply simply because, the packages being identical and unaddressed, there is no necessity for them to be carried to the post office and there separated; neither is there necessary any delay to the delivery man, for he does not have to find a particular package for each person. All he has to do is to furnish one of the identical packages to each of the list of addresses on his list. This system of delivery is not new; it is the one followed by the dairyman in his delivery of milk at the present.

Mr. SCHAFER. Will the gentleman now yield?

Mr. LANKFORD. Yes.

Mr. SCHAFER. Would the gentleman also have a refrigerating device included in the mail pouch of the mailman, so that the eggs and watermelons would not spoil?

Mr. LANKFORD. No; that would not be necessary, because eggs will not spoil in the 15 or 20 minutes it would take the mail carrier to get them from the mail car and deliver them to the man in town any more than they spoil in being carried from the market to the man who lives in town. It would not be necessary at all to do that in connection with the delivery of individual packages of eggs, but it might be necessary in shipping eggs long distances.

The bill which I have introduced is short, and I have introduced it for the purpose of getting the matter before Congress, and I think there is much of merit in the proposition. I can see no reason why farm products, when handled in large quantities and when put into identical packages, should not be handled under this system. Some one asked me a little while ago whether or not I made any provision for watermelons. Well, I do. I would like to see some system worked out whereby there could be shipped from Georgia genuine, old-fashioned Georgia watermelons, about two days from the vine, from the producer to the consumer, and I would like to see you get those melons for about one-third what you pay for them now.

A MEMBER. An airplane could take care of that.

Mr. LANKFORD. Of course, if the airplane is ever so improved that it will haul large quantities in that way that could be done. It would not be necessary to use the airplane to get watermelons from Georgia to Washington in two or three days. The railroads can do that under a proper system. I only wish our marketing system was as modern as the airplane. We are sadly lacking in development of our methods of distributing of the food of the Nation. Let us make at least some effort at development and improvement along this line.

Mr. WEFALD. Will the gentleman yield?

Mr. LANKFORD. I gladly yield to my good friend from the State of Minnesota.

Mr. WEFALD. If we had gotten airplanes for the \$1,900,000,000 which we spent in trying to build airplanes, we might have had enough airplanes to deliver watermelons all over the United States, might we not?

Mr. LANKFORD. That is true, and if we had spent for the farmers a small part of the money that has been wasted in a great many ways all that I am seeking by this bill and much more could easily be done for the farmers and the common people.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LANKFORD. I would like to have five minutes more.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LANKFORD. I must hurry through. It seems to me that this plan of handling of identical packages is feasible and altogether practical, and that it will solve the problem of distribution of food in this country. There is nothing new in the plan. The Government is doing all these things now in a more detail, intricate way. Why not handle the matter by wholesale and render a real service for less cost? I believe that the bill which I introduced last week will go far in the solution of this problem of distribution of food in this country.

Let me tell you what the bill provides. After the enacting clause the bill simply provides that—

"There shall be a 50 per cent reduction of the present postal rate on all food products, in whatever form, of the farm, orchard, or grove, dairy, and garden, whenever and wherever the postmaster at the initial mailing point is given 10 days' notice that 20 or more unaddressed identical packages of said products will be mailed on named days during a definite period of time for delivery on designated day or days of each week, one or more to each of a list of addresses in the same city or community."

The bill further provides "that watermelons, cantaloupes, cucumbers, tomatoes, cabbage, grapefruit, corn on the cob, oranges, apples, milk in bottles, and all canned or bottled food or food products, without additional wrapping, shall be deemed and held to be identical packages and handled under the provisions of this act."

After these two provisions comes, of course, the repealing clause. The bill is short. I have not tried to work out in detail the many rules and regulations which the Post Office Department would necessarily develop. In fact, I have offered this bill and have made these remarks for the purpose of getting this idea before Congress and the country. I am not wedded to the exact language of this bill. I will gladly accept suggestions; in fact, it is my hope and earnest desire that the membership of Congress will help work out a bill along the lines here indicated with the general purposes of my bill.

In the hearing of the matter before the committee after investigation it is altogether likely that the bill can be amended so as to make it much better. I am not seeking to act for the Congress; I am seeking the aid of Congress in behalf of my bill and in behalf of the farmers of the country.

There are several particulars in which I believe that my bill can be easily improved after proper hearing. One is in the matter of rate. I firmly believe that the postal rate can be reduced more than 50 per cent, and yet the Government can handle this class of parcel-post matter under my plan without any loss. There are other details in which the bill can be amended after a hearing and upon investigation.

The most important amendment possible to this bill, or to be enacted in the form of an independent bill after this bill is in full operation, would be a law authorizing the postmasters at each end of these routes to act as agents for the producers and consumers, so that the producers could list at the initial mailing point foodstuffs for sale and the prices for the same, and so that this postmaster could notify the postmaster at the point of delivery of these listings, and he could receive orders and the pay for such food and could remit for such orders. In this way there would soon be worked out and developed a system of marketing whereby the consumer could go to his postmaster and could get a list of almost every known food product of the farm and the price of the same delivered on his front porch as needed. The consumer could pay the postmaster the amount necessary to have his name put on the list of takers of this food product and would begin receiving it regularly. The postmaster would at the end of each day remit to the producer the amount of money and notify him of the additional packages to be sent each day, and in this way both the producer and the consumer would be served. Of course, there would be a small charge for the service or receiving the order and remitting the money in payment for the food ordered. The postmaster does practically all these things now only in a less efficient manner.

Under the system contemplated by my bill there could be worked out and developed a market-basket system. The truck growers of an agricultural section could make up a score or more of identical baskets of different numbers. No. 1 would have several food articles, say, cabbage, cucumbers, tomatoes, carrots, and several other food items; No. 2 would be slightly different; and No. 3 would be a little different, and so on through the list of 20 or more different baskets. The housekeeper could select the basket she might desire for Monday and a different basket for Tuesday and so on through the week and could order these as desired. Of course, all baskets numbered one would be identical, and all baskets of any other number would be identical and could be handled under this idea of distribution. In this way fresh vegetables for the table use could be bought directly from the producer. A much better and fresher article would be obtained and for less money.

In a very short time there would be developed information as to the amount of each article used each year under this system, and the farmers could thus determine the amount to be raised in order to supply all demands. They could organize and by agreement among themselves plant and produce enough to supply all demands and yet not produce more than could be sold. They would get a market for all they would produce, and there would be no waste, and the consumers would be able to buy all they desired.

In explaining my proposition I used the marketing of eggs by the organization of egg producers as an example. The bill would enable the producers of only a few eggs to use this system, for the system would soon be enlarged so that all the producers of eggs in a county or section or community could work together and get the full benefit of the scheme. I would



not favor any scheme which would not help the little producer. I am interested in helping all producers get a market for all they can produce. I also used eggs as an illustration. The scheme would work well as to all food products. I especially have in mind those that produce watermelons, cantaloupes, cucumbers, corn on the cob in the form of roasting ears, as we in the country call them, and all other food products of the farm.

Under the present parcel-post system watermelons, cantaloupes, corn on the cob, milk in bottles, and various other articles can not be handled through the mail without extra crating or wrapping and addressing. Under the system proposed by my bill all this can be avoided.

Under the plan suggested by me a carload of melons can be sent by parcel post for delivery to a list of addressees or takers without the melons being wrapped or crated.

It may be that after proper experiments, the plan proposed by my bill could be put into effect with one postal rate for delivery at the homes of the addressees or takers and with another and a cheaper rate where the addressees are to call at the mail car for the articles. Of course it would be a simple plan to use the mail car as a sort of improvised post office. Then, again, it might be found expedient for certain articles to be handled only in carload lots and only delivered from the car and not by delivery at the home or street address. All these things are a matter of detail to be worked out by trial and experience.

I believe that the idea presented is worth while. If the post office can not handle farm products under this plan then they possibly can be handled by the express companies under Government supervision. Or the railroads may do it under proper rules promulgated by the Interstate Commerce Commission. If the railroads handle this class of farm products as freight, it would be necessary for this class of freight to be handled by fast express trains so that the very smallest possible amount of time between the time the products are delivered to the transportation companies and the time of delivery to the consumers.

I would much prefer to have this plan put into effect as an extension to the present Parcel Post System, but if I fail to get it put on as a parcel-post extension, then I intend to try every other way possible to get this service.

I do know that the handling of farm products by freight in carload lots or in smaller lots as now in use is too slow and too expensive and utterly fails as a proper medium for this purpose. Express is some better, being faster but is too expensive and is inefficient. The Parcel Post System as now operated is practically a failure.

A carload of melons shipped from south Georgia is oftentimes on the road for a week or 10 days. I know by actual experience, as I have tried out the proposition of selling melons here to be shipped here by freight. There is too much delay in the transportation and distribution of food products of the farm and the present scheme is entirely too expensive and affords too much profit to those doing the distributing.

I am discussing the ideas as contained in my bill, with everyone whom I think will give me any help or encouragement. I have already discussed the proposition with several of the House Committee on the Post Office and Post Roads and am assured that my bill will be given careful consideration by that committee.

There is now functioning a special committee or commission authorized to look into and make recommendations as to postal rates, and so forth. It is very probable that that commission has jurisdiction of the matter as contained in my bill. I shall ask that commission to determine whether or not it has jurisdiction of the subject matter of my bill and if so then I shall ask that commission to allow me a hearing at which I shall urge a recommendation that the purposes of my bill be put into effect.

Failing in these efforts, I shall take the matter up with the express companies in an effort to get them put into effect the scheme as contained in my bill. In other words, I am determined to try in every way possible to get my plan of transporting food products of the farm put into effect.

If the Congress is afraid to put the bill into effect throughout the entire country, then why not at least authorize the establishment of a few experimental routes. I would be very glad to see an experimental route from Georgia to Washington established for the handling of watermelons and an experimental route established from some egg-producing section to Washington for the handling of eggs. I am almost positive that both routes would prove the advisability of establishing a general law along the line of my bill.

Of course, the idea of handling watermelons by this system would be new, and it would take a little effort to get it going,

but I would gladly give special time and effort to the proposition of selling melons here for delivery under this system. I would also want the other experimental routes established from sections where there are for sale some food products, like eggs, and where the Member of Congress or some one else would give special attention to getting the scheme to going.

It might take a little effort at the beginning to get the scheme to going, but as soon as it began to operate then nothing short of national disaster could stop it. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman and members of the committee, I want to call your attention to a very troublesome problem that is confronting the State of New York and the country, and it is only a matter of a very short time when Members from other States will have the same difficulty where an attempt will be made for an increase in telephone rates without giving the public an opportunity to determine the justness of the demand.

I have before this House two bills, H. R. 3758 and H. R. 3759, dealing with the telephone situation now confronting the big State of New York and every State in the Union.

Bill H. R. 3758 attempts to put the telephone, telegraph, and cable companies, whether wire or wireless, and so forth, under the jurisdiction of the Interstate Commerce Commission, from which commission they are now exempt. The history of public utilities under the control of the Interstate Commerce Commission I will deal with later on.

Bill H. R. 3759 would, in substance, prohibit a public utility in a given State to apply ex parte to a Federal court for an increase but would compel them—in this instance the telephone company—first to exhaust the remedies of the public service commission of the State and the courts of the State before they could legally apply for relief to the Federal court on the ground that their property rights were being violated as set forth in Article XIV of our Constitution.

In May of 1924 the New York Telephone Co., instead of going to the public service commission of the State of New York and presenting its facts and figures as a reasonable ground for increase of rates, I am informed, simply refused to go before the public service commission, upon some technicality or other, and applied to the Federal court, under the Constitution, and upon the ground that some of their property rights were being violated, in spite of the fact the public service commission of the State would be the proper body to function with that situation. The Federal court, upon papers submitted by the company, fixed an increase of 10 per cent, which runs into the millions of dollars from the taxpayers and the public, and the good, kind telephone company told the people of the State, "Some day, somewhere, if the referees before whom the hearings were referred will find that the company is not entitled to this increase, we will pay the people back this 10 per cent." In the meantime, however, the people of our State are being overburdened with taxes and are paying this increase of 10 per cent, and I do not know how long the referee may hold up the report. It might be and usually is many years.

A few months ago this telephone company, which has been enjoying the benefit of the order of the United States court, again appeared before the same court and said that the poor stockholders can not seem to get enough money from the capital invested, and they now seek an increase of 25 per cent and 18 per cent for the rural districts; and why? Why, I ask, do they not go to the place that has jurisdiction over public utilities, namely, the public service commission of the State. When they go before the public service commission of the State, yours or mine, they have to present proper statistics and proper figures showing why such an increase should be granted, and the public service commission of my State most likely would not have immediately granted the increase until the New York Telephone Co. had shown beyond question of doubt they were entitled to the additional 25 per cent. Therefore, they again appear before the Federal court and ask for this additional 25 per cent, based upon further figures which they apparently must have had in May of 1924, and all they asked at that time was 10 per cent.

Mr. Chairman and gentlemen of the committee, between the telephone companies and some of the other public utilities and the coal situation it is enough to drive the poor man crazy. It is either one demand or another. It is one corporation after another always trying to dig down in the poor man's pocket, and yet we sit here as Members of this great body and we are silent about the situation.

I say to you, my colleagues, that if a company is honest, if it can show a loss upon its capital, it should present its case to the public service commission of the State and prove there that they are entitled to an increase instead of going to the Federal courts.



Therefore, under this bill which I have mentioned, I say that no public utility can apply to a Federal court without first exhausting every remedy in the State courts, and if they have exhausted every remedy in their State courts, then and in that event only, if their rights have been violated, they can always apply to the Federal court for an increase. Surely they should not be allowed in the first instance to apply to a Federal court when they have a State remedy in the matter of such an increase and disregard State rights and State laws from which State their property and their income is derived.

Mr. ALMON. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman.

Mr. ALMON. Have they resorted to that remedy in other States than New York that the gentleman knows of?

Mr. DICKSTEIN. They are going to.

Mr. ALMON. I am simply asking for information whether they have done that heretofore.

Mr. DICKSTEIN. No; but they are going to, and it is only a matter of a very short time before you will be confronted with the same condition, and, instead of going to your public service commission and applying for such an increase, this public utility, the telephone company, will disregard your public service commission and disregard your State law and apply to the Federal court without an opportunity given the public to go into the facts and figures of the telephone company, which is nothing more than just; but if an examination were made of their books—and this will be pointed out to you by my good friend, the gentleman from New York [Mr. O'Connor] who has a resolution to investigate this telephone company—I assure you, my colleagues, you would find that it is a disgrace upon the intelligence of the American people to allow this particular public utility, the New York Telephone & Telegraph Co., to make any charge they want for any service they render, disregarding the fact as to whether or not it is a fair increase.

The Interstate Commerce Commission has no control of this great public utility—the telephone company. They can charge you 10 cents to-day and apply for 20 cents to-morrow.

My other bill, to which I have referred, is to place the telephone and telegraph companies under the jurisdiction of the Interstate Commerce Commission. The people of the United States have no objection to paying an increase if the increase is honest. Why should the railroads of this country be under the Interstate Commerce Commission and why should we exempt the New York Telephone Co. and its subsidiaries—one interwoven with the other and controlled by them?

I might at this time give you the history of the regulation by the United States of public utilities to safeguard the American people.

Prior to 1887 no public regulations of utilities was known in this country. Attempts were made before that date from time to time to bring about fair and reasonable rates and charges by what is known as "common carriers," but such attempts were always hedged in with considerable technical difficulty and required in each case the intervention of the courts. The only way by which a writ could be reviewed was by an application made to either a Federal or State court for a writ of certiorari or similar mandate, and in each case where an application of such kind was made it was necessary to procure a mass of data generally not available to the average person who applied to the court for relief.

Seeing the injustice of the situation and attempting to remedy it, Congress saw fit for the first time in the history of the United States to pass, in 1887, what became known as the interstate commerce act. That act, for the first time in the history of this country, regulated, by public administrative body, clothed with judicial functions, the charges to be prescribed by public utilities known in those days for fares, transportation rates, and other necessary charges in the transportation of passengers and freight from one State to another or to foreign countries.

The interstate commerce act created the Interstate Commerce Commission, which in the almost 40 years of its existence more than justified the hopes placed in it by those who were responsible for its creation. The Interstate Commerce Commission, originally a small body of 7, has grown to 9 and 11 members, which is the membership of the body at present, but it never extended its functions except that a few years ago Congress placed in the hands of the Interstate Commerce Commission regulation of pipe lines running from one State to another in the United States. In 1887, when the commission was first created, the only public utilities known and generally engaged in interstate business were the railroads of the country. To-day, in the year 1926, not only do railroads do interstate business, but telephone and telegraph companies are continually engaged in interstate business, and yet, strange

to say, there is no supervision of any kind over the quality of service and extent of charges made by any public utility engaged in interstate commerce other than the railroads and steamship companies.

A telegraph company can charge whatever it wants to for the service it furnishes to the public. It may be limited by State law in its charges within the State. It may be limited by legal ordinance and in its charges within a given locality, but so far as the Government of the United States is concerned, there is no law of any kind which in any way regulates or controls such charges made in interstate commerce.

The sending of a telegram from New York City to Jersey City is not regulated by any law at all. The sending of a telegram from New York City to Brooklyn may be regulated by law of the State of New York. The surprise of the matter is that no one has thought of it before.

The same reasoning applies with equal force to telephone rates. Telephone companies have the right to charge as much as they want to for toll service from any place to any place in the United States without Federal regulation. A telephone company may be regulated as to its charges within the State. It may be regulated as to its charge within the city, but there is no regulation whatsoever, however, in its charges or in the manner of its service when it comes to interstate commerce.

I therefore saw fit to introduce a bill which would specifically remedy the situation, a bill which would once for all place in the hands of the Federal authorities for the protection of the public at large and for its eternal benefit the supervision and regulation of telegraph and telephone companies.

As the world progresses and as new inventions crowd upon us toll service and telephone lines become more and more important. It may be that years ago when a telephone call from New York City to San Francisco was more or less an experiment the Federal Government cared very little as to the amount charged for the service, such service being rendered to very few and only those who were able to pay for it. Now, with the extension of lines between State and State and the broadening of facilities furnished by telephone companies for such purpose, the time has come when this unlimited and uncontrolled management of public utilities should cease.

I believe that the proper place and proper tribunal for the determination of questions relating to the propriety of charges made by telephone companies is the Interstate Commerce Commission, which in the nearly 40 years of its existence has clearly administered its usefulness and its great value to the people of the United States.

Why should not the New York Telephone Co. and its subsidiaries throughout the country be under the same jurisdiction as the railroads, the steamships, and other big public utilities? By to-morrow or next month they can come again and ask for an increase, and yet we sit here and can say nothing.

Mr. ALMON. Will the gentleman yield?

Mr. DICKSTEIN. I will.

Mr. ALMON. Does not the telephone company you refer to do an interstate business as well as an intrastate business?

Mr. DICKSTEIN. They do; and the Interstate Commerce Commission has no control over the New York Telephone Co. because you exempted it, and that is the only public utility that enjoys this great exemption.

Now, I will show you how they do it. The American Telephone & Telegraph Co. is practically the owner of the New York Telephone Co. and has some interest one way or the other in all the other subsidiary companies. If you want to telephone from my State, or from here to San Francisco, it will cost you \$16.50 for, say, about three minutes. The New York Telephone Co. which obtains this service for you credits itself with only 12 cents, the balance of the money going to the American Telephone & Telegraph Co. and its subsidiaries, resulting at the end of the year that there is no profit, whereas, in truth and fact, if they had made a reasonable charge on their own books from the amount received, they could not possibly have shown any loss. In other words, if the New York Telephone Co. were to properly credit to its earnings what should be credited, the company, on its own records, would discredit the application for a higher rate pending before the Federal court. Many millions of dollars which the company should credit to toll revenue in New York City and New York State appear as earnings on the books of some other branch of the combine. This enables the New York Telephone Co. to conceal its true earnings.

I say, Mr. Chairman and gentlemen of this House, that it is about time that the New York Telephone Co. and all telephone utilities shall be brought under the Interstate Commerce Commission, and if they have any just grievance, if they have any just claims, if they are entitled to an increase, give it to them, but give the public an opportunity to find out if their figures



are correct and honest. In my opinion, they are fixed so that they may come again before the court and ask for a further increase.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. LAGUARDIA. Is not the trouble due to the fact that the telephone companies, like other utility corporations, after a State public commission has ascertained the facts, run right to the Federal court to get relief and disobey the State law and disobey the findings of the State commission?

Mr. DICKSTEIN. Yes.

May I call your attention at this time to the coal situation, while having this opportunity to speak on the floor of the House. Millions of people are suffering because of the coal strike. What has Congress done? What has the administration done for the people of this country? It seems to me at the rate things are going the coal strike may be settled this summer. The poor people and even the medium class of people are suffering untold hardships. To-day the poor man has to pay from \$1.50 to \$1.60 for a hundred-pound bag of coal. How long can that last?

Gentlemen of the House, if I had my way I would have the Government take immediate control of the coal mines and supply the public. It is just as much a necessity as food. It seems to me we ought to intervene. I do not believe the miner is getting a square deal. I have read both sides of the situation and find that the coal interests have millions of dollars at their disposal and are trying to starve out hundreds of thousands of coal miners in this strike. You and I know, gentlemen, that even during prosperous times the miner does not earn enough, and what he does earn is taken away from him by the operators. His life is not worth very much. The total number of deaths run into the hundreds and the number of accidents into the thousands.

Gentlemen, as I have said before, between the telephone utility companies and the coal situation, two of the most essential commodities of to-day, what is going to become of the poor man? Action should be taken by the House of Congress. This is the proper body that can determine these two questions, and I should not hesitate to vote on any proposition that will bring relief to the people of my community, of my State, and of this country.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield to the gentleman from New York [Mr. O'CONNOR] 30 minutes.

Mr. O'CONNOR of New York. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNOR of New York. Mr. Chairman, at the opening of the Sixty-eighth Congress I introduced a resolution to investigate the Telephone Trust. My resolution was comprehensive, not being confined to my own State of New York, but embracing the entire country.

Since that time, practically for three years, I have been making such study of the situation as time would permit, and I have amassed in my office a filing cabinet of information pertaining to my proposed telephone investigation. I am aware that a half an hour seems a long time to occupy with a subject on this floor, but I can assure you that only the surface of this subject can be scratched in that brief time.

In this country to-day nothing more seriously confronts the people than this one great monopoly, still standing untouched and unafraid. For years this Congress has done its utmost to prevent imposition on the people of our country, but if we do truly represent the 110,000,000 people in this country we are in duty bound to do something about this one outstanding and unparalleled trust. Years ago we "busted" the Standard Oil Trust. Only the other day we passed a resolution to investigate the rubber monopoly and the coffee monopoly; but, gentlemen, the amount of extortion from the American people involved in those matters is infinitesimal as compared with the tribute levied by the Telephone Trust.

This fight I am making is not only for my own State of New York or my own city of New York. I am making this fight for every State, city, and community that is in the clutches of this octopus.

Now, what is the trust and how does it function? The American Telephone & Telegraph Co., one of the largest and most prosperous corporations in the world, is the father or the mother of practically every other telephone company in this country. It is the parent company. The total par value of its outstanding stock is more than \$745,000,000, upon which it has earned during the last 24 years over \$10 a share per year.

There is not a real independent company in this country, when you get down to a careful analysis. The American Telephone & Telegraph corporation owns hundreds of millions of stock in nearly every telephone company in this country; it controls all the boards of directors, and those subsidiary telephone companies do just as they are told.

And while this head of the whole octopus is making money and paying dividends of \$9 a share and its stock is selling for about \$145 per share on the New York Stock Exchange, its subsidiary companies, from which it derives practically all its profits, are clamoring in every community for increased rates. How do they do it? They do it in four principal methods. First, by the so-called  $4\frac{1}{2}$  per cent contract, which operates like this:

#### THE FOUR AND ONE-HALF PER CENT CONTRACT

The American Telephone & Telegraph Co. owns all the telephone instruments used by its local companies. It buys them from the Western Electric Co., its subsidiary, at prices agreed upon by the two companies and leases the instruments to the subsidiaries, together with "services," at  $4\frac{1}{2}$  per cent of the gross revenue. This amounts to about \$3 or \$4 a year for each station, when it is estimated that a reasonable return on the investment would be about 90 cents per year. The American Telephone & Telegraph Co., of course, controls the stock of the subsidiary companies.

The regulatory commissions in the various communities have either been too lenient with the companies or thought it too much trouble to go into the matter of this contract, passing it over by saying it was a mere contractual relation with which they had nothing to do, and several court decisions have sustained the companies in their contention that neither the commissions or the courts could question the contract.

This contract obtains in all the United States except New York. There the public-service commission authorized a flat rate of \$2 per station. That means to the patrons of the city of New York a tribute of \$2,350,000 per year, as there are over 1,175,000 stations. Remember that the word "station" is significant; it does not mean subscriber. The Pennsylvania Hotel, for example, is a subscriber, but they represent in the neighborhood of 3,000 stations. The local company receives in rental for some private branch exchange stations from \$6 to \$12 per year and pay to the parent company \$2 each, as high as  $33\frac{1}{3}$  per cent.

The American Telephone & Telegraph boasts of 25 "associated" companies and 15,000,000 stations. The courts have so far held that there is no remedy against this  $4\frac{1}{2}$  per cent contract. In the State of the distinguished Chairman, Mr. BURTON, of Ohio, they fought this out. Some cases involving this question are now pending before the United States Supreme Court, principally the city of Chicago case. So far it has been held that the American Telephone & Telegraph, the parent company, can make any charge whatsoever to the subsidiary company in reference to its license contract or the use of its telephones.

#### THE WESTERN ELECTRIC CO.

All the stock of this company is owned by the American Telephone & Telegraph Co., its "twin brother." This company sells its products to the American Telephone & Telegraph Co. and to the subsidiaries at whatever prices it chooses to fix, and at prices very often higher than the products could be purchased by the subsidiaries in the open market. This is accomplished by the American Telephone & Telegraph Co. compelling each subsidiary to appoint the Western Electric Co. its purchasing agent for everything from a pencil to a switchboard.

For over 37 years the Western Electric has paid dividends of at least \$8 a share on its common stock. The profits go into the Western Electric Co., which is owned entirely by the American Telephone & Telegraph. This partly provides the \$9 a share dividends while every local company is before a public-service commission demanding increased rates.

#### THE "PATENT POOL"

Then they have what is known as a patent pool. The patent pool is controlled by the Western Electric Co., which prevents the use of modern patents and inventions by telephone companies. No telephone company can use anything except what the Western Electric releases from its patent pool.

I do not know whether you gentlemen have ever realized how inefficient this old telephone machine is. There are a hundred different improvements which the American Telephone & Telegraph Co., through its Western Electric, will not permit subsidiary companies to use, because they interfere with their plan of making profits. They boast of owning and controlling over 7,500 United States patents. There is, for instance, the device, a little button, that goes on to a telephone to shut off the



voice while you are talking aside. You can buy those devices, and you can put them on if the telephone company does not catch you. If they do, they will take out your phone. That is just one of a hundred improvements that are not permitted because of this patent-pooling arrangement.

#### DIVISION OF TOLL REVENUES

The biggest thing probably that interferes with the local companies making enough to pay a reasonable return on their capital investment is the division of the toll charges.

The American Telephone & Telegraph Co. owns nearly all the toll lines, and by an allotment of the revenue on long-distance calls to the local lines it is able to divert to itself an unfair proportion of the revenue, not giving to the subsidiaries a fair proportion of the cost of the service and thus increasing the operating expenses of the local company.

The local company makes all the connections, collects from the subscribers, and remits to the American Telephone & Telegraph Co. The arrangement for the distribution of revenue on toll service was made, in many instances about 15 years ago, on a basis of a flat amount of the cost to the local companies. Since that time, although the cost of local service has greatly increased, there has been no change in this arrangement. As to this contractual relation the utility commissions likewise take an apathetic attitude and refuse to interfere.

In addition to the toll lines, the American Telephone & Telegraph Co. really controls the Western Union Telegraph Co. and the leased wires to the newspapers and brokerage and other businesses. This may account for the apathy of some newspapers toward assisting in any real investigation of the trust, or it may be accounted for by the fact that the parent company and its operating companies spend enormous amounts in advertising—all of which, of course, is paid for by the telephone user—advertising what? Service. But no one gets any benefit but the newspapers.

Only to-day the New York Telephone Co. had a large ad in all the New York newspapers contending for an additional increase of 25 per cent. The charge for this advertising goes on the telephone subscribers' bills. So it is with many other activities and "social-service" work of the companies. They are just tacked onto the cost of each telephone call.

#### DEPRECIATION

It is astounding what a great trust like this can get away with. The operating companies have a method of computing depreciation which would probably not be sanctioned by any authority which was permitted to make a real investigation. It is a mystery how their figures can pass muster with the income-tax authorities.

Section 20a of the interstate commerce act would seem to authorize that commission to fix the depreciation rates. They have never done so, however, and in the last Congress a bill was introduced to repeal that section.

In some localities it would appear that the local commissions are authorized to fix depreciation rates, but whenever a case arises the particular company in question takes whichever horn of the dilemma suits its convenience. If the local commission attempts to fix the rates the company claims only the Interstate Commerce Commission has power. If the latter commission attempts to fix the rates the company claims that only the American Telephone & Telegraph Co. is engaged in interstate business and that only the local commission has authority over the local company, with the result that nothing ever happens and the companies continue to juggle their figures as they choose.

It is estimated that the subsidiaries, on an average, charge off about 15 to 20 per cent of the operating charges for depreciation. But that is not all. They also have a maintenance fund. For instance, although they charge off depreciation on a switchboard, they also make a charge for maintenance whenever they repair this switchboard, with the result that these two funds, depreciation and maintenance, amount to about 6 per cent of what the company, itself, claims to be a fair value of the property. In other words, they duplicate the charge under depreciation and maintenance. No other business would ever be permitted to do this. The public is asking, "How do they get away with it?"

They have a depreciation reserve, which in many instances amounts to as high as 30 per cent of the cost of the property, but when they themselves value their property for the purpose of fixing rates they claim that the amount of depreciation is only about 10 per cent.

This one item of difference between these two inconsistent figures of their own amounts to millions and adds materially to the cost to the subscriber.

The American Telephone & Telegraph Co. itself has a contingency reserve of hundreds of millions—probably about half

a billion dollars. At least half of this is unnecessary reserve and undoubtedly is surplus profits.

When a local company is seeking a rate increase, its whole theory of property valuation is based on a fallacy. It owns nothing but its real property. Everything else is held under license agreements and without any title of ownership.

#### RADIO

Not content with its monopoly of communication by telephone, the American Telephone & Telegraph, in combination with the Radio Corporation of America, closely allied to it, and its own Western Electric and other "stepbrothers," now proposes a monopoly of the "air" by controlling all broadcasting. This situation is clearly shown by the recent report of the Federal Trade Commission, which investigated the radio combine, and by the hearings held before our Merchant Marine and Fisheries Committee in the Sixty-eighth Congress. I am informed that they are now building a radio-receiving set or "station," which will be the only one that can be used by anyone, by reason of their control of the wave length.

#### A BANKING PROPOSITION

The American Telephone & Telegraph boasts of its wide distribution of stock among about 300,000 persons. They do not, however, advertise how much is held by the inside crowd—the bankers, the Bell Securities Co. By reason of the usual apathy of the small stockholders and the forced proxies from 60,000 stockholding employees, a small minority of the stock controls the entire corporate situation. The money is made by the "insiders," the bankers, by the agreements with other companies and underwritings. Only recently a bond issue, which could have been sold over the counter at par or better, netted over \$11,000,000 to the underwriters, the bankers. They are in control of the situation and influence the action of public utility commissions and legislatures.

The foregoing are only a few of the divers ways by which the parent company continues to milk the local companies at the expense of the local subscriber and itself builds up enormous profits and distributes 9 per cent dividends, and how the subsidiaries, by bookkeeping methods, can assist the parent company in carrying out its exploitation of the public.

The very intricacy of the corporate relations has made it difficult for any supervising body to proceed with a worthwhile investigation, and the very nature of the business—its interstate character—has prevented any real local investigation.

By reason of its corporate interrelation the parent company is permitted to extract multiple tolls from the public and pyramid and conceal stupendous profits.

So far this giant of a trust has been able to match wits with any body which has made a serious attempt to investigate it, and few have been courageous enough to undertake an investigation.

Now, what are we going to do about it? What does my resolution call for? It calls for a legislative investigation of the entire situation, and it has generally been considered by the newspapers throughout the country and everybody who has studied the situation that this is the only way to reach it. They have tried local action in New York and in Maryland and nearly every State of the Union. I have attended on the sessions of several State utilities commissions investigating the subject, and it was readily apparent how helpless they were.

These telephone people know the game of politics as well as big business. No doubt within the hearing of my voice there are many representatives of the telephone interest. They are everywhere.

In New York City, at 195 Broadway, is concentrated the whole telephone business of the entire country, and it is controlled there with the most utter disrespect and disregard of every public commission.

Nearly every community in the country is waging a hopeless fight against the trust. In Michigan, Ohio, Illinois, Oregon, Texas, Indiana, Maryland, California, Massachusetts, Wisconsin, Montana, Vermont, Missouri, and the District of Columbia and practically in every other State to-day they are contending with the telephone monopoly. My files are crowded with briefs from attorneys general, city counsels, mayors of cities, and governors of States lamenting how helpless they are in this situation. It is a situation which particularly confronts the American Congress, the only tribunal, I believe, to which our communities can come in this their hour of desperation.

"Oh," some people will say, "this is too big a job." Well, the sooner we start it the better. When my resolution was first introduced before the Committee on Rules people said, "Prove your case." Why, you do not have to prove any case against the Telephone Trust. Does not everybody here realize



intuitively that something is wrong with the situation? We can take judicial notice of it.

Some people advocate Government ownership as the only remedy. Possibly if the war had lasted a little longer the Postmaster General would have carried out that plan and worked out governmental ownership of this natural monopoly. I am not advocating governmental ownership at this moment, but I do say this, that this great natural monopoly is not bigger than the Government of the United States and ought not to be able to conceal its practices from the eyes of the American people and their Government. Since no State seems able to unravel the tangle, let us do it.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield? Mr. O'CONNOR of New York. Yes.

Mr. LAGUARDIA. Is not the gentleman making out a very good case for Government ownership? The helplessness of the States and the helplessness of the Interstate Commerce Commission and the necessities of the people—is not that a good argument for Government ownership?

Mr. O'CONNOR of New York. Not necessarily. If the railroads were permitted to do what the telephone companies are doing to-day by charging off depreciation and building up maintenance funds, for instance, we would be paying 20 cents a mile. The Interstate Commerce Commission claims to-day that it is helpless under the situation. My resolution is designed to see what can be done; what is possible by legislation or by the amendment of the interstate commerce act, or otherwise.

Now, to take just a few instances. Some of you gentlemen from Michigan will be interested to know that the court there held that the 4½ per cent contract and all the contractual relations with the Western Electric were not subject to judicial review.

In Wisconsin since 1917 the telephone company has raised its rates 90 per cent, and the local public-utilities commission has been helpless against it.

In Texas the company did what it did in New York, which action was referred to by my colleague from New York [Mr. DICKSTEIN]. They came forward with a rate and they said "We want 10 per cent more." The public-utilities commission said, "No; you are not going to get it; you have got to first prove you are entitled to it." The company then rushed into the Federal court and got an injunction and the increase. New York is not the only place where this has been done. It has been done in Texas and a number of other places. They rush into the Federal court and they get an injunction restraining the local public-utility commission from preventing them raising their rates. Then the bills come out with this "surcharge" on them. There is a statement on the bills to the effect that the consumers should save their bills, because some day, if the court rules the company was not entitled to the increase, the consumers will get their money back. But, gentlemen, that day never dawns.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. DICKSTEIN. Is it not a fact that in the last application for an increase of 25 per cent they did not present their case to the State public-service commission but they went directly to the Federal court?

Mr. O'CONNOR of New York. Oh, yes; they rush right into the Federal court. They have their ears attune all the time and they know the shortest way to court. They can get there quicker than any local authority. Any corporation counsel's office—and we have the greatest one in the world in New York—any attorney general's office, and any public-utility commission is helpless, because the company knows all the tricks.

They keep their books as they wish to keep them, with an eye to confounding the local authorities so that nothing short of a congressional investigation, lodging the necessary authority somewhere, will bring about any results.

Gentlemen, is it not a revelation possibly to somebody here that there is no control at all at this good hour over this national monopoly? Nobody can do anything effective about it. The New York Telephone Co. can issue \$50,000,000 of stock at 6½ per cent and it is snapped up and now sells at \$111 or \$112 on the New York curb exchange. Everybody is eager to get it; it is a wonderful investment, and yet at the same time they come in and ask for an additional 25 per cent increase because they say they are making only 3.96 per cent on their capital investment. That is the situation which confronts this Congress, and I know of no subject, except possibly the tariff, where greater relief could be given to the people of this country. I have received thousands of letters from farmers, from grain dealers, and from the agricultural sections of the country where this shoe pinches and where it exacts millions and millions and millions of tribute. We were talking about a

rubber investigation the other day, which only amounted to \$200,000,000 or \$300,000,000 in exaction from the public, while \$1,000,000,000 a year is a conservative estimate of what the American Telephone & Telegraph Co. exacts from the people of the United States by reason of its intercorporate relations. It milks its subsidiaries for its own benefit, and while it pays \$9 a share, it has accumulated a surplus of over a half billion dollars, which represents the real worth to the insiders of this parent company.

In Tennessee they have been waging a strenuous fight for years, but, as everywhere else, hopelessly.

The counsel who is representing the city of Boston in its fight against the Telephone Trust, Mr. Sullivan, is here now in Washington.

The Chesapeake & Potomac Telephone Co. here in the District of Columbia has stopped every attempt at any real investigation or real control. They take either horn of the dilemma, whichever suits their particular convenience at the time. They are either interstate or intrastate, depending on which body is investigating them. If a Federal body starts after a local company, the American Telephone & Telegraph says, "You leave that child of mine alone; he is just a local company; he does nothing that is interstate; we are the interstate company." Then as a last resort, when anybody has gone after the American Telephone & Telegraph, they have been met with the statement that that company is not in the telephone business at all; that it merely owns some lines and that any relations it has with other companies are contractual, and you violate constitutional provisions if you interfere with contracts. So it goes. That, gentlemen, is the helpless situation in which we find ourselves.

My resolution is now before the Rules Committee, of which I have the honor to be a member. I am calling it to the attention of the Members of this House at this time for the purpose of laying the situation before them, believing that no greater service could be rendered the American people than the wiping out of this last great trust that has so infested the country. There has never been anything like it. The Standard Oil was a drop in the bucket compared with this monopoly, yet we wiped them out. Everybody does not use oil or crude rubber or coffee, but who is there who does not use the telephone?

I do not know whether any of you gentlemen have ever heard the story of an independent telephone company trying to operate. Why, the methods used by the American Telephone & Telegraph against independent companies are identical with the methods exposed in the Standard Oil Trust. They have used everything from a blackjack to arson to accomplish their purpose and to prevent opposition.

Mr. ALMON. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from Alabama.

Mr. ALMON. I am very much interested in the gentleman's statement and am in entire sympathy with all the gentleman says, and hope I shall have an opportunity to support his resolution. I want to ask the gentleman if there are any steps being taken for hearings before the Rules Committee and if we may expect action on the part of that committee at any time soon.

Mr. O'CONNOR of New York. In the last session of Congress, which was the short session, it was impossible to bring this matter out and have any action taken on the floor of the House. As for hearings, I do not believe there is any occasion for a hearing on this subject matter. We had no hearings on the rubber resolution. If there is anybody audacious enough to stand up and argue that the Telephone Trust or its charges in this country are all right, that there is nothing wrong with them, then some one might argue for a hearing; but I doubt if hearings on my rule would advance us one step further than we are now. We know the need for this investigation, and knowing it we should go right ahead.

Mr. BLANTON. Will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. BLANTON. I am also with the gentleman.

Mr. O'CONNOR of New York. The gentleman ought to be, coming from Texas where they have been swooped into the tentacles of the octopus.

Mr. BLANTON. But would not this be the result of a hearing? The company would come in with its specially prepared figures and make out its case and there would be nobody to make out a case on behalf of the people; is not that the fact?

Mr. O'CONNOR of New York. Yes; surely.

Mr. BLANTON. And we would be left just like we are now.

Mr. O'CONNOR of New York. Exactly.

Mr. ALMON. If the gentleman will permit, I did not mean to intimate I thought there ought to be hearings before the



Rules Committee, but I wanted to know whether they contemplated having hearings or not.

Mr. O'CONNOR of New York. Mr. Thayer, the president of the American Telephone & Telegraph, states he welcomes an investigation. That makes it unanimous. Why, any time our Committee on Rules meets up there on the gallery floor to get into the room you have to fall over a motley lobby of telephone people to break in. [Laughter.] Hearings? Why, the telephone gang would drag them out like they do the public-service commission hearings in the States. Why have hearings as to whether or not there should be an investigation, if no harm can possibly come from an investigation?

This plea for help comes from all over the country. From everywhere comes the cry for Congress to do something about it. You have done it in every other instance. How powerful is this great corporation? Of course, they have on their boards of directors a lot of powerful people, and you will see some politicians on the board. You will even see an ex-Assistant Postmaster General on the board of directors, and they have some other very clever people. They know politics.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. LA GUARDIA. Perhaps the same bipartisan unanimity of opinion that has expedited the tax bill and other measures this session is preventing the gentleman's resolution from coming to light.

Mr. O'CONNOR of New York. No; nothing so far has prevented my resolution from coming to light.

Mr. LA GUARDIA. Is the gentleman's side of the House with him on the resolution?

Mr. O'CONNOR of New York. I do not know, and have no thought of politics in the situation. I do not think anybody could confute this into a partisan subject.

Mr. BLANTON. Is the one-man party from New York with the gentleman?

Mr. LA GUARDIA. Oh, the one-man party from New York wants to take them over.

Mr. O'CONNOR of New York. He wants to go a little too far, perhaps, than is necessary at this time.

Mr. LA GUARDIA. Oh, in 10 years from now the gentleman will come to my way of thinking.

Mr. O'CONNOR of New York. I do not want this turned into a discussion of the merits of governmental ownership. [Applause.] If there must be Government ownership, let it come, but let us find out first what is the situation, and then we can determine what should be done. No momentous subject like this should be beclouded by the issue of governmental ownership. There is something "rotten in Denmark," and nobody has ever tried, with sufficient authority, to find out just what is the situation so that some remedy could be suggested.

Mr. WEFALD. Will the gentleman yield?

Mr. O'CONNOR of New York. Yes; I yield to the gentleman.

Mr. WEFALD. How would it do to send the Texas and Iowa Tax Clubs that went after the Ways and Means Committee after them?

Mr. O'CONNOR of New York. Well, I do not think they were very effective. They did not frighten the gentlemen from Texas, Mr. GARNER and Mr. BLANTON.

Mr. CARSS. If the gentleman will yield, has the gentleman received any protests from Minnesota? We have experienced an increase of rates there of about 100 per cent.

Mr. O'CONNOR of New York. Oh, yes; Minnesota has not been overlooked as a victim.

In further reply to my distinguished colleague, the gentleman from New York [Mr. LA GUARDIA], I will say it is not yet the fault of the Rules Committee that my resolution has not come out. They have not formally considered it. I believe the Committee on Rules, and I believe every Member of this Congress, when the subject comes up for formal action, is willing to go so far as to have real congressional investigation of this subject. Without it we are helpless. Something should be done, and at once, and I suggest, with no pride of authorship, that my remedy, a congressional investigation, is the proper one. To my mind, gentlemen, the concrete issue is plain. A certain business has thrown down the gauntlet to Government. Shall we leave it there, or shall we pick it up and accept the challenge and prove again, through the action of Congress, that no business is so big that it is more powerful than our Government? [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield three minutes to the gentleman from Nebraska [Mr. HOWARD]. [Applause.]

Mr. HOWARD. Mr. Chairman and gentlemen of the committee, I have gained this consideration for a special purpose. In this pending appropriation bill there is a wonderful item that does not appear in the bill. It will appear in a later bill,

but in order that the minds of all the Members of this House may be fully made acquainted with the situation which will then appear surrounding that little item of \$300,000 or \$400,000 in behalf of my Omaha Indians, I am going to insert in my address of these three minutes a copy of a memorial prepared by my Omaha people on this subject. It is a wonderful document. I would like to claim it as my own. Most everybody gives me credit for writing it, but I did not. I did not write a sentence in it. Every sentence was written by my Omaha Indian people. I want you to read it when it shall appear in the Record in the morning.

Oh, it ought to appeal to you gentlemen so insistently and so earnestly that never again will my Omaha people be slaughtered on the floor of this House by even one vote as was the case last winter. In due time it will come up before you. In the meantime, would not you read the memorial of my Omaha people? They do not have anybody much down here to speak for them only me, in my small way; and I want their memorial, which I will have printed in the Record, to speak for them in this instance. Please read it, gentlemen. I know it is asking a good deal to ask you to read a specially prepared presentation of a case when you have so much to do; but in behalf of my Omaha people I do earnestly beg of you to read and carefully consider the memorial of my Omaha people.

The CHAIRMAN (Mr. BURTON). The Chair calls the attention of the gentleman from Nebraska to the fact he did not ask leave to extend his remarks. I understand the gentleman desires to file a memorial.

Mr. HOWARD. I thank the chairman. Because of the paucity of my understanding I forgot it, and the chairman is good to call my attention to it. I make that request, Mr. Chairman.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. HOWARD. Mr. Speaker, under leave to extend my remarks in the Record I insert a memorial of the Omaha Tribe of Indians of Nebraska, which is as follows:

Memorial of the Omaha Tribe of Indians of Nebraska praying for an appropriation by Congress as authorized by the act approved February 9, 1925 (43 Stat. 820)

*To the Senate and House of Representatives:*

Your memorialists, the Omaha Tribe of Indians of Nebraska, show that by treaties between the United States and the Omaha Tribe of Indians made in 1830 and 1836 the United States obtained all rights of the Omahas to lands east of the Missouri River, and in return by the same treaties the United States acknowledged fully the title of the Omahas to the lands they were occupying in Nebraska west and south of the Missouri River.

By treaty of March 16, 1854 (10 Stat. 1043), the United States purchased and paid for, with the exception hereinafter noted, all the lands of the Omahas west of the Missouri River and south of the Missouri River, the Missouri making a big bend in northeastern Nebraska. How far westward the Omaha lands extended was then unknown. No surveys had been made and no large streams or natural boundaries marked the Omaha western boundary, which ran to where the Pawnee Tribe's eastern boundary began. (Pawnee treaty of Sept. 24, 1857, 11 Stat. 729.)

By the two (Omaha and Pawnee) treaties the United States acquired for settlers all of Nebraska north of the Platte. It at once lost interest in the boundary line between the tribes. It immediately opened the Omaha lands to settlers, and the settlers paid and the United States received therefor \$1.25 an acre, and as to some lands \$2.50 an acre.

The Omahas received, all told, for the 1854 cession, \$881,000 (United States v. Omaha Indians, 253 U. S. 278). The United States paid the Omahas this sum for all their lands with the exception noted hereinafter. The lands paid for totaled 4,500,000 acres (253 U. S. 278), or 19.6 cents per acre.

The exception noted, being lands unpaid for, was this:

The treaty provided the Omahas should retain as their future reservation, as the Indians might elect, either (1) all lands north of Ayoway Creek to the Missouri River on the north and the Pawnee line on the west, or (2) if they so elected, 300,000 acres south of Ayoway Creek. In this latter event they would be paid for their lands north of Ayoway Creek in excess of 300,000 acres the same price per acre as was paid for the lands sold south of Ayoway Creek, later found on survey to be 4,500,000 acres, or at the rate of 19.6 cents per acre, as heretofore stated.

The Omahas elected to take 300,000 acres south of Ayoway Creek so as to be farther away from the Sioux, and thereby became entitled to payment immediately for the excess land north of Ayoway Creek, as per treaty agreement. The United States, however, without paying the Omahas for the lands north of Ayoway Creek, at once opened up



this land to settlers, and received from them \$1.25 per acre. The Omahas, blanket Indians, knowing something was due but not how much, demanded payment, and were told (1) the lands north of Ayo-way Creek did not exceed 300,000 acres, or if they did exceed 300,000 acres the United States had never fixed the western boundary and never made survey to determine how much the excess was, and hence, not knowing how much to pay, would pay nothing, but nevertheless took the Indian lands; (2) that the United States had extended the time for payment by the settlers, who, however, later paid the United States \$1.25 per acre for what the United States had agreed to pay the Indians only 19.6 cents an acre, and then defaulted even as to this small amount.

The Omahas for two generations pressed the United States for settlement, but got nothing. Finally, one of their number, having studied law, drafted a jurisdictional act and Congress passed it. Being unfamiliar with the fact that the Court of Claims is prohibited from allowing interest except when expressly authorized, he relied on the general principles of law that if one party holds money belonging to another party he must pay interest for its use. When the case was tried in the Court of Claims the Omahas demanded \$1.25 an acre, less cost of sale, and interest for the lands the United States had taken north of Ayo-way Creek and never paid for, on the ground the United States, as trustee and guardian for the Indians, should (a) as trustee allow the Omahas the net proceeds the United States had received for the lands; and (b) interest, on the ground the money when paid by settlers had gone into the United States Treasury, and really belonged to the Omahas, and should have been so credited.

The Court of Claims decided the amount that should have been paid by the United States and credited to the Indians was only at the actual rate the Omahas had sold for, namely, 19.6 cents an acre, and not the net proceeds received by the United States shortly after 1854-1857. The court originally, as shown by Judge Hay's printed first opinion, awarded this sum and interest, recognizing the manifest justice of payment of interest. Government counsel moved for a new trial on the ground the act creating the Court of Claims prohibited the court allowing interest, however just, and the court subsequently struck out the allowance of interest.

It would seem plain that allowance of interest to the Indians is but partial and tardy justice. The United States made a huge profit on the lands in a short time and received and has used the money. The act of Congress approved February 1, 1925 (43 Stats. 820), requires the Omahas to execute a full release of all claims against the United States, and provides for payment to them of the interest sum clearly and justly due and much less than the fair and reasonable value of the lands as paid by the settlers. An appropriation for payment of this interest will simply be carrying out a law enacted by Congress and in real fulfillment of the Indian treaty obligations and pledged faith of the United States.

Moreover, there are a number of precedents for allowance of interest in such cases, viz, *United States v. Old Settlers* (148 U. S. 427), *United States v. McKee* (91 U. S. 442). A very recent precedent is *Pawnee Tribe of Indians v. the United States* (56 Court of Claims, 1-15). There the United States bought the surplus lands of the Pawnees in Oklahoma in excess of allotments in severalty, made a down payment of \$80,000 to the Pawnees, and agreed to make further payment for the surplus when ascertained after allotment in severalty at \$1.25 per acre, the Pawnees claiming they should receive the net proceeds the United States obtained from settlers, the United States having sold the surplus lands at \$2.50 an acre. The United States having obtained the land for the settlers, just as in the Omaha case, lost interest in the matter; and on the ground it could not determine whether to pay at \$1.25 or \$2.50 an acre it paid nothing further above the \$80,000, just as in the Omaha case. The excuse was, the United States had not surveyed or fixed any western Omaha line and hence did not know how much land to pay for. The Pawnees obtained a jurisdictional act, and being drafted by lawyers familiar with the act creating the Court of Claims, the act permitted the court to award interest if just, and the court allowed and Congress paid the Pawnees \$132,915.71 with interest from September 3, 1893, to 1920 (56 Ct. Cls. 15). This allowance was only just as in any case of assumption for money had and received.

Congress in passing jurisdictional acts has repeatedly allowed interest in Indian claims, and one of such character now pending in the Court of Claims is that of the Osage Tribe, passed February 6, 1921 (41 Stats. 1097).

#### LEGISLATIVE HISTORY OF THE OMAHA RELIEF BILL IN CONGRESS

After the Supreme Court of the United States rendered the opinion holding that under the Omaha jurisdictional act as passed by Congress, omitting the words "with interest," interest could not be paid, notwithstanding the Court of Claims on the merits had allowed interest, the Omaha Indians had bills introduced in the Sixty-seventh and Sixty-eighth Congresses for their relief.

Congressman HOWARD introduced H. R. 8965, Sixty-eighth Congress, on April 29, 1924. The bill was referred to the Committee on Indian

Affairs. On May 20, 1924, the Secretary of the Interior submitted a report thereon, as follows:

DEPARTMENT OF THE INTERIOR,  
Washington, D. C., May 20, 1924.

HON. HOMER P. SNYDER,  
Chairman Committee on Indian Affairs,  
House of Representatives.

MY DEAR MR. SNYDER: The receipt is acknowledged of your letter of April 30, 1924, forwarding for a report thereon a copy of H. R. 8965, being a bill for the relief of the Omaha Indians of Nebraska.

The act of June 22, 1910 (35 Stat. L. 580), conferred jurisdiction on the Court of Claims to consider and render judgment in all claims, legal and equitable, of the Omaha Tribe of Indians against the United States. Under that act the Indians filed a suit (No. 31002) in the Court of Claims. Judgment in the case was rendered by the court April 22, 1918, awarding the Indians \$122,295.31. Interest at 5 per cent was allowed by the court on the following portions of the judgment:

On \$94,739.54 from June 15, 1854.

On \$15,068.80 from August 3, 1856.

On \$3,133.30 from August 11, 1858.

Subsequently the counsel for the Government in the case called the attention of the court to section 1091 of the Revised Statutes (being a part of the act creating the Court of Claims), which prohibited the court from allowing interest in certain cases, and thereupon the court recalled its former judgment in so far as it related to interest. On appeal to the Supreme Court of the United States this action was sustained, the court having found that the jurisdictional act did not take the case out of the usual rule governing allowance of equitable claims for interest. (See 253 U. S. 275.)

This claim was submitted to the Director of the Bureau of the Budget, and by letter dated May 16, 1924, he has advised with reference thereto as follows: "I have submitted the matter to the President, who has instructed me to advise you that the proposed legislation is in conflict with his financial program."

Very truly yours,

HUBERT WORK.

On May 22, 1924, the Committee on Indian Affairs after full consideration favorably reported the bill to the House, accompanied by House Report No. 828, which stated: "The merits of this legislation are fully set forth in the letter of the Secretary of the Interior hereto attached and made a part hereof." Subsequently the bill was placed on the House Calendar. It was not reached on the calendar until January 5, 1925, when it was considered in regular order and passed.

The bill as passed then went to the Senate and was referred to the Committee on Indian Affairs on January 6, 1925. It was again referred to the Secretary of the Interior for report, and under date of January 17, 1925, the Secretary made a similar report thereon. A hearing was held before the Senate Committee on Indian Affairs January 20, 1925, whereupon a favorable report was ordered; and Senator HARRIS, the chairman, on January 22, 1925, made report to the Senate, same being Senate Report No. 906. The bill was placed on the Senate Calendar and was reached for consideration on January 31, 1925, and passed. The bill was sent to the President for approval, and on February 9, 1925, notwithstanding he had stated that "the proposed legislation is in conflict with his financial program," he approved the same on recommendation of the Indian Office and the Interior Department, which knew the entire history of the matter.

The bill thus becoming a law, and authorizing an appropriation of \$374,465.02, the Secretary of the Interior made a supplemental estimate of appropriation therefor, as required by the Budget act, and under date of February 12, 1925, the Director of the Budget forwarded to the President said supplemental estimate, and on the same day the President transmitted said "supplemental estimate of appropriation for the fiscal year ending June 30, 1925, for the Department of the Interior, \$374,465.02," to the House of Representatives, which was printed as House Document No. 617 and referred to the Committee on Appropriations of the House.

This record therefore shows conclusively that full and due consideration was given the bill by the House and Senate Committees on Indian Affairs, the Department of the Interior, the Indian Office, the House and the Senate, and the President and also by the Director of the Budget.

It thus appears that Congress, notwithstanding the opinion of the Supreme Court, based solely on the equities and merit of the Omaha case which were fully before it, passed the act for their relief.

The argument that now to make the appropriation authorized by the act of Congress approved February 9, 1925, would create a precedent which would probably take millions of dollars out of the Treasury, can not be sustained by the facts. There is no other Indian case pending or decided where it appears that the Court of Claims under an act of Congress allowed interest on the merits, as was done in the Omaha case, and subsequently such interest was disallowed because the court had no jurisdiction to allow interest. Furthermore, Congress itself carries its shield of protection to the Treasury in all



such cases should they arise. It may be taken for granted that no case without merit will receive its approval.

That the Omaha case has merit can not be justly denied. Congress in authorizing the appropriation for the Omaha Indians by the act of February 9, 1925, simply did an act of justice to the Indians, as found by the Court of Claims after a full hearing on the merits. The committees of Congress and the Secretary of the Interior, in recommending the enactment of said act, and the President in approving same after it was unanimously passed by Congress, considered the fact that the Court of Claims allowed the Indians only 19.6 cents an acre for their lands, and the further fact that the Government withheld payment from these Indians for a period of nearly 70 years, and in the meantime had the use of the purchase price and a large profit besides. Had this case been between private parties, interest would have been allowed on the principal sum due as a matter of course.

The real and only precedent that a refusal at this time to appropriate the money due the Omahas would make is, repudiation of an act of Congress passed and approved in order to do tardy and partial justice to Indian wards of the Government.

Respectfully submitted.

THE OMAHA TRIBE OF INDIANS OF NEBRASKA,  
By THE BUSINESS COMMITTEE, Macy, Nebr.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman and gentlemen, a bad precedent was set in the House yesterday that ought not to stand. That was the ruling, invited by our floor organization, from the Speaker to the effect that the Appropriations Committee at will can bring in a supply bill involving what will make 110 printed pages, appropriating \$226,000,000 of the people's money, introduce it from the floor, take it up immediately if they want to, and pass it. That is a bad rule. There is not a man in Congress who ought to want that kind of a rule. [Applause.] You Republicans do not want it. If you keep that kind of a rule in the House it is going to rise up some day and smite you.

The Appropriations Committee is a privileged committee, and there are several of them in the House. It has been the custom here, and I am going to show you in a few days just how many times it has been raised, as soon as I have time to look it up and gather the precedents; but in every instance that I remember it has been raised by a Republican. [Laughter and applause.] They demanded that the Republicans of the country should have the right to read the bill and find out what is in it before they were called upon to vote millions out of the Treasury.

I hope that the Rules Committee—I hope that the distinguished gentleman from New York, chairman of the Rules Committee, for whom I have the highest regard—will bring in a rule here that will provide that no supply bill can be taken up except by unanimous consent until after it has been printed and laid over at least one day. But I did not rise to speak on that.

Mr. TAYLOR of Colorado. Will the gentleman permit an interruption?

Mr. BLANTON. Certainly.

Mr. TAYLOR of Colorado. I think, myself, as the gentleman suggests, that it would be unwise to adopt that policy, but I do feel on behalf of the Appropriations Committee, for which I have no authority to speak except as an ordinary member, the Appropriations Committee had not the slightest thought of rushing the bill through the House—

Mr. BLANTON. Oh, in this instance I absolve the gentleman and the committee.

Mr. TAYLOR of Colorado. There is nothing in this bill that will not bear investigation of everybody, but there were as many as 50 applications for time, and it seems as if everybody wanted to make a speech, and so the chairman of the committee, out of a desire to accommodate the membership of the House, said we will turn you loose and let you make speeches all day. [Laughter.] That is the only reason we did it.

Mr. BLANTON. Oh, the committee in this instance has been most fair. The distinguished gentleman from Michigan [Mr. CRAMTON] stated that we would have three days for general debate, which gives plenty of time to study the bill, and I withdrew my point of order. That is plenty of time. But I am talking about what could happen in the future.

I was one of those who helped fight on this floor to put in the hands of the Appropriations Committee the sole power to make all the appropriations of this House. I think it is wise and in the interest of saving the people's money. I do not want the Committee on Appropriations, I do not want the Speaker of the House, to establish a precedent or a rule here that will cause the House to go back and again put the appropriating power into every committee in the House.

Mr. RAMSEYER. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. RAMSEYER. I am in entire accord with the gentleman; but does he contend that the ruling yesterday was erroneous, or is he advocating a rule to be brought in preventing such a thing?

Mr. BLANTON. Both; there is no rule against it, but there are precedents of the House which have required bills to be printed and to lay over one day after introduction before being considered. What I am contending for is that there should be a rule that would protect the membership of the House in that particular, and the ruling of the Speaker yesterday should be abandoned. But now I want to use my time on another subject.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COOPER of Wisconsin. There never should be a bill taken up for consideration in this House, except in war time, that has not been printed and an opportunity afforded to the men who are to vote on the bill to know what its provisions are.

Mr. BLANTON. I agree with the gentleman from Wisconsin, who has wise judgment in many things.

Mr. WEFALD. In all things. [Laughter.]

Mr. BLANTON. We are entitled to know what we are to pass upon in this House. I sit in my office and study these bills night and day, and I want to know what I am voting for. Why, yesterday there were just five men in the whole House who knew what was in this \$226,000,000 bill—the five men on the subcommittee which framed it. But I must get to my other subject.

I have in my hand, Mr. Chairman, a letter from one of the best friends I have in my district. He is one of the leading business men in my State. He is a big brainy man, a big-purse man, a big-hearted man, a business man of the very first water. He is president and actual manager of 20 wholesale houses in Texas. Eight of them are scattered over my district. This man is a leading business man in the South. He writes me under date of January 1 of this year, sending me this long circular [exhibiting it], and says:

Inclosed I hand you a circular that is being distributed all over your district.

All over my district! And he says further that he thinks it is—in fact I think all over all districts—being distributed all over Texas, and he goes on to tell me that if I do not reply to it, it is liable to injure me among my friends.

Here is the circular. I never saw as much misrepresentation put into one document in my life. It is dated December 30 of last year, just a week or so ago, and was sent by our old friend, George H. Colvin, of Fort Worth, president of the Texas Tax Clubs. [Laughter.] He goes on with the same misrepresentation that they have been making everywhere.

Mr. O'CONNELL of New York. Is that club alive yet?

Mr. BLANTON. Oh, I am going to tell you how it is now operating. They are still misrepresenting the facts by sending these false circulars all over our districts, while we are here attending to the people's business.

Now, let us consider some of the gross misrepresentations which this Mr. George H. Colvin, who styles himself as the "chairman of the Texas Tax Clubs," has made in his 80-line statement, which my constituent says he is distributing all over my district and, in fact, all over Texas.

Mr. Colvin starts his circular out wrong by stating—

A committee from the Texas Legislature presented to our Texas Congressmen in Washington on December 11 a memorial passed by the Texas Legislature on the inheritance tax.

This is not so. There is no such memorial passed by the Texas Legislature. And there was no such committee from the Texas Legislature. There was a committee sent here by the Texas Tax Clubs, and such committee did embrace two members of the Texas Senate and two members of the Texas House, but they were not authorized to come to Washington by the Texas Legislature, but came here at the instance of these Texas Tax Clubs.

In November, 1925, certain members of the Texas Legislature were invited to meet in Austin unofficially to consider the advisability of calling a special session of the legislature on account of the muddle in the business of the State highway commission. Certain members did so meet unofficially in Austin on November 23, 1925.

And State Senator R. A. Stuart, of Fort Worth, admitted to the entire Texas delegation in Congress that his expenses on this trip to Austin at this unofficial meeting were paid by parties connected with the Texas Tax Clubs.



And the Texas Tax Clubs immediately got busy at such official meeting to get a propaganda resolution passed. And it did get one passed. But it was wholly unofficial and was incited through misrepresentation.

The propagandists of the Texas Tax Clubs prepared their resolution, erroneously stating that Congress was trying to coerce Texas; and they wrongfully represented to the senators and legislators who attended that unofficial meeting at Austin that Congress was trying to coerce Texas, and through misrepresentation got such members who attended such meeting unofficially to pass their resolution. If they had understood the facts they would not have passed it.

But, as I have already stated, it was not a resolution passed by the Texas Legislature, and Lee Satterwhite and Senator R. A. Stuart, who presented that resolution to the Texas delegation in Washington on December 11, 1925, were not a committee from the Legislature of Texas, but both admitted that they were then propagandists of the Texas Tax Clubs, having their expenses paid here as propagandists.

This Mr. George H. Colvin, who is now distributing his circular all over my district and all over Texas, says therein that the inheritance-tax provision in the new tax bill just recently passed—

is the most socialistic measure ever placed upon the statute books of this Nation.

This is the same Mr. George H. Colvin who called a mass meeting of the citizens of the 19 counties of the seventeenth congressional district of Texas, which I have the honor to represent in Congress, to meet in Coleman on the night of November 28, 1925, and he sent his special propagandist, Senator R. A. Stuart, there to address the meeting. By arrangement, Mr. Leon Shield, who is the secretary of the Texas Tax Clubs, presided as chairman of such meeting. I am advised by Hon. C. L. South, who is the distinguished county judge of Coleman County, and who attended such meeting that, counting ladies and all, there were not more than 30 people attended this so-called mass meeting, and all of them were from Coleman, where lives Secretary Leon Shield.

And Mr. George H. Colvin's special propagandist, Senator R. A. Stuart, proceeded to misrepresent the facts before my constituents at Coleman, and told them that when he came with Lee Satterwhite and others to Washington in October that I had treated them with discourtesy, and said that I did not have time to give consideration to the business of my constituents, and denounced the inheritance tax in this new bill as socialistic and against the teachings of Thomas Jefferson and leading Democrats who succeeded him. And so did Leon Shield misrepresent the facts.

When Senator R. A. Stuart and Lee Satterwhite came back to Washington in December and came before the Texas delegation, with both Senators and all 18 Congressmen present, I made him admit in the presence of the reporters for the daily newspapers of Texas that he had misrepresented me at Coleman; that I had not shown him or anyone any discourtesy, but that I was courteous to all of them; and that when he and Lee Satterwhite gave their banquet in the Oak Room of the Raleigh Hotel I was the only Texas Congressman who left my work and attended; and that when Lee Satterwhite, as toastmaster, called on me for a speech I frankly gave them my views and explained that they had no chance whatever to repeal the inheritance tax, and that they were wasting both time and money in trying to do it. And we then made Senator Stuart admit that when he and Lee Satterwhite came up here in October that their expenses were paid by the Texas Tax Clubs; that the magnificent banquet which he and Lee Satterwhite gave at the Raleigh Hotel was paid for by their employers; that when Colvin sent him to Waco to speak against our colleague, Tom CONNALLY, his expenses were paid by those who sent him, and that when he was sent to Coleman to speak against me his expenses were paid by those who sent him; that when he attended the so-called unofficial meeting of members of the Texas Legislature at Austin in November all of his expenses were paid by others; and that the expenses of himself and Satterwhite to Washington in December, as well as the entertainment at the hotel, were all paid by others.

Our Texas delegation simply overwhelmed Senator Stuart and Lee Satterwhite with conclusive proof that the inheritance tax is one of the oldest known to civilization. It was levied by Babylonian Kings. The Roman Caesars levied it. It has been levied by Great Britain for nearly 200 years. It is now levied by every civilized country in the whole world.

An inheritance tax was levied during the administration of George Washington, the Father of His Country. Instead of it being against the teachings of Thomas Jefferson, he denounced the evils of "swollen fortunes" and urged such a tax himself.

Such a tax was favored by Theodore Roosevelt. William Jennings Bryan urged such a tax. It was not passed by President Wilson as a war measure, but was prepared by William G. McAdoo, and passed by Congress, and approved by President Woodrow Wilson in 1916 as a peace-time measure, long before the United States entered the war in 1917.

And just why is it that Mr. George H. Colvin is not fair enough to state in his 80-line circular which he is broadcasting over my district that in the new tax bill which the House of Representatives has framed and passed we have cut the inheritance tax half in two, for in the present law the maximum inheritance tax is 40 per cent, and we have cut the maximum down to 20 per cent? And why does not Mr. Colvin tell the people of Texas that it will affect very few people in Texas?

We passed this new tax bill in the House of Representatives on December 18, 1925. It passed by a vote of 390 for it, with only 25 Members voting against it. Every Texas Congressman was for it. It could not have been very socialistic, for every Member in the House who had any socialistic leanings whatever voted against it.

Now, just how many people in Texas does it hurt? Why was Mr. George H. Colvin and Senator R. A. Stuart and Mr. Lee Satterwhite so exercised about it and so fearful that it would take all estates away from heirs in Texas? Why do they not tell what it provides?

Why, it is not bad. If a Texan leaves an estate of \$50,000, not one penny of tax will be due the Government. If he leaves an estate of \$100,000, and it is community property, not one penny of tax will be due the Government. If he leaves an estate of \$200,000, and it is community property, there will be due a tax of only \$500 to the Government, and then whatever estate tax that has been paid to Texas may be deducted up to 80 per cent of the \$500. That is not confiscatory.

And if he leaves an estate of \$500,000, and it is community property, there will be a tax due of only \$4,500 to the Government, and then whatever estate tax that has been paid to Texas may be deducted up to 80 per cent of this \$4,500. That is not confiscatory.

Oh, but Mr. Colvin, and Senator Stuart, and Mr. Lee Satterwhite, and Mr. Leon Shield would have us take all tax off billion-dollar estates and let them be handed down from generation to generation without tax, and then raise the necessary revenue to run the State by putting additional taxes against the farms and ranches of Texas and letting the lands which are too heavily taxed already bear all of the burden.

Since the war we now have in the United States three billionaires, who each have one thousand million dollars. We have Mr. Secretary of the Treasury Andrew W. Mellon, who has \$300,000,000. There are several Americans who are worth \$50,000,000. There are numerous millionaires. Some of these very rich men designate a home in Florida, where there is neither income nor estate tax due the State; they have their business enterprises scattered all over the United States; they daily operate on Wall Street; their families live in luxury in the finest hotels of Paris; they lend their millions of income to foreign governments at 7 and 8 and 9 per cent, and our Government has no check on them whatever; and they manipulate their affairs so that they escape all contribution of any kind to both Government and State; and then Mr. Colvin, and Senator Stuart, and Mr. Lee Satterwhite, and Mr. Leon Shield would have them pass it all over to their heirs at death free of any tax whatever.

And in this circular he is scattering all over my district, Mr. George H. Colvin is stating that our colleague, Mr. GARNER, put this inheritance tax on and the other 17 Texas Congressmen just bobbed their heads in assent. At their banquet in the Raleigh Hotel in October I then told his propagandists, Senator Stuart and Lee Satterwhite, just what they could expect from Congress, and I predicted what did happen long before I saw Mr. GARNER, and before the tax bill was framed. I knew how the membership felt on the subject, because we have debated it before.

Mr. Colvin did not tell the people of Texas, however, that we cut all taxes over half in two. He did not tell them that under this new bill a single man whose income is not over \$1,500 will pay no tax, and he did not tell them that a married man with four children whose income is not over \$5,100 per year will pay no income tax, because he is allowed an exemption of \$3,500, and also a further exemption of \$400 for each child under 18 years of age.

Yet Senator Stuart admitted that his expenses were paid when he went to Austin in November to attend that so-called unofficial meeting of certain members of the legislature.

And just what sort of an idea does Senator Stuart and Mr. Lee Satterwhite have about Congress? Do they imagine that



they can come here to Washington on propaganda money and give magnificent banquets in the oak room of the Raleigh Hotel to Congressman, and then have Congressmen follow them around like sheep and vote just as they are told? If they have had that idea, their minds have been disabused of same.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a moment I will gladly. I want you gentlemen to get these facts. The State secretary of the Texas Tax Clubs is my constituent. He lives at Coleman, and is Mr. Leon Shield. He has been the cashier of a big national bank at Coleman, and he is the one, if you will remember, who had the audacity to write me up here and tell me that if I could not obey his mandates I must resign. Do you know what I did? I sent down there an article explaining the entire situation, which the Democrat-Voice very kindly published in Coleman. I showed that Mr. Leon Shield was not representing the interests of the Coleman people or of his county. I showed that his proposition was against their interest, and from the people of that county reaction came.

The farmers down there did not agree with Shield, for I have been getting some petitions from them saying that they want this inheritance tax to stay on the statute books. [Applause.] They realize that if we repeal the inheritance tax it means an increase of their land tax against their farms, because the State of Texas must have money with which to pay State expenses. Remember that Mr. Shield asked me to resign. I want to read you a little excerpt from the Dallas News of last Saturday, January 2. It is as follows:

COLEMAN, TEX., January 1.—At a recent meeting of the directors of the Coleman National Bank, \* \* \* Leon L. Shield tendered his resignation as cashier and Sam Gray was elected to fill the position.

So that instead of his Congressman resigning at his behest, he has handed in his own resignation to the Coleman National Bank. [Applause and laughter.]

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. FREAR. The gentleman recollects, possibly, that the Iowa Tax Club brought along its own undertaker.

Mr. BLANTON. I remember that.

Mr. FREAR. The Texas Tax Club evidently took its own undertaker back with them.

Mr. BLANTON. And Mr. Colvin ought to take care of Mr. Shield because he has doubtless caused him to lose his position.

Mr. O'CONNELL of New York. And worse than all he made him come to Washington to do it. [Laughter.]

Mr. BLANTON. Now let me tell you more about the speaker of the Texas Legislature, who has been on so many propaganda trips to Washington. Poor Lee! I like him; everybody does. He is a good fellow, but he brought this all on himself—coming up here to Washington and giving banquets down here at the Raleigh Hotel. Was he in a financial position to do that? Let us see whether he was. I clipped this from the Washington Star of yesterday evening, from which I read the following excerpts:

TEXAS HOUSE SPEAKER SUED FOR BOARD BILL—SATTERWHITE DEFENDANT IN \$75 ACTION—DEBT OWED FOR FOUR YEARS, ACCUSER SAYS

(By the Associated Press)

AUSTIN, TEX., January 5.—Speaker Lee Satterwhite, of the Texas House of Representatives, \* \* \* is defendant in a suit filed here for collection of a \$75 board bill nearly four years old.

An attorney for Miss Emma Ford \* \* \* is seeking judgment on a promissory note which she claims Mr. Satterwhite executed June 1, 1922, to cover the bill. The transaction, alleged the petition, took place at Panhandle, Tex., the legislator's home.

\* \* \* Mr. Satterwhite declared, "The debt is an honest one and I have not repudiated it."

"I owe quite a few old debts and am paying them up as rapidly as possible," Mr. Satterwhite explained. "If I had been without principle and without honor I could have grafted on the State and paid them up long ago."

[Laughter.]

Mr. OLDFIELD. Does not the gentleman think that Mr. Colvin should pay that board bill? [Laughter.]

Mr. BLANTON. I think Mr. Colvin ought to pay this man's board bill. I think Mr. Colvin ought to take care of Lee Satterwhite, because Lee has been traveling all over the county for Colvin since last October and should shoulder the result of his own actions. If we had followed him, and voted against the interests of all the people as he demanded that we do, the people of Texas would not have had any confidence in us.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. I thank the members of the committee. [Applause.]

Mr. CRAMTON. Mr. Chairman, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman and gentlemen, after listening to the very able address delivered a few moments ago by the gentleman from New York [Mr. O'CONNOR] on the Telephone Trust, I feel that I have but a modest proposition to offer, although I, too, am offering to the House resolutions for investigations. These have a close connection, however, with the address made this afternoon by the distinguished gentleman from Nebraska, Governor SHALLEMBERGER. He laid the ills of the farmer quite largely to transportation rates, and that undoubtedly is one element in the farmers' troubles to-day. But let me say to the gentleman from New York [Mr. O'CONNOR], who says the Telephone Trust raised rates in Wisconsin 90 per cent since 1917, that if his resolution related to something in England or any other foreign country instead of our own there would be no difficulty probably in securing early action by the Committee on Rules and brief discussion without hearings, as was the case with the rubber resolution.

And I wish to speak of that rubber resolution briefly and of its connection with a situation that leaves little for us to say in reply, if the people of England discuss our own local conditions, as developed a few moments ago by the gentleman from New York in his remarks on the Telephone Trust, because we have many other trusts of like character which to-day we can not excuse or offer any apology for.

#### THE RUBBER RESOLUTION

Mr. Chairman, the resolution for a rubber investigation, House Resolution 59, was introduced by Republican Leader TILSON and approved by the House with little debate on December 21. Lack of consideration by the House invites particular care before action is taken. The resolution appears to have been based on high prices and American press reports, alleged to be propaganda that England is holding up rubber consumers of this country because England controls rubber through its tropical rubber-tree holdings, so the Tilson resolution is to be made a basis for commercial reprisals. The English press is quoted as saying that the English Government in no way is connected with rubber prices, because all rubber interests are in private hands, that prices are governed by supply and demand, and, further, that rubber prices are quoted by English private interests to all people of the world alike, giving competing manufacturers equal rights, with no effort to discriminate against those of the United States. And at this particular moment I may observe that a Cabinet officer is before the committee to discuss this question of high prices and rubber rates of England.

Before any action can properly be taken upon the House rubber committee report, soon to be made, we ought to anticipate and meet probable English pertinent criticisms against ourselves. In view of the rubber resolution and its authorship, reputed to come from high official circles, with its possible scope, I have to-day offered a series of resolutions that are self-explanatory. The distinguished Republican floor leader, Mr. TILSON, who introduced the rubber resolution, possibly at the suggestion of others, is a personal friend and Member of ability.

During the preparation of the cutlery schedule of the Fordney tariff bill he ably represented his constituents by successfully urging higher cutlery rates of from 100 per cent to nearly 200 per cent increase embodied in the Fordney tariff bill, which rates were then alleged to make these schedules practically prohibitory instead of protective, as provided by the Republican platform. These cutlery rates, it was further alleged, gave to the manufacturers of this country a home market freed from foreign competition, so that American consumers in 48 States were compelled to pay as much as the traffic would bear to the cutlery manufacturers of Connecticut and one or two other States.

#### PROHIBITORY TARIFF RATES FOR AMERICAN CONSUMERS

Increased wages of employees were an incident and profits an incentive for such rates. A resolution I have introduced to-day seeks to ascertain what profits have been collected by different cutlery manufacturers of New England, and further, whether the American consumer pays any larger tribute to foreign rubber dealers over whom we have no legal control than to cutlery interests that are protected by Congress through such tariff rates. The tariff is a local issue and every Member is expected to protect his own constituents, so no reflection on any individual is implied by my resolution offered to-day, which may be pertinent, however, if retaliation is



threatened by us against any foreign government. Relevancy of the cutlery, dye, and aluminum resolutions I have offered as effecting the rubber resolution of Representative TILSON is found in the fact that Great Britain's Government now owes our own Government over \$4,000,000,000, with date of payment fixed by international agreement. That debt will be paid by money or by the sale of English goods to us. This takes no account of the suggestion that the foremost cutlery embargo tariff champion and the introducer of the rubber resolution is identical or that private English business interests and not the English Government are to blame for high rubber prices, which are as objectionable to the world in general as many American monopoly prices are to the people of this country.

#### HOW THE DYE EMBARGO WAS MADE EFFECTIVE

A second resolution is also introduced to-day to inquire into the profits of certain American chemical companies, including the Allied Chemical Co., the Grasselli and Dupont chemical interests, which under present administration of the law, I am advised, have the American field practically to themselves. Two of these companies, when the last tariff law was enacted, were then shown to have aggregate assets of approximately \$1,000,000,000, and therefore were in no sense infant industries. The distinguished Speaker of the House, Mr. LONGWORTH, who now declares the English rubber industry an "international swindle," then led a vigorous fight in the House against importations of any foreign dyes whatsoever and for the enactment of a dye embargo prohibiting the importation of foreign dyes, notwithstanding prior to the war a large share of our reliable fast dyes could only be obtained through foreign imports. Irrespective of the purpose or influences behind the dye embargo the embargo was squarely defeated in a House that had 168 Republican majority in 1921.

The dye embargo proposal was so repugnant to the theory of Republican protection and so apparently in the interest of a dye monopoly that it was vigorously opposed by the American Protective Tariff League and defeated in a House which had an overwhelming Republican majority. Constant complaints are to the effect that the customs division now maintains regulations that practically prevent foreign dye imports or any competition by foreign dyestuffs, thereby effecting a dye embargo which was expressly repudiated and defeated by Congress. I have offered a resolution of inquiry to ascertain the profits of these American dye interests in order to ascertain if their actual profits are higher than the English rubber profits against which we complain.

#### AN ALUMINUM PROFIT OF 4,000 PER CENT

Mr. Chairman, a third resolution offered without any connection with press reports on the same subject relates to the Aluminum Co. of America, of which the present distinguished Secretary of the Treasury, Mr. Mellon, and his brother are reputed to be holders of a majority of the stock. This resolution was prepared without knowledge of the Oldfield resolution submitted yesterday and I trust no conflict in jurisdiction of committees will occur, but, if so, I submit the calendar of the Committee on Department of Justice Expenditures is not congested and I believe that committee can give thorough attention to a matter which may be pigeonholed by a more active committee of the House. The Aluminum Co. of America has only a few stockholders and I understand does not publish its reports; yet the importance of its operations appears from the findings of the Sixty-seventh Congress through Senate Resolution 127, wherein the Senate committee officially declared that—

Under this monopoly the company's investment of \$20,000 in 1899, supplemented by a subsequent additional investment of about two and three-quarters million dollars, including a considerable amount issued for patents, grew to a combined capital and surplus amounting to \$110,833,461 in July 31, 1921.

If I understand the Senate report correctly, cash dividends amounting to \$15,370,032 were paid prior to July 31, 1921, or nearly \$120,000,000 were collected from American consumers on an original investment of about \$3,000,000. Notwithstanding these enormous profits vouched for by high Government authority, the Federal Trade Commission alleges (page 89) that the Aluminum Co. of America through the 1921 tariff bill thereafter secured for itself an increase of the tariff duty on ingots from 2 cents to 5 cents, or 150 per cent increase on ingots after a 4,000 per cent profit on the original investment and on such other items as coils, plates, sheets, bars, and so forth, an increase was secured of from 3½ cents to 9 cents per pound, or nearly 200 per cent increase. Under these increased tariff rates the \$3,000,000 originally invested, that reached approximately \$120,000,000 in 1921, may now far exceed the \$200,000,000 mark, and in any event, the facts should be known

before any retaliatory action based on the Tilson rubber resolution is undertaken.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes. Certainly.

Mr. LAGUARDIA. The price of aluminum yesterday went down 1 cent a pound.

Mr. FREAR. It must have been the result either of the newspaper propaganda in exposing the trust or the resolution introduced by the gentleman from Arkansas [Mr. OLDFIELD], for neither of which I am responsible.

Mr. OLDFIELD. Mr. Chairman, will the gentleman yield there?

Mr. FREAR. Yes. Certainly.

Mr. OLDFIELD. I understood the gentleman to say that I introduced my resolution yesterday. Senator WALSH introduced his resolution yesterday. The papers stated that the Aluminum Co. reduced the price 1 cent a pound, and that the trade was very much surprised at the reduction of the price.

Mr. FREAR. Yes. Proposed legislation may have some effect upon extortion; let us hope so in this case.

Mr. Chairman, the reports from the Federal Trade Commission declare in effect that the American Aluminum Co. is a monopoly existing in defiance of law, and that it squeezed from the American public over forty times its original investment prior to 1921, yet flourishes like a green bay tree without hindrance, apparently by the Department of Justice, while some of those who control its stock and direct its policies occupy high positions at the Cabinet table in our Government's affairs. If the American Government, in view of these disclosures made by both the United States Senate and the Federal Trade Commission, fails to make any effort to prevent the fleecing of its own citizens by those who seem to be immune from control or regulation, then I submit that it becomes a matter of brazen assurance for us to plead with or threaten English rubber interests, however blamable, when such shining examples of unregulated international monopoly exist as the Aluminum Co. of America. [Applause.]

In justice to our own citizens also it might be well to disclose the purpose of a new billion dollar bread trust, a many billion dollar money trust, and innumerable other trusts, among which are the Coal Trust, Sugar Trust, Oil Trust, and the Furniture Trust, which last-named trust furnished some 200 manufacturers who recently pleaded guilty of violation of law and paid fines, without reduction, however, in furniture prices.

#### IS CONSISTENCY A JEWEL WITH THE HOUSE OF REPRESENTATIVES?

In view of the plea offered by high administration officials on behalf of automobile owners for a reduction in rubber prices and retaliation against England by some futile gesture we are expected to make, what answer can be given by us to the charge that in order to relieve 214 multimillionaires from surtaxes which are already lower than those paid in England or Canada the new Mellon tax bill passed by the House proposes to give these 214 men of great wealth a surtax reduction of \$60,000,000 annually, while leaving approximately that same amount of \$60,000,000 in nuisance automobile taxes to be paid annually by the automobile users of the country whom we are vociferously seeking to defend against an English rubber monopoly?

English novices in the field of trust and monopoly manipulation must chuckle over the House rubber resolution, ostensibly offered to reach English interests, when, in addition to our refusal to relieve automobile owners by this unique shifting of taxes, practically every field of American industry, from food to furniture and aluminum to oil, has been corralled by secret agreements or trust control on this side of the water, compared to which English methods are primitive and guileless. The purpose of my resolutions is to ascertain the facts and if possible to afford some pretense of consistency on the part of the American House of Representatives, which I assume offers the rubber resolution seriously with threatened retaliatory proposals. It voices a vague hope also that we first begin our house cleaning at home, compared with which the English rubber industry is of less moment than a dusty back-door mat which needs shaking.

I have asked that my resolutions be referred to three highly important committees with which I am now connected. Based on previous experience with aircraft and other investigations, if empowered to subpoena witnesses and make necessary expenditures, a report should be had that at least will not result in any intentional whitewash.

If for any reason the proposed assignments of resolutions do not go to committees with which I have been honored with membership, I urge that any investigation undertaken may be conducted with vigor and thoroughness by special committees not under suspicion in advance of wielding a white-wash



brush. Information in the hands of Secretary Hoover, it is said, will save the rubber investigation much needless research or necessity for preparing a report but it will not be of more service to the country than the caustic report of the Federal Trade Commission on the American Aluminum Co. found in volume 3, under date of October 6, 1924. We are not especially concerned in matters across the ocean excepting as they affect our own affairs nor with diplomatic relations abroad with which the House has no constitutional concern; however,

Officials of England and those interested in rubber production with millions of automobile owners in this country to be affected by the new tax bill can not fail to discover the weakness of our position when collecting \$60,000,000 in nuisance taxes on automobiles in order to relieve the very rich of an equal amount of surtaxes.

#### LEGISLATIVE USES FOR RUBBER

Mr. Chairman, I submit the House presents a humiliating spectacle to the world when under its constitutional powers it registers as a tax legislative rubber stamp for one Cabinet officer and is employed by another to pull his commercial rubber chestnuts out of the fire. The Government's distinguished Attorney General, we are advised, forestalls threatened disclosures on aluminum profits by declaring the Aluminum Trust will be found whiter than snow, in which opinion others at the same Cabinet table presumably are agreed, but after congratulating the Government's legal adviser for saving his hat and umbrella when losing his law books, brief case, and glasses in the Tea Pot Dome oil suit, the Chemical Foundation suit, and the two Wheeler criminal combination suits, the public will certainly ask to be shown.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. LAGUARDIA. Did not the distinguished predecessor of the present Attorney General recommend an investigation? I am not referring to Mr. Daugherty.

Mr. FREAR. I understand; the one who followed was Mr. Stone, I believe, and he recommended a prosecution against the Aluminum Trust. That occurred before his appointment to the Supreme Court. The incumbent Attorney General Sargent for some unknown reason hastens into print to overrule his predecessor.

Why not ask by House resolution, supported by House leaders who are 110 per cent regular, for a bright, fearless, cub lawyer, independent of the Justice Department, who is ready to go after big game that now preys on American consumers like the Bread Trust, Coal Trust, Oil Trust, Aluminum Trust, and innumerable other trusts, rather than attempt a mimic warfare against a Rubber Trust 3,000 miles away, using vocal bows and arrows for our weapons. Real results and genuine relief instead of a smoke screen are to be had nearer home if we are after results.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. LAGUARDIA. Over which we have no jurisdiction.

Mr. FREAR. Yes; over which we have no jurisdiction, as the gentleman from New York well says.

#### FARM RELIEF MORE IMPORTANT THAN RUBBER RESOLUTIONS

No resolution need be offered in the House to investigate the excess profits of 6,500,000 farmers, because the undisputed Anderson Government farm report disclosed that, on the average, each farmer receives far less than \$500 annually for his family's net profits for their year's work. He learns that two brothers controlling the Aluminum Trust and many other corporations have a combined income probably greater than the total income of 40,000 average farmers and their families, and he asks how long can this Government endure under such conditions. Practically none of these farmers will receive relief from the much-lauded Mellon tax cut bill, which gives \$325,000,000 annually to a comparatively handful of people. Nor are farmers especially interested in the Tilson rubber resolution, because every farmer pays the highest price for his cutlery and for his dyed or undyed wearing apparel and for his aluminum ware for the kitchen, and, in fact, he pays the highest price all along the line. He has been informed by responsible administration officials that trusts may come and trusts may go that will be permitted to fix prices through the aid of high tariff rates or private monopoly, yet no "paternalistic" price fixing to insure remunerative farming will be favored by the administration through Government aid.

It requires some direct expression from millions of resentful, distressed farm workers to awaken great political parties from a belief that all of the country worth considering is found among campaign-contributing financiers or that the producers of foodstuffs are needed only on election day. [Applause.]

The manifest inadequacy of agricultural returns and uncertainty of crops and markets to the farmer, the increasing exodus from farms to the overcrowded cities, all call for substantial relief and are of far more vital importance to the country today than rubber resolutions, surtax reductions, immigration, and war-preparation measures all combined. It is not any favored class aid theory, but widespread economic conditions that confront the country. [Applause.]

#### RESOLUTIONS OFFERED BY MR. FREAR

Mr. FREAR introduced the following resolution, which was referred to the Committee on Flood Control and ordered to be printed:

"Resolved, That the Committee on Flood Control be, and it is hereby, authorized and empowered to investigate the means and methods of the control of production in the United States of chemicals and dyestuffs, together with prices, secret agreements, if any, and profits, and whether the tariff rates in force effect a practical embargo against dyestuff imports so as to maintain a monopoly. Said committee shall have leave to report by bill or otherwise at any time on the matters herein stated."

Mr. FREAR introduced the following resolution, which was referred to the Committee on Indian Affairs and ordered to be printed:

"Resolved, That the Committee on Indian Affairs be, and it is hereby, authorized and empowered to investigate the means and methods of the control and production in the United States of cutlery, together with prices, secret agreements, if any, and profits, and whether the tariff rates in force effect a practical embargo against cutlery imports so as to maintain a monopoly. Said committee shall have leave to report by bill or otherwise at any time on the matters herein stated."

Mr. FREAR introduced the following resolution, which was referred to the Committee on Expenditures in the Department of Justice and ordered to be printed:

"Resolved, That the Committee on Expenditures in the Department of Justice be, and it is hereby, authorized and empowered to investigate the means and methods of the control and production in the United States of aluminum utensils and the raw material from which manufactured, together with prices, secret agreements, if any, and profits, and whether the tariff rates in force effect a practical embargo against aluminum imports so as to maintain a monopoly. Said committee shall have leave to report by bill or otherwise at any time on the matters herein stated."

#### ADDENDA

The New York Times of January 2, 1926, has a strong, comprehensive statement by Sir Robert Horne, an English ex-chancellor, on the rubber situation. One of the best authorities on finance in this country also gave his views less than a week ago on the rubber situation. It may be of service to the committee now in session that is expected to threaten retaliatory measures against England, so I append it hereto for what it is worth:

[From the Wall Street Journal, New York, Wednesday, December 30, 1925]

#### ENGLAND'S RECOVERY—TRANSPORTATION, MOTORS, RUBBER, AND TARIFF PROTECTION

(By C. W. BARRON)

#### RUBBER

Manufacturers of both Great Britain and the United States are in agreement that the price of rubber will be under, rather than over, 4 shillings per pound for many months.

It was pointed out from America, when the Stevenson plan was adopted, that it was lacking in elasticity and that under it sharp ups and downs in prices were likely. Regulations are made many weeks ahead, and there is no provision for temporary shortage in supplies. Hence the recent advance to above a dollar per pound for rubber on the exhaustion of the supplies outside of the rubber countries, while there is yet a good supply of stored rubber at the plantations which can not be exported until the regulations are again adjusted.

#### THE DANGER OF A RUBBER FAMINE

The other difficulty about the rubber situation is that the potential supply of rubber is only 650,000 tons per annum, according to the best estimates, and can not be increased for some years as the low prices stopped planting until within the last six months, and it takes six years for a rubber tree to come into bearing. Hence the danger of a rubber famine if the motor demand for rubber tires continues to increase 10 per cent per annum.

The United States manufactures 60,000,000 tires per annum and takes now about 400,000 tons of rubber per annum.

The American manufacturers are not so much interested in high or low rubber as in a stabilized market, for history teaches them the terrific losses from a sudden shrinkage in the value of inventories.



The late sharp advance in rubber under the inelastic Stevenson regulations was due measurably to the introduction of balloon tires in America, which take 30 per cent more rubber but give a much greater mileage.

It is expected that with high prices for rubber there will be greater care of tires, insuring longer service, and there is already increased patching of tires. There is also always a magnetic attraction in high prices that automatically picks up the scrap from every corner of the globe.

#### AMERICAN FALLACIES

It is a fallacy that England deliberately put up the price of rubber to help her exchange position in the payment of the American debt. It must be always recognized that high-priced rubber means expanded tree planting, and it may now mean a greater advantage to the Dutch than to the English.

In 1922, 70 per cent of the rubber production was within the British Empire. This year only 46 per cent is within the empire. The English own about half of the Dutch-listed rubber companies, but there are many independent privately owned Dutch rubber plantations in the East, and they are of course putting out all the rubber possible.

Indeed, it may be said that one-half the rubber of the world is not now under British legal restrictions as to export, and there is therefore no reason for the complaint of Mr. Firestone or Mr. Hoover.

Rubber is not a monopoly, and the recent sharp advance in rubber and the threatened famine in rubber a few years hence is due entirely to natural laws of supply and demand and the fact of a six-year cycle between planting and production.

It is not true, as stated in American propaganda work, that rubber can be produced at 11 cents per pound. It was formerly produced at 22 cents per pound and has been reduced only to an average of about 18 cents per pound.

Had the United States and the British joined in cooperation a few years ago, the Stevenson regulations might have been made more elastic. Indeed, we might have had something to say about the price of rubber, but we have not yet fully learned the lesson of international cooperation in business. There is now a much stronger spirit of cooperation, promoted by recent developments.

Mr. CRAMTON. Mr. Chairman, I yield to the Delegate from Alaska [Mr. SUTHERLAND] 30 minutes.

The CHAIRMAN. The gentleman from Alaska is recognized for 30 minutes.

Mr. SUTHERLAND. Mr. Chairman and gentlemen, it is my purpose to direct my remarks to the Alaskan appropriations that are contained in the bill before us, and I wish particularly to reply to some of the statements made by the gentleman from Massachusetts [Mr. TREADWAY], who visited the Territory last summer.

When Members of Congress or any other tourists come to the Territory they return in perfect agreement on one particular subject, and that is our scenery. They have opportunity within a few days to see that scenery, and they all see it alike. The papers spoke of a pessimistic tourist who had been to Alaska and who complained that the scenery of Alaska is not as good as it looked. But all the Members of Congress join in the opinion that the scenery is excellent.

They do not all agree as to the economic questions arising from Alaska, and there is a very good reason. When a visiting Congressman travels on a boat to Alaska his arrival at every town on the coast is announced in advance, and there are men there to entertain him, to take him in their automobiles, and while on their drive they inform him regarding conditions in the country, and of course they give him information from their own biased views. What I want to say is that usually a Member of Congress is entertained and given information by men who represent special interests in Alaska. I do not mean for a moment to criticize a Member of Congress who was entertained in that way. It could not be otherwise, and it is perfectly proper on the part of our Alaska man that he should entertain a Member of Congress, and perfectly proper that he should receive such an entertainment.

When the Representative from Massachusetts [Mr. TREADWAY] told of the perfect operation of the White bill in Alaska he was stating the opinion of a beneficiary of the system produced by the White bill. He had no opportunity to meet any individual in the Territory who is adversely affected by the operation of this bill, or, rather, by the administration of the bill by the Department of Commerce.

I want to bring a few figures to your attention to show you the error the gentleman from Massachusetts labors under by reason of the misinformation he received. I believe you can readily understand the meaning of these figures. Our neighboring Province of British Columbia puts up a salmon pack of one million and a quarter cases a year, while Alaska puts up a pack of approximately 5,000,000 cases a year. In 1924

the Province of British Columbia employed 7,312 independent fishermen to catch their fish, while the Territory of Alaska employed 5,960 independent fishermen to make the catch. The whole story is told in those figures. Where monopoly exists and the common right of fishing does not apply, independent fishermen have no opportunity.

Mr. SCHAFFER. Will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. SCHAFFER. If the matter were brought to the attention of Mr. Hoover—who, apparently, is after the rubber monopoly—could he not remedy conditions?

Mr. SUTHERLAND. Oh, yes. Mr. Hoover is responsible for the monopoly in Alaska, and the matter the gentleman speaks of is a spectacle to make angels weep. The high priest of American monopoly twisting the india-rubber tail of the British lion is really a spectacle for people to behold. The trouble in Alaska is the establishment of monopoly, and the establishment of monopoly by an administrative bureau. That bureau has been given a law which guarantees the common right of fishery, and that bureau is supposed to administer the law equitably, but it does not.

The gentleman from Massachusetts spoke of the impossibility of any great increase in population in fisheries. Those figures tell the story. If conditions were fair the independent population in Alaska would increase in the same proportion as it has increased in British Columbia.

Let me say that the fisheries of Massachusetts and the fisheries of New England were built up and maintained through competition, where every man had an opportunity in fishing equal with that of his neighbor.

Mr. ARENTZ. Will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. ARENTZ. Does the gentleman mean, then, that the British Columbia fisheries produce a million and odd cases of salmon with 7,000 employed there?

Mr. SUTHERLAND. Yes.

Mr. ARENTZ. While the fisheries in Alaska, with a pack of 5,000,000 cases, employ only 7,000 fishermen?

Mr. SUTHERLAND. Six thousand seven hundred; considerably less than the Province of British Columbia. I am speaking of independent fishermen, the class that populate the country. I am not speaking of the wage fishermen who are employed in preparing mechanical gear at monthly wages and who never constitute a permanent population.

Mr. ARENTZ. With this regulation changed, then, the gentleman thinks that instead of 7,000 employees actually fishing for 5,000,000 cases it would be in the same proportion as 5,000,000 is to one million and odd cases in British Columbia?

Mr. SUTHERLAND. Yes. I believe that proportionately we would have about 18,000 independent fishermen settled on the coast of Alaska with their dependents.

Now, that is something Congress may correct. I want to call attention to another discrimination against Alaska that was not mentioned to the gentleman from Massachusetts when he was on his voyage through the Territory. Let me read you section 27 of the merchant marine act passed by Congress in 1920:

That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act.

The preamble applies the law to the entire United States, forbidding the transportation of freight in foreign bottoms from Canadian lines, but note the provision which qualifies the act:

Provided, That this section shall not apply to merchandise transported between points within the continental United States.

The United States is eliminated, but the words excluding Alaska mean that Alaska is not included in the elimination.

So Congress wrote a mighty act for the upbuilding of the American merchant marine, and it applied this provision entirely to the Territory of Alaska.

Now, let me tell you just what that means. Under the agreements on freight crossing the American Continent on American and Canadian roads the road that has water connections may give low freight rates, and it does give unusually low rates. In the case of the Canadian Pacific Railroad you may ship freight from Chicago; it goes to the city of Vancouver and then



is placed on a British steamer and carried down into Puget Sound or any section of the Pacific coast. Now, you would say that the cheaper way would be for the Canadian Pacific Railroad to simply run its freight down into Puget Sound on rails, and, of course, it would be.

There appears to be no necessity for that transshipment at Vancouver to carry freight by water a distance of about 100 miles, but that 100 miles between Vancouver and Seattle or Tacoma constitutes the water part of the haul, and to-day there is a great traffic in freight, under low rates, from Chicago—and, in fact, from New England—across the continent and down into the Pacific Coast States. The same identical thing applies to the Atlantic Coast States, where the water haul is over the Lakes, through Canadian territory, and down into New England. But the people of New England and the people of the Pacific Coast States would not stand for any discrimination against them in these rates. So that to-day you may ship across the continent to Vancouver and under the law it may turn south into the State of Washington, but the law forbids it to turn north into American territory, the Territory of Alaska. So that one territory, with its declining population, which was so mournfully spoken of here to-day, is discriminated against and is the only section of the United States that does have that discrimination in transportation.

We are now at the mercy of the transportation monopoly in Alaska. Let me give you briefly some idea of what that costs the people of Alaska. The attorney general of Alaska has made out a schedule of freight rates to the Territory in comparison with water rates in other places in the United States, and particularly on the Pacific coast. The distance from the city of San Francisco to Seattle is 940 miles. The distance from the city of Seattle to the port of Juneau in Alaska is 1,033 miles, approximately the same distance; but under this system whereby the freight goes by weight from San Francisco to Seattle and then is placed on the boats of the same company by measurement to go to Alaska we get this result: The cost for a shipment of hats and caps—these figures were taken from freight bills submitted to the attorney general of Alaska—the cost of shipping a ton of hats and caps in boxes from San Francisco to Seattle, a distance of 940 miles, is \$15, and the cost from Seattle to Juneau, a distance of 1,033 miles, is \$97.24. The cost of oakum in bales is \$7 under the San Francisco-Seattle route, but under the Seattle to Juneau route it is \$51.93. Coffee costs \$7 by weight to Seattle and it costs \$22.43 a ton to Juneau. I might go on and give you this entire schedule to show the outrageous prices we are compelled to pay, in large part by reason of the fact that this section 27 remains in the transportation act of the United States.

This is a matter the Congress can easily remedy. The Congress can place us on an equal basis with the Atlantic Coast States or the Pacific Coast States, or if the Congress is not willing to do that, they can make it apply to the entire country, to the New England States and to the Pacific Coast States, and then Alaska will certainly make no objection.

Mr. KINCHELOE. Will the gentleman yield?

Mr. SUTHERLAND. I yield to the gentleman from Kentucky.

Mr. KINCHELOE. Does the gentleman think climatic conditions have anything to do with this discrimination?

Mr. SUTHERLAND. I can not conceive of why they should have.

Mr. KINCHELOE. I did not know whether the climatic condition interfered with freight rates further north or not.

Mr. SUTHERLAND. No; I think not. I will concede that the rates possibly in Alaskan waters should be a little higher than they are down on the Pacific Ocean between Seattle and San Francisco, but there should be no such discrepancy as this.

I have spoken of the monopolistic conditions in Alaska that tend to hinder the development of the Territory. Let me take the reverse side and illustrate to you a condition that obtains there that the Congress could easily rectify. I want to speak particularly of the oil-leasing system in Alaska. The oil-leasing system in Alaska is about the same as in the United States, except in Alaska an oil-drilling company is permitted to consolidate five areas of 2,500 acres each, instead of three as permitted in the States. Under this system we have to-day the Standard Oil Co. drilling in Alaska in one of the great fields. They have five claims consolidated. They are claims which they really purchased. They purchased the permits, and they give the original permittees a percentage of the oil they take out. They have to-day a drill hole down over a mile in depth, and have spent \$1,500,000 drilling that well. They have not as yet found oil. They have that little area of five claims consolidated. In the vicinity of their work there

are probably 300 or 400 individuals holding these permits. The Standard Oil Co. is really working for them. If they find oil, all these individuals get the benefit of it.

The best the Standard Oil Co. gets, provided they bring in a producing well, is a lease from the Government which may be graduated in any way the Government pleases to have it. I maintain this is not just. It is not fair. I maintain that some title in those immense areas of land in Alaska should be given to capital that desires to prospect for oil; or at least, a very liberal allotment of land, under the leasing system, should be made to them.

For two sessions since I have been in Congress I have introduced bills to increase the area up in Arctic Alaska, way up on the Arctic coast, to 20 areas that might be consolidated, in order that if they send drills in there backed by their immense capital and find oil, they might have a large area of land in which to make their selection of places to drill. That is a matter Congress could easily correct and an act to that effect would certainly encourage capital to come up to Alaska, particularly in this oil development.

I will now speak of another matter about which the gentleman from Massachusetts [Mr. TREADWAY] has spoken, and that is the matter of the forests in Alaska. I maintain that the conservation system, as applied to Alaskan forests, has gone altogether too strong. The Territory has been injured by it. We have immense forests standing in Alaska and a great part of the trees are overripe. They are falling down continually, with, of course, new growth coming up; but there is an opportunity there for the manufacture of pulp, and I have no question but what there is capital in the United States ready to go in there on a large scale to manufacture pulp and paper; but the restrictions placed upon such enterprises by the Department of Agriculture are too strong for them. Although they have investigated somewhat, up to the present time nothing has been done toward the development of our Alaskan resources in regard to the manufacture of pulp.

I maintain the Department of Agriculture or the Congress ought to give a very, very liberal concession to bona fide investors who will go into that Territory and attempt the development of our forest resources.

These are matters that the gentleman from Massachusetts did not have brought to his attention, and I bring them to the attention of this committee for the simple reason that the Congress is able at any time to rectify these conditions.

Possibly some one is going to raise the question that I am willing to have a monopolistic system in land and forest, but I object to its application to the fish supply, and that is just exactly the position I hold. I maintain that in that position I am backed up by our entire theory of property rights. Not alone our American theory but the theory established by the English common law. That is that title should be held to land and forest; that land and forests are never held in common but go to the individual by title and fee, whereas those things that are common in nature, to which everybody has a right, such as fish, wild animals, water, and ice, in these there should be no monopoly, and that the breaking up of the present monopolistic system is one thing that Congress should do.

Now I want to speak briefly of the railroads. More than one Member of Congress visiting the Territory this summer has returned very much opposed to the railroad project. All I can say is that it is Government owned and Government operated.

When the railroads were built into the State of California years ago the Government not only guaranteed the bonds of these railroads but gave them great areas of land along the roadway which have been sold through the years since the time of the grant. The bond guaranty expired about 20 or 30 years ago, and at that time the railroad asked the Government to assume the responsibility for these bonds. Finally the bonds were funded and here within less than two or three years the last of the bonds have been paid.

I have not been able to obtain the value of the land granted the various railroads, but I know that the Santa Fe has sold \$20,000,000 worth of land granted by the Government along its roadway.

In the case of the Alaskan Railroad the Government owns it and the Government reserved all the land along the roadway. I believe that I can take that railroad project in the city of New York to-morrow, give a grant of land through that mineral and farming section in Alaska to private interests, and they will take over the whole responsibility off the Government and pay all that the railroad has cost the Government.

If we had been disposed to grant great land areas when beginning to private interests they would have constructed the railroad and relieved the criticism that we now have about it. That railroad goes into landed area that the Department of Agriculture claims holds 20,000 square miles of tillable land.



I have not the number of farms; they are very small, about 400. I can not explain to you why that land is not preempted and occupied.

Back in the days when the pioneers went over into Kentucky and Ohio their ambition seemed to be to have a piece of land they could call their own; and in going there they had particularly in mind the fact that wild game was there in abundance. Now, just the same conditions obtain in Alaska to-day that obtain in the country which is now Kentucky and Ohio. But to-day the spirit of occupancy of the land has departed. In the past year in 20 States of the United States the farming population has declined. Statistics show that in 20 States they have less farmers to-day than they had a year ago. Can you explain it? I can not.

Out on the Baltimore Pike you will see a large sign saying that the city of Washington will have 1,000,000 population within a certain time. In Chicago the population is 3,000,000, but the newspapers are shouting for a population of 5,000,000. If you can explain to me the psychology of making Washington a city of 1,000,000 population and the city of Chicago a population of 5,000,000, I may possibly be able to explain to you why the people of Alaska and the people of the United States generally are moving from the land back into the cities.

Back in the days of the Kentucky pioneers man's ambition was to have a little piece of land in the solitudes of the wilderness. That spirit has entirely departed. The farm movement to Canada after the close of the war is reversed, and the farmers who entered that territory are coming to the Canadian and American cities and leaving the land. The Canadian Government maintains the great northern railroad, the Canadian National, at a great yearly deficit. It is not prosperous as a project, and one reason for the lack of prosperity or nonprosperity is the fact that the men of that country do not seem disposed to stay with the land.

The situation there is as it is in the United States. The attraction is all for the conveniences of the large congested centers, the opportunity to earn good wages, and not for the great amount of labor that is required in cultivating the soil.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. JOHNSON of Washington. Is the gentleman aware that recent statistics show that in England 75 per cent of the population live in the cities and that in the United States the population in the cities now amounts to 54 per cent? The gentleman is touching on a problem that is attracting the attention of the world, because it is a problem that has within it the possibilities of great disaster.

Mr. SUTHERLAND. It is a problem as old as history. One of the old poems speaks of it—

Time was ere England's grief began,  
When every rood of land maintained its man.

It must be several hundred years ago that the idea was spoken of in respect to the movement from the land to the city, and the question is, Is it going to be stopped? Unless there is going to be some correction of that, we can not expect any settlement of the land in the interior of Alaska, which is so much regretted by the gentleman from Massachusetts [Mr. TREADWAY].

In closing I want to speak of the question of paternalism. The gentleman from Massachusetts held that this is one of the most glaring examples of governmental paternalism that has ever come under his observation, and I am in entire agreement with the gentleman from Massachusetts. The gentleman made a number of statements with which I entirely agree, and this is one of them. How about relief from that situation? I concede that there is an army of Government employees in Alaska, and I can conceive of no better method of relieving that situation and relieving the Government of the cost of maintaining them than to place the power with the people of the Territory, where it belongs; the power particularly to regulate its fish, to regulate its game; powers that were given to every other Territory that has been under the American flag; powers that were reserved by every other Territory that has come in within our lifetime. All Alaska has ever asked for is autonomous power to handle its own problems, and if that is given we will be very glad to relieve the Congress of the responsibility of maintaining this horde of employees in that Territory, which has so much agitated the mind of the gentleman from Massachusetts. [Applause.]

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR of Louisiana. Mr. Chairman and gentlemen of the House, on February 1 of the present year there will be opened in the city of New Orleans what is known as the inter-

national trade exhibition. If this were a matter of merely local concern, a municipal effort, or even a State enterprise, I would not discuss it here or inform you with respect to the high purpose, aim, and hopes of the people of the Crescent City with reference to this exhibition. But inasmuch as it is of national concern in my judgment, because the effects of this great enterprise from a commercial, industrial, financial, and agricultural viewpoint will be far-reaching, not only in all of the Americas, but across both oceans, I deem it my duty to give you a short history of this wonderful organization that is to do so much for commerce, and I trust it will be a pleasure for you to receive the information which I on behalf of the board of directors of Intrex, as we have abbreviated the title of our institution, will now give you in the time allotted to me for that purpose.

Congress, as you will remember, through bills introduced by Senator RANSDELL and myself, authorized the War Department to lease to the international trade exhibition the New Orleans Quartermaster Intermediate Depot No. 2, for the purpose of exhibiting the fabricated and raw products of the United States and similar products of foreign countries, and of fostering better trade relations between the peoples of the United States and of foreign nations by holding a permanent international exhibition in New Orleans. The success of this vast undertaking is now assured and arrangements are practically completed for the formal opening on February 1. The building in which the exhibition will be held is one of the finest and largest in the United States. It is capable of holding several exhibitions at one and the same time, as there is ample floor space to accommodate the exhibits that will come from all parts of the earth. The building is admirably situated on the banks of the Mississippi River and is skirted by the great Industrial Canal that connects the Father of Waters with beautiful and romantic Lake Pontchartrain. This canal cost the people of New Orleans \$25,000,000, which vast amount was freely spent by our citizens and taxpayers as a contribution to the Federal Government in its unparalleled effort to mobilize all of our resources and put in motion all of our available man power to win and terminate the World War as rapidly as possible. We are now converting this great canal into an inner harbor. Great warehouses are springing up along its shores and it is now regarded as a proper supplement to the dock facilities of New Orleans, which we feel justified in declaring are the finest in the world. This is not the expression of a boastful people, but the judgment of many of the most eminent engineers of the country, including a former Chief of Engineers, who declared publicly and officially that the dock facilities of New Orleans are unrivaled either in the Americas or Europe. As an evidence of the sacrifices that the people of a city are willing to make for their country, when the cry of the Nation for every son to rally around the flag goes forth of the dauntless courage of a resolute people to assist their country in answer to her cry for "ships and more ships," and of the vast influence the canal has in modernizing completely the dock facilities of New Orleans, the Industrial Canal in itself is worth going miles to see.

From the top of the exhibition building a magnificent view of the city and all of its vistas and of the Mississippi River, with its great swinging curve at that point, which gives to New Orleans the other affectionate name of the "Crescent City," is afforded the beholder. Up that river will come great ships and "riders of the sea" bearing exhibits from Mexico, from the states of Central America and the Republics of South America. These exhibits will be installed in that mighty structure with the exhibits that will come by trainload from all of the appreciative traders and men of commerce from the Mississippi Valley and we hope from the eastern slope of the Alleghenies and the western side of the Rockies, as well as from the great neighbor of the north, Canada.

The people of New Orleans are enthusiastic about the success of this exhibition. The board of directors is made up of the foremost men of the city. Every name spells success and has figured in the finest chapters of the development during the last 10 years of New Orleans into one of the finest, most attractive, and commercially important cities of the world. Merchants of our city have bought sufficient floor space to operate the exhibition and cover all overhead for more than two years to come. Each and every member of the board, under the splendid leadership of the president, Mr. S. Odenheimer, is working indefatigably to make the International Trade Exhibition a permanent asset and institution of the Mississippi Valley and to maintain it in its unrivaled location on the banks of the Mississippi River and the Industrial Canal.

The underlying proposition of this exhibition is fundamentally sound, and upon that foundation we are going to rear as fine a



national commercial structure as was ever builded in this or any other country. I understand that the soundness of the proposition has won for it the approbation and commendation of many of the leading economists of the country. The purpose of this great enterprise is clearly, forcefully, and succinctly set forth in section 3 of the joint resolution sponsored by Senator RANSDELL and myself, authorizing the President to invite the States of the Union and foreign countries to participate in the permanent international exhibition at New Orleans:

SEC. 3. All articles that shall be imported from foreign countries for the sole purpose of exhibition at the International Trade Exhibition upon which there shall be a tariff or customs duty shall be admitted free of the payment of duty, customs fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during the exhibition to sell any goods or property imported for and actually on exhibition, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury may prescribe: *Provided*, That all such articles when sold or withdrawn for consumption or use in the United States shall be subject to the duty, if any, imposed upon such articles by the revenue laws in force at the date of withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling and necessary exposure, the duty, if paid, shall be assessed according to the appraised value at the time of withdrawal for consumption or use, and the penalties prescribed by law shall be enforced against any person guilty of any illegal sale, use, or withdrawal.

This exhibition will bring buyers and sellers together from all parts of the Americas if not from all parts of the earth. It is an ambitious undertaking and it will succeed. As a matter of fact, success already crowns the wonderful efforts of our new board of directors. Sellers will there exhibit samples of fabricated and raw products of all of the countries and buyers will be there in large numbers, for the management has provided for the accommodation of buyers, sellers, visitors, and interpreters who will, where necessary, bring our American citizens and foreigners together on easy conversational terms. Thus will trade and commerce be promoted in a most happy way. The exhibition is a logical and inevitable development on a tremendously large scale of the sample room, where buyer and seller discuss the cost of merchandise.

Incidental to but inseparably associated with the opening of this exhibition was the great trade edition of the *New Orleans Times-Picayune*, in which literary artists of consummate skill have pictured with appropriate cuts, sketches, and drawings the romantic history of the states and countries of Mexico, Central America, and South America. Great journalists for this issue have penned some of the finest chapters in the history of the Americas. This edition, I understand, will go to every bank, association of commerce, exchange, trade activity, industry, and business house in the valley and in the countries to the south of us. It is one of the greatest journalistic efforts of our section of the country and is deserving of the great success that we all anticipate for it, nationally and otherwise.

Before closing it may be profitable and interesting to look backward in order to understand the development of the present-day tendencies toward exhibitions. As long ago as 1756 the Society of Arts held an exhibition in England, which was intended, of course, to promote trade relations, but was lacking in the fundamental basic principle necessary to make it a commercial success. Under the consulate in France an exhibition was held for the same purpose of promoting trade relations, but its principal features was its art exhibitions and its display of beautiful costumes. In 1876 President Grant opened the Philadelphia Exhibition, to which 10,000,000 visitors went. That exhibition was worth billions of dollars to Americans, for the reason that it once more drew close in bonds of fraternal love the estranged people of the North and South. Next year there will be another exhibition held in the City of Brotherly Love. As one born in the South and believes he has the right to express the viewpoint of the people among whom he dwells, he now wishes the Philadelphia Exhibition the unbounded success its board of directors deserve. Of course, there were many exhibitions held all over Europe and America, and though I have the inclination to mention them all I have the time only to refer to a few of the outstanding ones in order to show the slow but sure development along inexorable lines to the underlying principle of the New Orleans International Trade Exhibition. Though the Paris Exhibition in 1889, held to commemorate the centenary of the fall of the Bastille and the French Revolution, had for its chief attraction the Eiffel Tower, 984 feet high, and which secured the admiration and held in amazement the eyes of the 25,000,000 people that went to the exhibition and beheld this architectural wonder, trade

and commerce was a great factor in the considerations that moved its birth. No one in the United States will ever forget the marvelously beautiful lines and curves of the many buildings of the White City of the Chicago Exposition, its midway and Ferris wheel; but behind its wonderful settings and art galleries could be seen the great purpose to stimulate trade. That exposition, as you will remember, was ostensibly for the purpose of celebrating the four hundredth anniversary of the discovery of America by Christopher Columbus. Then came the St. Louis Exposition, held to commemorate the centennial of the one hundredth anniversary of the Louisiana Purchase.

Its famous cascade and many noble State buildings, with their costly exhibitions, are unforgettable. But standing out more boldly than all of the rest was Machinery Hall, a challenge and a shout of triumph of the industrial world. Then came the San Francisco Exposition to celebrate the opening of the Panama Canal. Not soon will any of the more than 20,000,000 people that passed through its gates fail to remember the astonishingly beautiful illuminations of the night, gorgeously colored searchlights that carried a riot of vivid colors almost to the skies, giving the night clouds a tint that never was on land or sea before. Nor will they forget the appealing "End of the Trail," the masterpiece of art that stood at the main entrance, and "Destiny," on the outside of the art gallery, one of the most striking pieces of sculpture that could be conceived of to fittingly and characteristically embody and set forth the dauntless courage and grim determination of the early pioneers to conquer the desert and make it blossom as the rose. But above all of its wonders there was the note of commerce and trade distinctively in evidence. But a giant stride has been taken by men of affairs in reaching the true objective of business men in making the New Orleans International Trade Exhibition a great national emporium—a great international exchange where samples of merchandise will be shown, raw and fabricated, and bought and sold for immediate or future delivery. No trimmings, no trappings, no pictures, no flowers that would distract the eye and the mind, but merchandise in its every imaginable shape, form, color, and situation to be bought and sold in this greatest of all exchanges. Merchandise! What an alluring, appealing word to the powerful commercial mind of the virile, vital, plucky, aggressive, fighting spirit of the business men of the United States! How well the following lines, part of a great poem, express the purpose of our great exhibition and the noble mission and the wonderful romance of merchandise:

Merchandise! Merchandise! Tortoise shell, spices,  
Carpets and indigo—sent o'er the high seas;  
Mother-o'-pearl from the Solomon Isles—  
Brought by a brigantine ten thousand miles;  
Rubber from Zanzibar, tea from Nang-Po,  
Copra from Haiti, and wine from Bordeaux;  
Ships with topgallants and royals unfurled  
Are bringing in freight from the ends of the world.

Hark to the song of shuttle and loom,  
"Keep up your commerce or crawl to your doom."  
Study new methods and open new lines,  
Quicken your factories, foundries, and mines;  
Think of Columbus, De Gama, and Howe,  
And waste not their labor by slacking it now;  
Work is life's currency; you must earn what you are worth  
And send out your ships to the ends of the earth.

Keep this great Nation, the land of the free  
With merchandise, good, honest merchandise,  
Merchandise, men, and good ships on the sea.

Mr. CRAMTON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BURTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 6707) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1927, and for other purposes, had come to no resolution thereon.

PRESIDENT'S MESSAGE—THE LATE VICE CONSUL ROBERT W. IMBRIE

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed.

To the Congress of the United States:

I transmit herewith a communication from the Secretary of State with regard to the utilization, for the education of Persian



students in the United States, of a sum not to exceed \$110,000 received from the Persian Government in reimbursement of the expenses incurred in connection with the return on the U. S. S. *Trenton* of the remains of the late Vice Consul Robert W. Imbrie, who was killed in Teheran on July 18, 1924.

In view of the prompt manner in which the Persian Government met the demands for reparation which were made by this Government as a result of the killing of Vice Consul Imbrie, in rendering all appropriate honors to the body of the vice consul while on Persian and Mesopotamian soil, in paying to the widow the sum of \$60,000, in carrying out the execution of the death penalty in the case of 3 persons and of 30 other lesser sentences in the cases of persons found guilty, in varying degree, of participation in or responsibility for the assault, it is my earnest hope that Congress will see fit to authorize the setting aside of the funds, not to exceed \$110,000, which, as indicated above, have been received from the Persian Government, to be spent for the educational purposes aforementioned under such conditions as the Secretary of State may prescribe.

Such action by Congress will tend to foster friendly relations between the United States and Persia and will be in line with the precedent already sanctioned by the Congress in the case of the Boxer indemnity fund.

THE WHITE HOUSE,  
Washington, January 6, 1926.

CALVIN COOLIDGE.

#### SENATE BILL REFERRED

Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee as indicated below:

S. 1129. An act authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department real property and authorizing the sale of certain military reservations, and for other purposes; to the Committee on Military Affairs.

#### ADJOURNMENT

Mr. CRAMTON. Mr. Speaker, perhaps I should state for the information of the House that the committee in charge of the Interior Department appropriation bill hopes to be able to complete the general debate to-morrow, at least substantially so, and hopes that we may be able to take up the bill under the five-minute rule on Friday.

I move, Mr. Speaker, that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p. m.) the House adjourned until to-morrow, Thursday, January 7, 1926, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

242. A letter from the Quartermaster General, transmitting the proceedings of the Twenty-seventh National Encampment of the United Spanish War Veterans, held at St. Petersburg, Fla., September 27 to October 1, 1925, which is submitted in accordance with Public Resolution 25, Sixty-eighth Congress, approved June 6, 1924 (H. Doc. No. 185); to the Committee on Military Affairs and ordered to be printed, with illustrations.

243. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, United States Army, reports on preliminary examination and survey of Susquehanna River, Pa., from Harrisburg to the mouth (H. Doc. No. 186); to the Committee on Rivers and Harbors and ordered to be printed, with papers and illustrations.

244. A letter from the president of Chesapeake & Potomac Telephone Co., transmitting an annual report of the Chesapeake & Potomac Telephone Co. for the year 1925 (December estimated); to the Committee on the District of Columbia.

245. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Justice for the fiscal year ending June 30, 1926, amounting to \$97,816.66 (H. Doc. No. 187); to the Committee on Appropriations and ordered to be printed.

246. A communication from the President of the United States, transmitting deficiency and supplemental estimates of appropriations under the legislative establishment, United States Senate, for the fiscal years 1925 and 1926, in the sum of \$499,385.75 (H. Doc. No. 188); to the Committee on Appropriations and ordered to be printed.

247. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Labor for the fiscal year ending June 30, 1926, amounting to \$602,400; also draft of proposed legislation increasing the amount provided in the appropriation ex-

penses of regulating immigration for the fiscal year ending June 30, 1926 (H. Doc. No. 189); to the Committee on Appropriations and ordered to be printed.

248. A communication from the President of the United States, transmitting an estimate of appropriation for the Executive Office for the fiscal year ending June 30, 1926, for the expenses of the Aircraft Board appointed September 12, 1925, \$11,963.34 (H. Doc. No. 190); to the Committee on Appropriations and ordered to be printed.

249. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the Post Office Department for the fiscal year 1924 and prior fiscal years, \$79,580.39 (H. Doc. No. 191); to the Committee on Appropriations and ordered to be printed.

250. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year ending June 30, 1926, to remain available until December 31, 1926, \$3,900,000, and for the fiscal year ending June 30, 1927, \$1,842,207, pertaining to the Coast Guard Service; in all, \$5,742,207 (H. Doc. No. 192); to the Committee on Appropriations and ordered to be printed.

251. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of the Interior for the fiscal year ending June 30, 1926, amounting to \$5,400 (H. Doc. No. 193); to the Committee on Appropriations and ordered to be printed.

252. A communication from the President of the United States, transmitting a request, in connection with the estimates of appropriations for the fiscal year 1927, that the sum of \$32,560 be transferred from the appropriation "Export industries, Department of Commerce," to the appropriation "Mineral mining investigations, Bureau of Mines" (H. Doc. No. 194); to the Committee on Appropriations and ordered to be printed.

253. A communication from the President of the United States, transmitting a claim allowed by the General Accounting Office under certificate of settlement No. 080172-A in favor of the Pitt River Power Co., San Francisco, Calif., in the sum of \$1,767 (H. Doc. No. 195); to the Committee on Appropriations and ordered to be printed.

254. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Commerce for the fiscal year ending June 30, 1926, amounting to \$290,000 (H. Doc. No. 196); to the Committee on Appropriations and ordered to be printed.

255. A communication from the President of the United States, transmitting a proposed change in the language of the estimate for "Medical Department, Navy," as it appears in the Budget for 1927, page 763 (H. Doc. No. 197); to the Committee on Appropriations and ordered to be printed.

256. A communication from the President of the United States, transmitting a communication from the Acting Secretary of Commerce, submitting an estimate of appropriation to pay a claim which has been adjusted (H. Doc. No. 198); to the Committee on Appropriations and ordered to be printed.

257. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department for the fiscal year ending June 30, 1926, pertaining to the Public Health Service (H. Doc. No. 199); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SPEAKS: Committee on Military Affairs. H. R. 6674. A bill to correct the military record of Willard Thompson; without amendment (Rept. No. 45). Referred to the Committee of the Whole House.

#### CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5335) granting a pension to Eliza E. Mitchell Krause; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6124) granting a pension to John H. Hubbard; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6482) for the relief of the Harrisburg Real Estate Co., of Harrisburg, Pa.; Committee on Military Affairs discharged, and referred to the Committee on War Claims.



## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASWELL: A bill (H. R. 6974) to place the agricultural industry on a sound commercial basis, to encourage agricultural cooperative associations, and for other purposes; to the Committee on Agriculture.

By Mr. BARKLEY: A bill (H. R. 6975) placing aluminum and its alloys and products, including kitchen, household, table, and hospital utensils, on the free list; to the Committee on Ways and Means.

By Mr. BIXLER: A bill (H. R. 6976) to provide for the erection of a public Federal building at Grove City, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. CONNERY: A bill (H. R. 6977) to authorize the granting of leave to ex-service men and women to attend the annual convention of the American Legion in Paris, France, in 1927; to the Committee on the Civil Service.

By Mr. EDWARDS: A bill (H. R. 6978) authorizing the appropriation of \$100,000 for the erection of a monument or other form of memorial at Jasper Spring, Chatham County, Ga., to mark the spot where Sergt. William Jasper, a Revolutionary hero, fell; to the Committee on the Library.

By Mr. FREEMAN: A bill (H. R. 6979) for the improvement of Thames River, Conn.; to the Committee on Rivers and Harbors.

By Mr. WEAVER: A bill (H. R. 6980) to provide for the construction of a road on the reservation of the Eastern Band of the Cherokee Indians in Swain and Jackson Counties, N. C.; to the Committee on Indian Affairs.

By Mr. WHITE of Kansas: A bill (H. R. 6981) to provide for the erection of a Federal building at Goodland, county seat of Sherman County, State of Kansas, and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. RAMSEYER: A bill (H. R. 6982) to amend sections 213 and 215, act of March 4, 1909 (Criminal Code), relating to offenses against the Postal Service, and sections 3929 and 4041, Revised Statutes, relating to the exclusion of fraudulent devices and lottery paraphernalia from the mails, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. GILBERT: A bill (H. R. 6983) to regulate the manufacture, printing, and sale of envelopes with postage stamps embossed thereon; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 6984) to amend the first paragraph of section 29, title 2, chapter 85, of the first session of the Sixty-sixth Congress, found in volume 41, part 1, page 361, of the United States Statutes at Large, relating to punishment for the illegal manufacture and sale of liquors; to the Committee on the Judiciary.

By Mr. BLAND: A bill (H. R. 6985) giving consent of the United States to the Wakefield National Memorial Association to build upon Government-owned land at Wakefield, Westmoreland County, Va., a replica of the house in which George Washington was born, and for other purposes; to the Committee on Military Affairs.

By Mr. MAGRADY: A bill (H. R. 6986) to provide for the purchase of a site and the erection of a public building at Mount Carmel, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. TEMPLE: Joint resolution (H. J. Res. 107) to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments; to the Committee on Foreign Affairs.

By Mr. PERLMAN: Joint resolution (H. J. Res. 108) providing that October 12 shall be a legal holiday; to the Committee on the Judiciary.

By Mr. CELLER: Resolution (H. Res. 73) to investigate the American Telephone & Telegraph Co.; to the Committee on Rules.

By Mr. FREAR: Resolution (H. Res. 74) to investigate the control and production of aluminum in the United States, and for other purposes; to the Committee on Rules.

Also, resolution (H. Res. 75) to investigate the means and methods of control and production of chemicals and dyestuff, and for other purposes; to the Committee on Rules.

Also, resolution (H. Res. 76) to investigate the means and methods of the control and production in the United States of cutlery, 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. ACKERMAN: A bill (H. R. 6987) granting a pension to Frances E. Andrews; to the Committee on Pensions.

By Mr. ANDREW: A bill (H. R. 6988) for the relief of Albert F. Brown; to the Committee on Claims.

By Mr. ARNOLD: A bill (H. R. 6989) for the relief of Ella Kepner; to the Committee on War Claims.

By Mr. BACHARACH: A bill (H. R. 6990) providing for a further survey and examination of Cold Spring Inlet; to the Committee on Rivers and Harbors.

By Mr. BACON: A bill (H. R. 6991) to extend the provisions of the retirement law for the Lighthouse Service to include Charles M. Fenton, a former employee of the Lighthouse Service; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 6992) authorizing the President to issue, or cause to be issued, to Charles M. Hoffman a commission in the grade of second lieutenant, United States Army; to the Committee on Military Affairs.

By Mr. BELL: A bill (H. R. 6993) granting an increase of pension to Harry E. Millikin; to the Committee on Pensions.

Also, a bill (H. R. 6994) for the relief of A. L. Rogers; to the Committee on Claims.

By Mr. CANFIELD: A bill (H. R. 6995) granting a pension to William Turner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6996) granting a pension to Virginia Trester; to the Committee on Invalid Pensions.

By Mr. CAREW: A bill (H. R. 6997) granting a pension to Harriet I. Gardiner; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 6998) granting an increase of pension to Lelia Holmes; to the Committee on Invalid Pensions.

By Mr. DAVEY: A bill (H. R. 6999) granting an increase of pension to Luella Kunz; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 7000) granting an increase of pension to Robert Lewis; to the Committee on Invalid Pensions.

By Mr. ELLIS: A bill (H. R. 7001) granting an increase of pension to Celestine Haggerty; to the Committee on Pensions.

Also, a bill (H. R. 7002) granting a pension to Rosabelle Wade; to the Committee on Invalid Pensions.

By Mr. FAUST: A bill (H. R. 7003) granting an increase of pension to Sarah H. Krout; to the Committee on Invalid Pensions.

By Mr. FENN: A bill (H. R. 7004) granting an increase of pension to Abby J. Cadwell; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 7005) granting an increase of pension to Sarah E. H. Bartlett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7006) granting an increase of pension to Eliza A. Frost; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7007) granting an increase of pension to Louisa J. Williams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7008) granting an increase of pension to Barbara Kraft; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7009) granting an increase of pension to Mary E. Sheak; to the Committee on Invalid Pensions.

By Mr. FROTHINGHAM: A bill (H. R. 7010) authorizing the President to issue an appropriate commission and honorable discharge to Joseph B. Maccabee; to the Committee on Military Affairs.

By Mr. GARRETT of Texas: A bill (H. R. 7011) for the relief of the Houston (Tex.) Chamber of Commerce, the Hermann Hospital Estate, Bertha E. Roy, Max A. Roy, J. M. Frost, J. J. Settegast, Emma Hellberg, Laura Lackner, and F. W. Lackner; to the Committee on Claims.

By Mr. GIFFORD: A bill (H. R. 7012) for the relief of Sarah A. Cassin; to the Committee on Claims.

Also, a bill (H. R. 7013) for the relief of Charles H. Webber; to the Committee on Claims.

By Mr. HARDY: A bill (H. R. 7014) authorizing the President to award a congressional medal of honor to Robert Kerr; to the Committee on Military Affairs.

By Mr. HOOPER: A bill (H. R. 7015) granting an increase of pension to Emily F. DuBois; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7016) for the relief of Hensler Bros.; to the Committee on War Claims.

By Mr. JOHNSON of Illinois: A bill (H. R. 7017) granting an increase of pension to Camilla M. Geary; to the Committee on Invalid Pensions.



By Mrs. KAHN: A bill (H. R. 7018) for the relief of the legal representatives of Owen Thorne, deceased; to the Committee on Claims.

By Mr. KEARNS: A bill (H. R. 7019) to provide four condemned 12-pounder bronze guns for the Grant Memorial Bridge at Point Pleasant, Ohio; to the Committee on Military Affairs.

By Mr. LANHAM: A bill (H. R. 7020) granting a pension to J. L. Poynor; to the Committee on Pensions.

Also, a bill (H. R. 7021) granting a pension to W. A. McDaniel; to the Committee on Pensions.

Also, a bill (H. R. 7022) granting a pension to George W. Tackett; to the Committee on Pensions.

Also, a bill (H. R. 7023) granting a pension to William C. Blevins; to the Committee on Pensions.

By Mr. LINTHICUM: A bill (H. R. 7024) for the relief of Walter Kent, jr.; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H. R. 7025) for the relief of Mollie Van Hooser, administratrix of the estate of Myrtle Van Hooser, deceased; to the Committee on Claims.

Also, a bill (H. R. 7026) for the relief of W. T. Murray, administrator of the estate of Florence Martin, deceased; to the Committee on Claims.

Also, a bill (H. R. 7027) for the relief of J. B. Elliott; to the Committee on Claims.

By Mr. MANSFIELD: A bill (H. R. 7028) granting a pension to A. S. Lowrey; to the Committee on Pensions.

Also, a bill (H. R. 7029) for the relief of R. H. King; to the Committee on Claims.

By Mr. MENGES: A bill (H. R. 7030) granting an increase of pension to Elizabeth Hale; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7031) granting an increase of pension to Mary A. Ness; to the Committee on Invalid Pensions.

By Mr. MOORE of Virginia: A bill (H. R. 7032) to extend the benefits of the employers' liability act of September 7, 1916, to Lucy A. Nylen; to the Committee on Claims.

Also, a bill (H. R. 7033) granting a certificate of merit to George D. Powell; to the Committee on Military Affairs.

By Mr. MORROW: A bill (H. R. 7034) for the payment of damages to certain citizens of New Mexico caused by reason of artificial obstructions to the flow of the Rio Grande by an agency of the United States; to the Committee on Claims.

By Mr. MURPHY: A bill (H. R. 7035) granting a pension to Annie Robinson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7036) for the relief of John R. Anderson; to the Committee on Military Affairs.

By Mr. PHILLIPS: A bill (H. R. 7037) granting a pension to Sarah Ann Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7038) granting a pension to Asilee Armstrong; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7039) granting an increase of pension to Jane E. Francis; to the Committee on Invalid Pensions.

By Mr. RUBEY: A bill (H. R. 7040) granting an increase of pension to Sarah C. Layman; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 7041) for the relief of Thomas J. Porter; to the Committee on Military Affairs.

Also, a bill (H. R. 7042) for the relief of John W. Lewis; to the Committee on Military Affairs.

By Mr. SOSNOWSKI: A bill (H. R. 7043) to remit the duty on a carillon of bells imported for the Jefferson Avenue Presbyterian Church, Detroit, Mich.; to the Committee on Ways and Means.

By Mr. STRONG of Pennsylvania: A bill (H. R. 7044) granting an increase of pension to Mary A. Anthony; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 7045) granting an increase of pension to Maria Silkworth; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7046) granting an increase of pension to Anna Jesmer; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 7047) granting a pension to Mary A. La Count; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 7048) granting an increase of pension to Emogene Warden; to the Committee on Invalid Pensions.

By Mr. WEFALD: A bill (H. R. 7049) granting a pension to Ella Q. Whitehouse; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 7050) granting a pension to Jennie L. Bailey; to the Committee on Invalid Pensions.

By Mr. VINCENT of Michigan: A bill (H. R. 7051) granting a pension to John Parcher; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 7052) granting a pension to Harry Rotha; to the Committee on Pensions.

Also, a bill (H. R. 7053) granting a pension to Henry G. Jones; to the Committee on Pensions.

By Mr. WELSH: A bill (H. R. 7054) for the relief of certain employees of the Philadelphia post office; to the Committee on Claims.

By Mr. WEFALD: A bill (H. R. 7055) granting an increase of pension to Elizabeth Le Claire; to the Committee on Invalid Pensions.

By Mr. WURZBACH: A bill (H. R. 7056) for the relief of Odelon Ramos; to the Committee on Claims.

Also, a bill (H. R. 7057) for the relief of Karim Joseph Mery; to the Committee on Claims.

Also, a bill (H. R. 7058) granting an increase of pension to Joseph S. Ewing; to the Committee on Invalid Pensions.

By Mr. GILBERT: Resolution (H. Res. 77) placing Charles A. Howard on the statutory rolls of the House of Representatives; to the Committee on Accounts.

#### PETITIONS, ETC.

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

256. Petition of the First Bereg Munkacser Sick and Benefit Society, New York City, favoring H. R. 5, providing for an amendment to the immigration act of 1924, whereby wives, husbands, and unmarried children of citizens of the United States and permanent residents who have declared their intention of becoming citizens shall be admitted to the United States as nonquota immigrants; to the Committee on Immigration and Naturalization.

257. By Mr. ARENTZ: Petition of the Nevada County Commissioners, petitioning Congress for continuance of Federal aid in road construction; to the Committee on Roads.

258. By Mr. BEERS: Evidence in support of H. R. 6131, granting an increase of pension to Juliann Bomgardner; to the Committee on Invalid Pensions.

259. Also, evidence in support of H. R. 6592, granting an increase of pension to Jane Kerr; to the Committee on Pensions.

260. By Mr. BURTON: Evidence in support of H. R. 6599, granting a pension to John B. Lang; to the Committee on Invalid Pensions.

261. By Mr. BYRNS: Evidence in support of H. R. 6135, granting a pension to Mrs. Ruth S. Gleaves; to the Committee on Invalid Pensions.

262. By Mr. CONNERY: Resolution adopted by Local Union No. 238 of the Lynn Street Carmen, calling upon Congress to conduct a thorough investigation of the plans and activities of the Bread Trust; to the Committee on the Judiciary.

263. By Mr. FULLER: Petition of the Norristown Times-Herald, to prohibit the use of the United States mails for unsolicited business; to the Committee on the Post Office and Post Roads.

264. Also, petition on the subject of nonquota immigrants, adopted by the American Jewish Congress of the United States, to amend the immigration act; to the Committee on Immigration and Naturalization.

265. Also, petition of the American Legion, Department of Illinois, concerning legislative matters advocated by the American Legion; to the Committee on World War Veterans' Legislation.

266. Also, petition of the Bridgeman-Russell Co., of Chicago, protesting against the present postal rates; to the Committee on the Post Office and Post Roads.

267. Also, petition of the Illinois Federation of Women's Clubs, urging the erection of a building in Washington, D. C., to be known as the national gallery of art; to the Committee on Public Buildings and Grounds.

268. Also, petition of the Bakery and Confectionery Workers' International Union of America, of Rockford, Ill., asking for an investigation of the Bread Trust; to the Committee on Interstate and Foreign Commerce.

269. By Mr. GRIEST: Petition of the Lancaster County Fish and Game Protective Association, Lancaster, Pa., protesting against the renewal of the permit to the city of Chicago for the withdrawal and consumption of waters of the Great Lakes; to the Committee on Interstate and Foreign Commerce.

270. By Mr. KIESS: Evidence in support of H. R. 4236, granting a pension to Catherine Robbins; to the Committee on Invalid Pensions.

271. Also, evidence in support of H. R. 2810, granting an increase of pension to Rhodema Cornell; to the Committee on Invalid Pensions.

272. Also, evidence in support of H. R. 6424, granting a pension to Fleming Trexler; to the Committee on Invalid Pensions.



273. By Mr. MENGES: Petition of sundry citizens of Red Lion, York County, Pa., for an appropriation of \$125,000 for the acquirement of such real property and for the construction thereon of a suitable building for the accommodation of the post office and for the internal-revenue office of this growing town, which contributes annually \$1,350,000 in revenue to the National Government; to the Committee on Public Buildings and Grounds.

274. By Mr. SWARTZ: Evidence in support of H. R. 3456, granting a pension to Sarah Amelia Witter; to the Committee on Invalid Pensions.

275. Also, evidence in support of H. R. 3458, granting an increase of pension to Maria Schauer; to the Committee on Invalid Pensions.

276. By Mr. WYANT: Evidence in support of H. R. 4419, granting an increase of pension to Mrs. Rachel B. Smart; to the Committee on Invalid Pensions.

277. Also, evidence in support of H. R. 4420, granting an increase of pension to Isabell A. Story; to the Committee on Invalid Pensions.

278. Also, evidence in support of H. R. 4424, granting an increase of pension to Jemima Mechling; to the Committee on Invalid Pensions.

279. Also, evidence in support of H. R. 4425, granting an increase of pension to Margaret E. Miller; to the Committee on Invalid Pensions.

280. Also, evidence in support of H. R. 4427, granting an increase of pension to Alice R. Holmes; to the Committee on Invalid Pensions.

281. Also, evidence in support of H. R. 4428, granting an increase of pension to Sarah A. Jellison; to the Committee on Invalid Pensions.

282. Also, evidence in support of H. R. 4429, granting an increase of pension to Polly A. King; to the Committee on Invalid Pensions.

283. Also, evidence in support of H. R. 4430, granting an increase of pension to Lucinda Bush; to the Committee on Invalid Pensions.

284. Also, evidence in support of H. R. 5938, granting an increase of pension to Annie Elizabeth Brinker; to the Committee on Invalid Pensions.

## SENATE

THURSDAY, January 7, 1926

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

Our heavenly Father, we rejoice before Thee this morning that Thou art not an unknown God to us, neither art Thou an unknowable one, for Thou dost present Thyself to us as ever accessible, ever ready to hear our cry and to give us rest as we find rest in the simple utterances of Thy love for us. Accept of us this morning, and may the word of our mouths and the meditations of our hearts be according to Thy gracious will. Hear and help constantly; for Jesus' sake. Amen.

The Chief Clerk proceeded to read the Journal of yesterday's proceedings when, on request of Mr. JONES of Washington and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### CALL OF THE ROLL

Mr. JONES of Washington. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

Bayard.	Fess.	La Follette.	Shipstead.
Blease.	Fletcher.	Lenroot.	Shortridge.
Borah.	Frazier.	McKellar.	Simmons.
Bratton.	George.	McKinley.	Smith.
Brookhart.	Gerry.	McLean.	Smoot.
Broussard.	Gillett.	McMaster.	Stanfield.
Bruce.	Glass.	McNary.	Stephens.
Butler.	Goff.	Mayfield.	Swanson.
Cameron.	Gooding.	Means.	Trammell.
Capper.	Greene.	Metcalf.	Tyson.
Caraway.	Hale.	Neely.	Underwood.
Copeland.	Harrell.	Norris.	Wadsworth.
Couzens.	Harris.	Oddie.	Walsh.
Cummins.	Harrison.	Overman.	Warren.
Curtis.	Heflin.	Pepper.	Watson.
Dale.	Howell.	Pine.	Weller.
Deneen.	Johnson.	Reed, Mo.	Wheeler.
Dill.	Jones, N. Mex.	Reed, Pa.	Williams.
Edge.	Jones, Wash.	Robinson, Ind.	Willis.
Edwards.	Kendrick.	Sackett.	
Ernst.	Keyes.	Schall.	
Ferris.	King.	Sheppard.	

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

### MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the Speaker of the House had affixed his signature to the enrolled joint resolution (S. J. Res. 20) providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, and it was thereupon signed by the Vice President.

### FEDERAL AID TO STATES

Mr. BROOKHART. Mr. President, on yesterday the junior Senator from Pennsylvania [Mr. REED] inserted in the RECORD certain figures showing the amount paid in Federal taxes by the different States and the amount of Federal aid received from the Government in road building and other matters. For a moment or two I desire to present a few figures in explanation of the conclusions he apparently would have drawn from his figures.

For instance he shows that in Iowa we pay \$13,554,243.98 in Federal taxes and that we draw Federal aid of \$2,206,055.97, or 16.28 per cent of the amount we pay. He shows that in Pennsylvania they pay \$246,592,155.56, and that they draw in Federal aid \$4,631,318.82, or 1.88 per cent. From those figures, of course, he seeks to draw the conclusion that there is a great injustice in the levying of the Federal taxes.

I want to call the attention of the Senate to a different kind of tax that is being levied upon Iowa and upon all of the agricultural States for that matter. I only use Iowa as an example. That tax is the tax or charge of excess profits. I have here a bulletin from the Department of Commerce of estimated national wealth. The national wealth of the country in 1912 was \$186,299,000,000. Since 1912 it had increased until in 1922 it amounted to \$320,803,000,000, an increase of about 70 per cent. If we figure that on the basis of compound interest it is about 5.5 per cent a year.

The State of Iowa produced more out of the soil than any other equal spot of ground in the world during that period, and if it had received a fair exchange of its products for the products of Pennsylvania and other profiteering States, it would have increased its wealth greater in proportion than any other State. Iowa's wealth increased from \$7,708,000,000 to \$10,511,000,000 or about 35 per cent on the basis of simple interest, or compounded at the rate of about 2.75 per cent a year. In other words, although Iowa produced more out of Mother Earth than any other spot, it only increased in national wealth by one-half the percentage of the country at large.

We find that the great State of Pennsylvania increased in wealth from \$16,225,000,000 to \$28,833,000,000 or about 75 per cent. In other words, during the 10-year period referred to Iowa's wealth was \$2,800,000,000 less than the average of the United States, and I maintain it ought to have exceeded the average, at any rate. That means that under the system of levying taxes by charging excess profits upon agriculture in the United States, Iowa paid a tax of \$2,800,000,000 in 10 years or \$280,000,000 annually in excess profits to the monopolies and industries, and that is more than the total amount the great State of Pennsylvania paid in Federal taxes.

Therefore, under this situation it seems to me that the idea of Federal aid is wrong. I do not believe that we should build roads by Federal aid. I believe the Federal Government should pay the entire bill, and then we would have some chance to even up the excess that is taken from us by the profiteering sections of the country. I do not confine this to my own State. I have only used Iowa as an example. Almost every agricultural spot in the United States has been subjected to the same discrimination, including agriculture in the State of Pennsylvania.

Agriculture in Connecticut, I am informed, right now is practically bankrupt, and yet the wealth of Connecticut during this period increased at the rate of about 9 per cent a year, or nearly double the average of the increase of wealth of the whole United States. The figures that are put out to stop Federal taxation for the benefit of the whole people are based upon conclusions not sustained by the economic situation in the United States. Therefore, I want these facts in the RECORD at this time so that the other view may appear in contrast with the conclusion that might be drawn from the tables presented on yesterday by the Senator from Pennsylvania.

### FARM RELIEF—ADDRESS BY SENATOR M'NARY

Mr. CAPPER. Mr. President, I hold in my hand a copy of an address delivered by the senior Senator from Oregon [Mr. McNARY], which was recently printed in the Chicago Tribune,