3 other merchants of West Bend, Wis.; and of Mrs. K. Endlick and 4 other merchants of Keewaskum, Wis., asking that the Interstate Commerce Commission be given further power for the regulation of express rates; to the Committee on the Judiciary.

Also, petition of the Supreme Council of the Order of United Commercial Travelers of America, favoring passage of bill (H. R. 17736) reducing rate of letter postage to 1 cent; to the Committee on the Post Office and Post Roads.

Also, petition of the Supreme Council of the Order of United Commercial Travelers of America, asking for a change in the manner in which national elections are held; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, petition of Milwaukee (Wis.) Council, No. 54, Order of United Commercial Travelers of America, favoring passage of House bill 20590, providing for a change of date of the general election; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, petition of Merchants and business men of Beaver Dam and Horicon, Wis., protesting against any change in the present parcel-post system; to the Committee on the Post Office and Post Roads.

By Mr. ESCH: Petition of the Memphis Merchants' Exchange, favoring passage of Pomerene substitute bill (S. 957); to the Committee on Interstate and Foreign Commerce.

Also, petition of Farmers' Educational and Cooperative Union of America, favoring passage of Senate bill 3175, for restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. FITZGERALD: Petition of the Council of Grain Exchange, Chicago, Ill., favoring passage of Senate bill 6810, the Pomerene Senate substitute bill; to the Committee on Interstate and Foreign Commerce.

Also, petition of the board of directors of the Maritime Association of the Port of New York, favoring establishment of a Weather Bureau station at Sandy Hook; to the Committee on Appropriations.

Also, petition of the Supreme Council of the Order of United Commercial Travelers of America, favoring passage of House bill 20590, changing the date of the general election; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, petition of the Supreme Council of the Order of United Commercial Travelers of America, favoring passage of House bill 17736, for reduction of postage rate to 1 cent; to the Committee on the Post Office and Post Roads.

Also, petition of the Manila Welfare Committee, urging a bond issue of $10,000,000 be issued, so that $2,250,000 be made available for urgent humanitarian purposes; to the Committee on Appropriations.

Also, petition of Farmers' Educational and Cooperative Union of America, favoring passage of Senate bill 3175, relative to immigration; to the Committee on Immigration and Naturalization.

By Mr. FULLER: Papers to accompany bill (H. R. 25354) for relief of Charles Logan; to the Committee on Invalid Pensions.

Also, papers to accompany bill for relief of Mrs. Mary L. Merchant; to the Committee on Invalid Pensions.

By Mr. KINKEAD of New Jersey: Letter from Branch No. 221, National Association of Letter Carriers, Bayonne, N. J., relative to prevailing upon Congressman THOMAS REILLY to accept an invitation as honor guest at a dinner showing their appreciation of his successful efforts in passing the postal employees' eight-ten hour law; to the Committee on Labor.

By Mr. LAFEAN: Papers accompanying bill granting increase of pension to William G. Stine; to the Committee on Invalid Pensions.

By Mr. LEVY: Petition of the Supreme Council of the Order of United Commercial Travelers of America, favoring a change in the date of the general election; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, petition of the Maritime Association of the Port of New York, favoring the establishment of a Weather Bureau station at Sandy Hook; to the Committee on Appropriations.

Also, petition of the Supreme Council of the Order of United Commercial Travelers of America, favoring reduction of postage rate to 1 cent; to the Committee on the Post Office and Post Roads.

By Mr. LINDSAY: Petition of Farmers' Educational and Cooperative Union of America, of Rogue, Ark., favoring passage of Senate bill 3175, for restriction of immigration; to the Committee on Immigration and Naturalization.

Also, petition of A. Habernicht & Co., of New York, protesting against the passage of the Webb-Kenyon bill; to the Committee on the Judiciary.

By Mr. REILLY: Petition of the National Society for the Promotion of Industrial Education, favoring the passage of the Page-Wilson bill; to the Committee on Agriculture.

Also, petition of the New Haven Chamber of Commerce, New Haven, Conn., favoring the widening of the main channel of the New Haven Harbor; to the Committee on Rivers and Harbors.

Also, petition of the New Haven Chamber of Commerce, New Haven, Conn., favoring passage of House bill 26277, for creation of final court of patent appeals; to the Committee on the Judiciary.

Also, petition of the Board of Harbor Commissioners for New Haven Harbor, favoring the widening and improvement of the main channel of the New Haven Harbor; to the Committee on Rivers and Harbors.

Also, petition of Farmers' Educational and Cooperative Union of America, favoring the passage of Senate bill 3175, for restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. WILLIS: Petition of Robinson & Richter Co. and 4 other citizens of Milford Center, Ohio, and Ambrose & Knight and 10 other citizens of Urbana, Ohio, favoring enactment of legislation giving Interstate Commerce Commission further power toward regulation of express rates; to the Committee on Interstate and Foreign Commerce.

By Mr. WILSON of New York: Petition of the Maritime Association of the Port of New York, favoring establishment of a Weather Bureau station at Sandy Hook; to the Committee on Appropriations.

Also, petition of the Wyckoff Heights Taxpayers' Association, of Brooklyn, N. Y., relative to giving the postmen a holiday on Thanksgiving Day; to the Committee on the Post Office and Post Roads.

SENATE.

TUESDAY, *December 3, 1912.*

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

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

Mr. BACON took the chair as President pro tempore under the previous order of the Senate.

NORRIS BROWN, a Senator from the State of Nebraska; MILES POINDEXTER, a Senator from the State of Washington; WILLIAM ALDEN SMITH, a Senator from the State of Michigan; and GEORGE SUTHERLAND, a Senator from the State of Utah, appeared in their seats to-day.

The Journal of yesterday's proceedings was read and approved.

SENATORS FROM IDAHO AND MARYLAND.

Mr. BORAH. I present the certificate of the governor of the State of Idaho naming Hon. KIRTLAND I. PERKY a Senator to succeed the late WELDON B. HEYBURN. I ask that it be read.

The credentials of KIRTLAND I. PERKY, appointed by the governor of the State of Idaho a Senator from that State to fill until the next meeting of the legislature thereof the vacancy in the term ending March 3, 1915, were read and ordered to be filed.

Mr. SMITH of Maryland. I present the certificate of the governor of Maryland appointing Mr. WILLIAM P. JACKSON a Senator from Maryland to succeed Hon. ISIDOR RAYNER, deceased. I ask that the credentials may be read.

The credentials of WILLIAM PURNELL JACKSON, appointed by the governor of the State of Maryland a Senator from that State to fill until the next meeting of the legislature thereof the vacancy in the term ending March 3, 1917, were read and ordered to be filed.

Mr. BORAH. I desire to state that the Senator who has been appointed from Idaho is now in the Chamber and ready to take the oath of office.

Mr. SMITH of Maryland. Mr. JACKSON is also present and ready to be sworn.

The PRESIDENT pro tempore. The Senators who have been appointed will present themselves at the desk and take the oath of office.

Mr. PERKY and Mr. JACKSON were escorted to the Vice President's desk by Mr. BORAH and Mr. SMITH of Maryland, respectively; and the oath prescribed by law having been administered to them, they took their seats in the Senate.

CREDENTIALS.

Mr. FOSTER presented the credentials of ROBERT F. BROUSSARD, chosen by the Legislature of the State of Louisiana a Senator

from that State for the term beginning March 4, 1915, which were read and ordered to be filed.

NOTIFICATION TO THE PRESIDENT.

Mr. CULLOM and Mr. MARTIN of Virginia, the committee appointed to wait on the President of the United States, appeared, and

Mr. CULLOM said: Mr. President, the committee appointed to wait upon the President of the United States in connection with a similar committee on the part of the House of Representatives and inform him that the two Houses had organized and were ready to receive any communication he might be pleased to make have performed that duty. The President stated to the committee that he would communicate with the two Houses this morning in writing. I understand that his message is now in the hands of an executive clerk at the door.

PRESIDENT'S ANNUAL MESSAGE (H. DOC. NO. 927).

M. C. Latta, one of the executive clerks, appeared and said:

I am directed by the President of the United States to deliver to the Senate a message in writing.

The message was received by the Secretary and handed to the President pro tempore.

The PRESIDENT pro tempore. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Secretary read the message, as follows:

To the Senate and House of Representatives:

The foreign relations of the United States actually and potentially affect the state of the Union to a degree not widely realized and hardly surpassed by any other factor in the welfare of the whole Nation. The position of the United States in the moral, intellectual, and material relations of the family of nations should be a matter of vital interest to every patriotic citizen. The national prosperity and power impose upon us duties which we can not shirk if we are to be true to our ideals. The tremendous growth of the export trade of the United States has already made that trade a very real factor in the industrial and commercial prosperity of the country. With the development of our industries the foreign commerce of the United States must rapidly become a still more essential factor in its economic welfare. Whether we have a farseeing and wise diplomacy and are not recklessly plunged into unnecessary wars, and whether our foreign policies are based upon an intelligent grasp of present-day world conditions and a clear view of the potentialities of the future, or are governed by a temporary and timid expediency or by narrow views befitting an infant nation, are questions in the alternative consideration of which must convince any thoughtful citizen that no department of national polity offers greater opportunity for promoting the interests of the whole people on the one hand, or greater chance on the other of permanent national injury, than that which deals with the foreign relations of the United States.

The fundamental foreign policies of the United States should be raised high above the conflict of partisanship and wholly dissociated from differences as to domestic policy. In its foreign affairs the United States should present to the world a united front. The intellectual, financial, and industrial interests of the country and the publicist, the wage earner, the farmer, and citizen of whatever occupation must cooperate in a spirit of high patriotism to promote that national solidarity which is indispensable to national efficiency and to the attainment of national ideals.

The relations of the United States with all foreign powers remain upon a sound basis of peace, harmony, and friendship. A greater insistence upon justice to American citizens or interests wherever it may have been denied and a stronger emphasis of the need of mutuality in commercial and other relations have only served to strengthen our friendships with foreign countries by placing those friendships upon a firm foundation of realities as well as aspirations.

Before briefly reviewing the more important events of the last year in our foreign relations, which it is my duty to do as charged with their conduct and because diplomatic affairs are not of a nature to make it appropriate that the Secretary of State make a formal annual report, I desire to touch upon some of the essentials to the safe management of the foreign relations of the United States and to endeavor, also, to define clearly certain concrete policies which are the logical modern corollaries of the undisputed and traditional fundamentals of the foreign policy of the United States.

REORGANIZATION OF THE STATE DEPARTMENT.

At the beginning of the present administration the United States, having fully entered upon its position as a world power, with the responsibilities thrust upon it by the results of the Spanish-American War, and already engaged in laying the groundwork of a vast foreign trade upon which it should one day become more and more dependent, found itself without the machinery for giving thorough attention to, and taking effective action upon, a mass of intricate business vital to American interests in every country in the world.

The Department of State was an archaic and inadequate machine lacking most of the attributes of the foreign office of any great modern power. With an appropriation made upon my recommendation by the Congress on August 5, 1909, the Department of State was completely reorganized. There were created Divisions of Latin-American Affairs and of Far Eastern, Near Eastern, and Western European Affairs. To these divisions were called from the foreign service diplomatic and consular officers possessing experience and knowledge gained by actual service in different parts of the world and thus familiar with political and commercial conditions in the regions concerned. The work was highly specialized. The result is that where previously this Government from time to time would emphasize in its foreign relations one or another policy, now American interests in every quarter of the globe are being cultivated with equal assiduity. This principle of politico-geographical division possesses also the good feature of making possible rotation between the officers of the departmental, the diplomatic, and the consular branches of the foreign service, and thus keeps the whole diplomatic and consular establishments under the Department of State in close touch and equally inspired with the aims and policy of the Government. Through the newly created Division of Information the foreign service is kept fully informed of what transpires from day to day in the international relations of the country, and contemporary foreign comment affecting American interests is promptly brought to the attention of the department. The law offices of the department were greatly strengthened. There were added foreign-trade advisers to cooperate with the diplomatic and consular bureaus and the politico-geographical divisions in the innumerable matters where commercial diplomacy or consular work calls for such special knowledge. The same officers, together with the rest of the new organization, are able at all times to give to American citizens accurate information as to conditions in foreign countries with which they have business and likewise to cooperate more effectively with the Congress and also with the other executive departments.

MERIT SYSTEM IN CONSULAR AND DIPLOMATIC CORPS.

Expert knowledge and professional training must evidently be the essence of this reorganization. Without a trained foreign service there would not be men available for the work in the reorganized Department of State. President Cleveland had taken the first step toward introducing the merit system in the foreign service. That had been followed by the application of the merit principle, with excellent results, to the entire consular branch. Almost nothing, however, had been done in this direction with regard to the Diplomatic Service. In this age of commercial diplomacy it was evidently of the first importance to train an adequate personnel in that branch of the service. Therefore, on November 26, 1909, by an Executive order I placed the Diplomatic Service up to the grade of secretary of embassy, inclusive, upon exactly the same strict nonpartisan basis of the merit system, rigid examination for appointment and promotion only for efficiency, as had been maintained without exception in the Consular Service.

STATISTICS AS TO MERIT AND NONPARTISAN CHARACTER OF APPOINTMENTS.

How faithful to the merit system and how nonpartisan has been the conduct of the Diplomatic and Consular Services in the last four years may be judged from the following: Three ambassadors now serving held their present rank at the beginning of my administration. Of the 10 ambassadors whom I have appointed, 5 were by promotion from the rank of minister. Nine ministers now serving held their present rank at the beginning of the administration. Of the 30 ministers whom I have appointed, 11 were promoted from the lower grades of the foreign service or from the Department of State. Of the 19 missions in Latin America, where our relations are close and our interest is great, 15 chiefs of mission are service men, 3 having entered the service during this administration. The 37 secretaries of embassy or legation who have received their initial appointments after passing successfully the required examination were chosen for ascertained fitness, without regard to political affiliations. A dearth of candidates from Southern and Western States has alone made it impossible thus far completely to equalize all the States' representations in the foreign service. In the effort to equalize the representation of the various States in the Consular Service I have made 16 of the 29 new appointments as consul which have occurred during my administration from the Southern States. This is 55 per cent.

Every other consular appointment made, including the promotion of 11 young men from the consular assistant and student interpreter corps, has been by promotion or transfer, based solely upon efficiency shown in the service.

In order to assure to the business and other interests of the United States a continuance of the resulting benefits of this reform, I earnestly renew my previous recommendations of legislation making it permanent along some such lines as those of the measure now pending in Congress.

LARGER PROVISION FOR EMBASSIES AND LEGATIONS AND FOR OTHER EXPENSES OF OUR FOREIGN REPRESENTATIVES RECOMMENDED.

In connection with legislation for the amelioration of the foreign service, I wish to invite attention to the advisability of placing the salary appropriations upon a better basis. I believe that the best results would be obtained by a moderate scale of salaries, with adequate funds for the expenses of proper representation, based in each case upon the scale and cost of living at each post, controlled by a system of accounting, and under the general direction of the Department of State.

In line with the object which I have sought of placing our foreign service on a basis of permanency, I have at various times advocated provision by Congress for the acquisition of Government-owned buildings for the residence and offices of our diplomatic officers, so as to place them more nearly on an equality with similar officers of other nations and to do away with the discrimination which otherwise must necessarily be made, in some cases, in favor of men having large private fortunes. The act of Congress which I approved on February 17, 1911, was a right step in this direction. The Secretary of State has already made the limited recommendations permitted by the act for any one year, and it is my hope that the bill introduced in the House of Representatives to carry out these recommendations will be favorably acted on by the Congress during its present session.

In some Latin-American countries the expense of Government-owned legations will be less than elsewhere, and it is certainly very urgent that in such countries as some of the Republics of Central America and the Caribbean, where it is peculiarly difficult to rent suitable quarters, the representatives of the United States should be justly and adequately provided with dignified and suitable official residences. Indeed, it is high time that the dignity and power of this great Nation should be fittingly signalized by proper buildings for the occupancy of the Nation's representatives everywhere abroad.

DIPLOMACY A HANDMAID OF COMMERCIAL INTERCOURSE AND PEACE.

The diplomacy of the present administration has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for bullets. It is one that appeals alike to idealistic humanitarian sentiments, to the dictates of sound policy and strategy, and to legitimate commercial aims. It is an effort frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad. How great have been the results of this diplomacy, coupled with the maximum and minimum provision of the tariff law, will be seen by some consideration of the wonderful increase in the export trade of the United States. Because modern diplomacy is commercial, there has been a disposition in some quarters to attribute to it none but materialistic aims. How strikingly erroneous is such an impression may be seen from a study of the results by which the diplomacy of the United States can be judged.

SUCCESSFUL EFFORTS IN PROMOTION OF PEACE.

In the field of work toward the ideals of peace this Government negotiated, but to my regret was unable to consummate, two arbitration treaties which set the highest mark of the aspiration of nations toward the substitution of arbitration and reason for war in the settlement of international disputes. Through the efforts of American diplomacy several wars have been prevented or ended. I refer to the successful tripartite mediation of the Argentine Republic, Brazil, and the United States between Peru and Ecuador; the bringing of the boundary dispute between Panama and Costa Rica to peaceful arbitration; the staying of warlike preparations when Haiti and the Dominican Republic were on the verge of hostilities; the stopping of a war in Nicaragua; the halting of internecine strife in Honduras. The Government of the United States was thanked for its influence toward the restoration of amicable relations between the Argentine Republic and Bolivia. The diplomacy of the United States is active in seeking to assuage the remaining ill-feeling between this country and the Republic of Colombia. In the recent civil war in China the United States successfully joined with the other interested powers in urging an early cessation of hostilities. An agreement has been reached between the Governments of Chile and Peru whereby the celebrated Tacna-Arica dispute, which has so long embittered international relations on the west coast of South America, has at last been adjusted. Simultaneously came the news that the boundary dispute between Peru and Ecuador had entered upon a stage of amicable settlement. The position of the United States in reference to the Tacna-Arica dispute between Chile and Peru has been one of nonintervention, but one of friendly influence and pacific counsel throughout the period during which the dispute in question has been the subject of interchange of views between this Government and the two Governments immediately concerned. In the general easing of international tension on the west coast of South America the tripartite mediation, to which I have referred, has been a most potent and beneficent factor.

CHINA.

In China the policy of encouraging financial investment to enable that country to help itself has had the result of giving new life and practical application to the open-door policy. The consistent purpose of the present administration has been to encourage the use of American capital in the development of China by the promotion of those essential reforms to which China is pledged by treaties with the United States and other powers. The hypothecation to foreign bankers in connection with certain industrial enterprises, such as the Hukuang railways, of the national revenues upon which these reforms depended, led the Department of State early in the administration to demand for American citizens participation in such enterprises, in order that the United States might have equal rights and an equal voice in all questions pertaining to the disposition of the public revenues concerned. The same policy of promoting international accord among the powers having similar treaty rights as ourselves in the matters of reform, which could not be put into practical effect without the common consent of all, was likewise adopted in the case of the loan desired by China for the reform of its currency. The principle of international cooperation in matters of common interest upon which our policy had already been based in all of the above instances has admittedly been a great factor in that concert of the powers which has been so happily conspicuous during the perilous period of transition through which the great Chinese nation has been passing.

CENTRAL AMERICA NEEDS OUR HELP IN DEBT ADJUSTMENT.

In Central America the aim has been to help such countries as Nicaragua and Honduras to help themselves. They are the immediate beneficiaries. The national benefit to the United States is twofold. First, it is obvious that the Monroe doctrine is more vital in the neighborhood of the Panama Canal and the zone of the Caribbean than anywhere else. There, too, the maintenance of that doctrine falls most heavily upon the United States. It is therefore essential that the countries within that sphere shall be removed from the jeopardy involved by heavy foreign debt and chaotic national finances and from the ever-present danger of international complications due to disorder at home. Hence the United States has been glad to encourage and support American bankers who were willing to lend a helping hand to the financial rehabilitation of such countries, because this financial rehabilitation and the protection of their customhouses from being the prey of would-be dictators would remove at one stroke the menace of foreign creditors and the menace of revolutionary disorder.

The second advantage to the United States is one affecting chiefly all the southern and Gulf ports and the business and industry of the South. The Republics of Central America and the Caribbean possess great natural wealth. They need only a measure of stability and the means of financial regeneration to enter upon an era of peace and prosperity, bringing profit and happiness to themselves and at the same time creating conditions sure to lead to a flourishing interchange of trade with this country.

I wish to call your especial attention to the recent occurrences in Nicaragua, for I believe the terrible events recorded there during the revolution of the past summer—the useless loss of life, the devastation of property, the bombardment of defenseless cities, the killing and wounding of women and children, the torturing of noncombatants to exact contributions, and the suffering of thousands of human beings—might have been averted had the Department of State, through approval of the loan convention by the Senate, been permitted to carry out its now well-developed policy of encouraging the extending of financial aid to weak Central American States with the primary objects of avoiding just such revolutions by assisting those Republics to rehabilitate their finances, to establish their currency on a stable basis, to remove the custom-

houses from the danger of revolutions by arranging for their secure administration, and to establish reliable banks.

During this last revolution in Nicaragua, the Government of that Republic having admitted its inability to protect American life and property against acts of sheer lawlessness on the part of the malcontents, and having requested this Government to assume that office, it became necessary to land over 2,000 marines and bluejackets in Nicaragua. Owing to their presence the constituted Government of Nicaragua was free to devote its attention wholly to its internal troubles, and was thus enabled to stamp out the rebellion in a short space of time. When the Red Cross supplies sent to Granada had been exhausted, 8,000 persons having been given food in one day upon the arrival of the American forces, our men supplied other unfortunate, needy Nicaraguans from their own haversacks. I wish to congratulate the officers and men of the United States Navy and Marine Corps who took part in reestablishing order in Nicaragua upon their splendid conduct, and to record with sorrow the death of seven American marines and bluejackets. Since the reestablishment of peace and order, elections have been held amid conditions of quiet and tranquillity. Nearly all the American marines have now been withdrawn. The country should soon be on the road to recovery. The only apparent danger now threatening Nicaragua arises from the shortage of funds. Although American bankers have already rendered assistance, they may naturally be loath to advance a loan adequate to set the country upon its feet without the support of some such convention as that of June, 1911, upon which the Senate has not yet acted.

ENFORCEMENT OF NEUTRALITY LAWS.

In the general effort to contribute to the enjoyment of peace by those Republics which are near neighbors of the United States, the administration has enforced the so-called neutrality statutes with a new vigor, and those statutes were greatly strengthened in restricting the exportation of arms and munitions by the joint resolution of last March. It is still a regrettable fact that certain American ports are made the rendezvous of professional revolutionists and others engaged in intrigue against the peace of those Republics. It must be admitted that occasionally a revolution in this region is justified as a real popular movement to throw off the shackles of a vicious and tyrannical government. Such was the Nicaraguan revolution against the Zelaya régime. A nation enjoying our liberal institutions can not escape sympathy with a true popular movement, and one so well justified. In very many cases, however, revolutions in the Republics in question have no basis in principle, but are due merely to the machinations of conscienceless and ambitious men, and have no effect but to bring new suffering and fresh burdens to an already oppressed people. The question whether the use of American ports as foci of revolutionary intrigue can be best dealt with by a further amendment to the neutrality statutes or whether it would be safer to deal with special cases by special laws is one worthy of the careful consideration of the Congress.

VISIT OF SECRETARY KNOX TO CENTRAL AMERICA AND THE CARIBBEAN.

Impressed with the particular importance of the relations between the United States and the Republics of Central America and the Caribbean region, which of necessity must become still more intimate by reason of the mutual advantages which will be presented by the opening of the Panama Canal, I directed the Secretary of State last February to visit these Republics for the purpose of giving evidence of the sincere friendship and good will which the Government and people of the United States bear toward them. Ten Republics were visited. Everywhere he was received with a cordiality of welcome and a generosity of hospitality such as to impress me deeply and to merit our warmest thanks. The appreciation of the Governments and peoples of the countries visited, which has been appropriately shown in various ways, leaves me no doubt that his visit will conduce to that closer union and better understanding between the United States and those Republics which I have had it much at heart to promote.

OUR MEXICAN POLICY.

For two years revolution and counter-revolution have distraught the neighboring Republic of Mexico. Brigandage has involved a great deal of depredation upon foreign interests. There have constantly recurred questions of extreme delicacy. On several occasions very difficult situations have arisen on our frontier. Throughout the trying period the policy of the United States has been one of patient nonintervention, steadfast recognition of constituted authority in the neighboring nation, and the exertion of every effort to care for American interests. I profoundly hope that the Mexican nation may soon resume the path of order, prosperity, and progress. To that nation in its sore troubles the sympathetic friendship of the United States has been demonstrated to a high degree. There were in Mexico at the beginning of the revolution some thirty or forty thousand American citizens engaged in enterprises contributing greatly to the prosperity of that Republic and also benefiting the important trade between the two countries. The investment of American capital in Mexico has been estimated at $1,000,000,000. The responsibility of endeavoring to safeguard those interests and the dangers inseparable from propinquity to so turbulent a situation have been great, but I am happy to have been able to adhere to the policy above outlined—a policy which I hope may be soon justified by the complete success of the Mexican people in regaining the blessings of peace and good order.

AGRICULTURAL CREDITS.

A most important work, accomplished in the past year by the American diplomatic officers in Europe, is the investigation of the agricultural credit system in the European countries. Both as a means to afford relief to the consumers of this country through a more thorough development of agricultural resources and as a means of more sufficiently maintaining the agricultural population, the project to establish credit facilities for the farmers is a concern of vital importance to this Nation. No evidence of prosperity among well-established farmers should blind us to the fact that lack of capital is preventing a development of the Nation's agricultural resources and an adequate increase of the land under cultivation; that agricultural production is fast falling behind the increase in population; and that, in fact, although these well-established farmers are maintained in increasing prosperity because of the natural increase in population, we are not developing the industry of agriculture. We are not breeding in proportionate numbers a race of independent and independence-loving landowners, for a lack of which no growth of cities can compensate. Our farmers have been our mainstay in times of crisis, and in future it must still largely be upon their stability and common sense that this democracy must rely to conserve its principles of self-government.

The need of capital which American farmers feel to-day had been experienced by the farmers of Europe, with their centuries-old farms, many years ago. The problem had been successfully solved in the Old World and it was evident that the farmers of this country might profit by a study of their systems. I therefore ordered, through the Department of State, an investigation to be made by the diplomatic officers in Europe, and I have laid the results of this investigation before the governors of the various States with the hope that they will be used to advantage in their forthcoming meeting.

INCREASE OF FOREIGN TRADE.

In my last annual message I said that the fiscal year ended June 30, 1911, was noteworthy as marking the highest record of exports of American products to foreign countries. The fiscal year 1912 shows that this rate of advance has been maintained, the total domestic exports having a valuation approximately of $2,200,000,000, as compared with a fraction over $2,000,000,000 the previous year. It is also significant that manufactured and partly manufactured articles continue to be the chief commodities forming the volume of our augmented exports, the demands of our own people for consumption requiring that an increasing proportion of our abundant agricultural products be kept at home. In the fiscal year 1911 the exports of articles in the various stages of manufacture, not including foodstuffs partly or wholly manufactured, amounted approximately to $907,500,000. In the fiscal year 1912 the total was nearly $1,022,000,000, a gain of $114,000,000.

ADVANTAGE OF MAXIMUM AND MINIMUM TARIFF PROVISION.

The importance which our manufactures have assumed in the commerce of the world in competition with the manufactures of other countries again draws attention to the duty of this Government to use its utmost endeavors to secure impartial treatment for American products in all markets. Healthy commercial rivalry in international intercourse is best assured by the possession of proper means for protecting and promoting our foreign trade. It is natural that competitive countries should view with some concern this steady expansion of our commerce. If in some instances the measure taken by them to meet it are not entirely equitable, a remedy should be found. In former messages I have described the negotiations of the Department of State with foreign Governments for the adjustment of the maximum and minimum tariff as provided in section 2 of the tariff law of 1909. The advantages secured by the adjustment of our trade relations under this law have continued during the last year, and some additional cases of discriminatory treatment of which we had reason to complain have

been removed. The Department of State has for the first time in the history of this country obtained substantial most-favored-nation treatment from all the countries of the world. There are, however, other instances which, while apparently not constituting undue discrimination in the sense of section 2, are nevertheless exceptions to the complete equity of tariff treatment for American products that the Department of State consistently has sought to obtain for American commerce abroad.

NECESSITY FOR SUPPLEMENTARY LEGISLATION.

These developments confirm the opinion conveyed to you in my annual message of 1911, that while the maximum and minimum provision of the tariff law of 1909 has been fully justified by the success achieved in removing previously existing undue discriminations against American products, yet experience has shown that this feature of the law should be amended in such way as to provide a fully effective means of meeting the varying degrees of discriminatory treatment of American commerce in foreign countries still encountered, as well as to protect against injurious treatment on the part of foreign Governments, through either legislative or administrative measures, the financial interests abroad of American citizens whose enterprises enlarge the market for American commodities.

I can not too strongly recommend to the Congress the passage of some such enabling measure as the bill which was recommended by the Secretary of State in his letter of December 13, 1911. The object of the proposed legislation is, in brief, to enable the Executive to apply, as the case may require, to any or all commodities, whether or not on the free list from a country which discriminates against the United States, a graduated scale of duties up to the maximum of 25 per cent ad valorem provided in the present law. Flat tariffs are out of date. Nations no longer accord equal tariff treatment to all other nations irrespective of the treatment from them received. Such a flexible power at the command of the Executive would serve to moderate any unfavorable tendencies on the part of those countries from which the importations into the United States are substantially confined to articles on the free list as well as of the countries which find a lucrative market in the United States for their products under existing customs rates. It is very necessary that the American Government should be equipped with weapons of negotiation adapted to modern economic conditions, in order that we may at all times be in a position to gain not only technically just but actually equitable treatment for our trade, and also for American enterprise and vested interests abroad.

BUSINESS SECURED TO OUR COUNTRY BY DIRECT OFFICIAL EFFORT.

As illustrating the commercial benefits to the Nation derived from the new diplomacy and its effectiveness upon the material as well as the more ideal side, it may be remarked that through direct official efforts alone there have been obtained in the course of this administration contracts from foreign Governments involving an expenditure of $50,000,000 in the factories of the United States. Consideration of this fact and some reflection upon the necessary effects of a scientific tariff system and a foreign service alert and equipped to cooperate with the business men of America carry the conviction that the gratifying increase in the export trade of this country is, in substantial amount, due to our improved governmental methods of protecting and stimulating it. It is germane to these observations to remark that in the two years that have elapsed since the successful negotiation of our new treaty with Japan, which at the time seemed to present so many practical difficulties, our export trade to that country has increased at the rate of over $1,000,000 a month. Our exports to Japan for the year ended June 30, 1910, were $21,959,310, while for the year ended June 30, 1912, the exports were $53,478,046, a net increase in the sale of American products of nearly 150 per cent.

SPECIAL CLAIMS ARBITRATION WITH GREAT BRITAIN.

Under the special agreement entered into between the United States and Great Britain on August 18, 1910, for the arbitration of outstanding pecuniary claims, a schedule of claims and the terms of submission have been agreed upon by the two Governments, and together with the special agreement were approved by the Senate on July 19, 1911, but in accordance with the terms of the agreement they did not go into effect until confirmed by the two Governments by an exchange of notes, which was done on April 26 last. Negotiations are still in progress for a supplemental schedule of claims to be submitted to arbitration under this agreement, and meanwhile the necessary preparations for the arbitration of the claims included in the first schedule have been undertaken and are being carried on under the authority of an appropriation made for that purpose at the last session of Congress. It is anticipated that the two Governments will be prepared to call upon the arbitration tribunal, established under this agreement, to meet at Washington early next year to proceed with this arbitration.

FUR-SEAL TREATY AND NEED FOR AMENDMENT OF OUR STATUTE.

The act adopted at the last session of Congress to give effect to the fur-seal convention of July 7, 1911, between Great Britain, Japan, Russia, and the United States, provided for the suspension of all land killing of seals on the Pribilof Islands for a period of five years, and an objection has now been presented to this provision by the other parties in interest, which raises the issue as to whether or not this prohibition of land killing is inconsistent with the spirit, if not the letter, of the treaty stipulations. The justification for establishing this close season depends, under the terms of the convention, upon how far, if at all, it is necessary for protecting and preserving the American fur-seal herd and for increasing its number. This is a question requiring examination of the present condition of the herd and the treatment which it needs in the light of actual experience and scientific investigation. A careful examination of the subject is now being made, and this Government will soon be in possession of a considerable amount of new information about the American seal herd, which has been secured during the past season and will be of great value in determining this question; and if it should appear that there is any uncertainty as to the real necessity for imposing a close season at this time I shall take an early opportunity to address a special message to Congress on this subject, in the belief that this Government should yield on this point rather than give the slightest ground for the charge that we have been in any way remiss in observing our treaty obligations.

FINAL SETTLEMENT OF NORTH ATLANTIC FISHERIES DISPUTE.

On the 20th day of July last an agreement was concluded between the United States and Great Britain adopting, with certain modifications, the rules and method of procedure recommended in the award rendered by the North Atlantic Coast Fisheries Arbitration Tribunal on September 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of questions arising with reference to the exercise of the American fishing liberties under Article I of the treaty of October 20, 1818, between the United States and Great Britain. This agreement received the approval of the Senate on August 1 and was formally ratified by the two Governments on November 15 last. The rules and a method of procedure embodied in the award provided for determining by an impartial tribunal the reasonableness of any new fishery regulations on the treaty coasts of Newfoundland and Canada before such regulations could be enforced against American fishermen exercising their treaty liberties on those coasts, and also for determining the delimitation of bays on such coasts more than 10 miles wide, in accordance with the definition adopted by the tribunal of the meaning of the word "bays" as used in the treaty. In the subsequent negotiations between the two Governments, undertaken for the purpose of giving practical effect to these rules and methods of procedure, it was found that certain modifications therein were desirable from the point of view of both Governments, and these negotiations have finally resulted in the agreement above mentioned by which the award recommendations as modified by mutual consent of the two Governments are finally adopted and made effective, thus bringing this century-old controversy to a final conclusion, which is equally beneficial and satisfactory to both Governments.

IMPERIAL VALLEY AND MEXICO.

In order to make possible the more effective performance of the work necessary for the confinement in their present channel of the waters of the lower Colorado River, and thus to protect the people of the Imperial Valley, as well as in order to reach with the Government of Mexico an understanding regarding the distribution of the waters of the Colorado River, in which both Governments are much interested, negotiations are going forward with a view to the establishment of a preliminary Colorado River commission, which shall have the powers necessary to enable it to do the needful work and with authority to study the question of the equitable distribution of the waters. There is every reason to believe that an understanding upon this point will be reached and that an agreement will be signed in the near future.

CHAMIZAL DISPUTE.

In the interest of the people and city of El Paso this Government has been assiduous in its efforts to bring to an early settlement the long-standing Chamizal dispute with Mexico. Much has been accomplished, and, while the final solution of the dispute is not immediate, the favorable attitude lately assumed by the Mexican Government encourages the hope that this troublesome question will be satisfactorily and definitively settled at an early day.

INTERNATIONAL COMMISSION OF JURISTS.

In pursuance of the convention of August 23, 1906, signed at the Third Pan American Conference, held at Rio de Janeiro, the International Commission of Jurists met at that capital during the month of last June. At this meeting 16 American Republics were represented, including the United States, and comprehensive plans for the future work of the commission were adopted. At the next meeting, fixed for June, 1914, committees already appointed are instructed to report regarding topics assigned to them.

OPIUM CONFERENCE—UNFORTUNATE FAILURE OF OUR GOVERNMENT TO ENACT RECOMMENDED LEGISLATION.

In my message on foreign relations communicated to the two Houses of Congress December 7, 1911, I called especial attention to the assembling of the Opium Conference at The Hague, to the fact that that conference was to review all pertinent municipal laws relating to the opium and allied evils, and certainly all international rules regarding these evils, and to the fact that it seemed to me most essential that the Congress should take immediate action on the antinarcotic legislation before the Congress, to which I had previously called attention by a special message.

The international convention adopted by the conference conforms almost entirely to the principles contained in the proposed antinarcotic legislation which has been before the last two Congresses. It was most unfortunate that this Government, having taken the initiative in the international action which eventuated in the important international opium convention, failed to do its share in the great work by neglecting to pass the necessary legislation to correct the deplorable narcotic evil in the United States as well as to redeem international pledges upon which it entered by virtue of the above-mentioned convention. The Congress at its present session should enact into law those bills now before it which have been so carefully drawn up in collaboration between the Department of State and the other executive departments, and which have behind them not only the moral sentiment of the country, but the practical support of all the legitimate trade interests likely to be affected. Since the international convention was signed adherence to it has been made by several European States not represented at the conference at The Hague and also by 17 Latin-American Republics.

EUROPE AND THE NEAR EAST.

The war between Italy and Turkey came to a close in October last by the signature of a treaty of peace, subsequent to which the Ottoman Empire renounced sovereignty over Cyrenaica and Tripolitania in favor of Italy. During the past year the Near East has unfortunately been the theater of constant hostilities. Almost simultaneously with the conclusion of peace between Italy and Turkey and their arrival at an adjustment of the complex question at issue between them war broke out between Turkey on the one hand and Bulgaria, Greece, Montenegro, and Servia on the other. The United States has happily been involved neither directly nor indirectly with the causes or questions incident to any of these hostilities and has maintained in regard to them an attitude of absolute neutrality and of complete political disinterestedness. In the second war in which the Ottoman Empire has been engaged the loss of life and the consequent distress on both sides have been appalling, and the United States has found occasion, in the interest of humanity, to carry out the charitable desires of the American people to extend a measure of relief to the sufferers on either side through the impartial medium of the Red Cross. Beyond this the chief care of the Government of the United States has been to make due provision for the protection of its nationals resident in belligerent territory. In the exercise of my duty in this matter I have dispatched to Turkish waters a special-service squadron, consisting of two armored cruisers, in order that this Government may if need be bear its part in such measures as it may be necessary for the interested nations to adopt for the safeguarding of foreign lives and property in the Ottoman Empire in the event that a dangerous situation should develop. In the meanwhile the several interested European powers have promised to extend to American citizens the benefit of such precautionary or protective measures as they might adopt, in the same manner in which it has been the practice of this Government to extend its protection to all foreigners resident in those countries of the Western Hemisphere in which it has from time to time been the task of the United States to act in the interest of peace and good order. The early appearance of a large fleet of European warships in the Bosphorus apparently assured the protection of foreigners in that quarter, where the presence of the American stationnaire, the U. S. S. *Scorpion*, sufficed, under the circumstances, to represent the United States. Our cruisers were thus left free to act if need be along the Mediterranean coasts should any unexpected contingency arise affecting the numerous American interests in the neighborhood of Smyrna and Beirut.

SPITZBERGEN.

The great preponderance of American material interests in the subarctic island of Spitzbergen, which has always been regarded politically as "no man's land," impels this Government to a continued and lively interest in the international dispositions to be made for the political governance and administration of that region. The conflict of certain claims of American citizens and others is in a fair way to adjustment, while the settlement of matters of administration, whether by international conference of the interested powers or otherwise, continues to be the subject of exchange of views between the Governments concerned.

LIBERIA.

As a result of the efforts of this Government to place the Government of Liberia in position to pay its outstanding indebtedness and to maintain a stable and efficient government, negotiations for a loan of $1,700,000 have been successfully concluded, and it is anticipated that the payment of the old loan and the issuance of the bonds of the 1912 loan for the rehabilitation of the finances of Liberia will follow at an early date, when the new receivership will go into active operation. The new receivership will consist of a general receiver of customs designated by the Government of the United States and three receivers of customs designated by the Governments of Germany, France, and Great Britain, which countries have commercial interests in the Republic of Liberia.

In carrying out the understanding between the Government of Liberia and that of the United States, and in fulfilling the terms of the agreement between the former Government and the American bankers, three competent ex-army officers are now effectively employed by the Liberian Government in reorganizing the police force of the Republic, not only to keep in order the native tribes in the hinterland, but to serve as a necessary police force along the frontier. It is hoped that these measures will assure not only the continued existence but the prosperity and welfare of the Republic of Liberia. Liberia possesses fertility of soil and natural resources which should insure to its people a reasonable prosperity. It was the duty of the United States to assist the Republic of Liberia in accordance with our historical interest and moral guardianship of a community founded by American citizens, as it was also the duty of the American Government to attempt to assure permanence to a country of much sentimental and perhaps future real interest to a large body of our citizens.

MOROCCO.

The legation at Tangier is now in charge of our consul general, who is acting as chargé d'affaires, as well as caring for our commercial interests in that country. In view of the fact that many of the foreign powers are now represented by chargés d'affaires, it has not been deemed necessary to appoint at the present time a minister to fill a vacancy occurring in that post.

THE FAR EAST.

The political disturbances in China in the autumn and winter of 1911–12 resulted in the abdication of the Manchu rulers on February 12, followed by the formation of a provisional republican government empowered to conduct the affairs of the nation until a permanent government might be regularly established. The natural sympathy of the American people with the assumption of republican principles by the Chinese people was appropriately expressed in a concurrent resolution of Congress on April 17, 1912. A constituent assembly, composed of representatives duly chosen by the people of China in the elections that are now being held, has been called to meet in January next to adopt a permanent constitution and organize the Government of the nascent Republic. During the formative constitutional stage and pending definite action by the assembly, as expressive of the popular will and the hoped-for establishment of a stable republican form of government capable of fulfilling its international obligations, the United States is, according to precedent, maintaining full and friendly de facto relations with the provisional government.

The new condition of affairs thus created has presented many serious and complicated problems, both of internal rehabilitation and of international relations, whose solution it was realized would necessarily require much time and patience. From the beginning of the upheaval last autumn it was felt by the United States, in common with the other powers having large interests in China, that independent action by the foreign Governments in their own individual interests would add further confusion to a situation already complicated. A policy of international cooperation was accordingly adopted in an under-

standing, reached early in the disturbances, to act together for the protection of the lives and property of foreigners if menaced, to maintain an attitude of strict impartiality as between the contending factions, and to abstain from any endeavor to influence the Chinese in their organization of a new form of government. In view of the seriousness of the disturbances and their general character, the American minister at Peking was instructed at his discretion to advise our nationals in the affected districts to concentrate at such centers as were easily accessible to foreign troops or men-of-war. Nineteen of our naval vessels were stationed at various Chinese ports, and other measures were promptly taken for the adequate protection of American interests.

It was further mutually agreed, in the hope of hastening an end to hostilities, that none of the interested powers would approve the making of loans by its nationals to either side. As soon, however, as a united provisional government of China was assured, the United States joined in a favorable consideration of that government's request for advances needed for immediate administrative necessities and later for a loan to effect a permanent national reorganization. The interested Governments had already, by common consent, adopted, in respect to the purposes, expenditure, and security of any loans to China made by their nationals, certain conditions which were held to be essential not only to secure reasonable protection for the foreign investors, but also to safeguard and strengthen China's credit by discouraging indiscriminate borrowing and by insuring the application of the funds toward the establishment of the stable and effective government necessary to China's welfare. In June last representative banking groups of the United States, France, Germany, Great Britain, Japan, and Russia formulated, with the general sanction of their respective Governments, the guaranties that would be expected in relation to the expenditure and security of the large reorganization loan desired by China, which, however, have thus far proved unacceptable to the provisional government.

SPECIAL MISSION OF CONDOLENCE TO JAPAN.

In August last I accredited the Secretary of State as special ambassador to Japan, charged with the mission of bearing to the imperial family, the Government, and the people of that Empire the sympathetic message of the American Commonwealth on the sad occasion of the death of His Majesty the Emperor Mutsuhito, whose long and benevolent reign was the greater part of Japan's modern history. The kindly reception everywhere accorded to Secretary Knox showed that his mission was deeply appreciated by the Japanese nation and emphasized strongly the friendly relations that have for so many years existed between the two peoples.

SOUTH AMERICA.

Our relations with the Argentine Republic are most friendly and cordial. So, also, are our relations with Brazil, whose Government has accepted the invitation of the United States to send two army officers to study at the Coast Artillery School at Fort Monroe. The long-standing Alsop claim, which had been the only hindrance to the healthy growth of the most friendly relations between the United States and Chile, having been eliminated through the submission of the question to His Britannic Majesty King George V as "amiable compositeur," it is a cause of much gratification to me that our relations with Chile are now established upon a firm basis of growing friendship. The Chilean Government has placed an officer of the United States Coast Artillery in charge of the Chilean Coast Artillery School, and has shown appreciation of American methods by confiding to an American firm important work for the Chilean coast defenses.

Last year a revolution against the established Government of Ecuador broke out at the principal port of that Republic. Previous to this occurrence the chief American interest in Ecuador, represented by the Guayaquil & Quito Railway Co., incorporated in the United States, had rendered extensive transportation and other services on account to the Ecuadorian Government, the amount of which ran into a sum which was steadily increasing and which the Ecuadorian Government had made no provision to pay, thereby threatening to crush out the very existence of this American enterprise. When tranquillity had been restored to Ecuador as a result of the triumphant progress of the Government forces from Quito, this Government interposed its good offices to the end that the American interests in Ecuador might be saved from complete extinction. As a part of the arrangement which was reached between the parties, and at the request of the Government of Ecuador, I have consented to name an arbitrator, who, acting under the terms of the railroad contract, with an arbitrator named by the Ecuadorian Government, will pass upon the claims that have arisen since the arrangement reached through the action of a similar arbitral tribunal in 1908.

In pursuance of a request made some time ago by the Ecuadorian Government, the Department of State has given much attention to the problem of the proper sanitation of Guayaquil. As a result a detail of officers of the Canal Zone will be sent to Guayaquil to recommend measures that will lead to the complete permanent sanitation of this plague and fever infected region of that Republic, which has for so long constituted a menace to health conditions on the Canal Zone. It is hoped that the report which this mission will furnish will point out a way whereby the modicum of assistance which the United States may properly lend the Ecuadorian Government may be made effective in ridding the west coast of South America of a focus of contagion to the future commercial current passing through the Panama Canal.

In the matter of the claim of John Celestine Landreau against the Government of Peru, which claim arises out of certain contracts and transactions in connection with the discovery and exploitation of guano, and which has been under discussion between the two Governments since 1874, I am glad to report that as the result of prolonged negotiations, which have been characterized by the utmost friendliness and good will on both sides, the Department of State has succeeded in securing the consent of Peru to the arbitration of the claim, and that the negotiations attending the drafting and signature of a protocol submitting the claim to an arbitral tribunal are proceeding with due celerity.

An officer of the American Public Health Service and an American sanitary engineer are now on the way to Iquitos, in the employ of the Peruvian Government, to take charge of the sanitation of that river port. Peru is building a number of submarines in this country, and continues to show every desire to have American capital invested in the Republic.

In July the United States sent undergraduate delegates to the Third International Students' Congress held at Lima, American students having been for the first time invited to one of these meetings.

The Republic of Uruguay has shown its appreciation of American agricultural and other methods by sending a large commission to this country and by employing many American experts to assist in building up agricultural and allied industries in Uruguay.

Venezuela is paying off the last of the claims the settlement of which was provided for by the Washington protocols, including those of American citizens. Our relations with Venezuela are most cordial, and the trade of that Republic with the United States is now greater than with any other country.

CENTRAL AMERICA AND THE CARIBBEAN.

During the past summer the revolution against the administration which followed the assassination of President Caceres a year ago last November brought the Dominican Republic to the verge of administrative chaos, without offering any guaranties of eventual stability in the ultimate success of either party. In pursuance of the treaty relations of the United States with the Dominican Republic, which were threatened by the necessity of suspending the operation under American administration of the customhouses on the Haitian frontier, it was found necessary to dispatch special commissioners to the island to reestablish the customhouses and with a guard sufficient to insure needed protection to the customs administration. The efforts which have been made appear to have resulted in the restoration of normal conditions throughout the Republic. The good offices which the commissioners were able to exercise were instrumental in bringing the contending parties together and in furnishing a basis of adjustment which it is hoped will result in permanent benefit to the Dominican people.

Mindful of its treaty relations, and owing to the position of the Government of the United States as mediator between the Dominican Republic and Haiti in their boundary dispute, and because of the further fact that the revolutionary activities on the Haitian-Dominican frontier had become so active as practically to obliterate the line of demarcation that had been heretofore recognized pending the definitive settlement of the boundary in controversy, it was found necessary to indicate to the two island Governments a provisional de facto boundary line. This was done without prejudice to the rights or obligations of either country in a final settlement to be reached by arbitration. The tentative line chosen was one which, under the circumstances brought to the knowledge of this Government, seemed to conform to the best interests of the disputants. The border patrol which it had been found necessary to reestablish for customs purposes between the two countries was instructed provisionally to observe this line.

The Republic of Cuba last May was in the throes of a lawless uprising that for a time threatened the destruction of a great deal of valuable property—much of it owned by Americans and other foreigners—as well as the existence of the Government itself. The armed forces of Cuba being inadequate to guard property from attack and at the same time properly to operate against the rebels, a force of American marines was dispatched from our naval station at Guantanamo into the Province of Oriente for the protection of American and other foreign life and property. The Cuban Government was thus able to use all its forces in putting down the outbreak, which it succeeded in doing in a period of six weeks. The presence of two American warships in the harbor of Habana during the most critical period of this disturbance contributed in great measure to allay the fears of the inhabitants, including a large foreign colony.

There has been under discussion with the Government of Cuba for some time the question of the release by this Government of its leasehold rights at Bahia Honda, on the northern coast of Cuba, and the enlargement, in exchange therefor, of the naval station which has been established at Guantanamo Bay, on the south. As the result of the negotiations thus carried on an agreement has been reached between the two Governments providing for the suitable enlargement of the Guantanamo Bay station upon terms which are entirely fair and equitable to all parties concerned.

At the request alike of the Government and both political parties in Panama, an American commission undertook supervision of the recent presidential election in that Republic, where our treaty relations, and, indeed, every geographical consideration, make the maintenance of order and satisfactory conditions of peculiar interest to the Government of the United States. The elections passed without disorder, and the new administration has entered upon its functions.

The Government of Great Britain has asked the support of the United States for the protection of the interests of British holders of the foreign bonded debt of Guatemala. While this Government is hopeful of an arrangement equitable to the British bondholders, it is naturally unable to view the question apart from its relation to the broad subject of financial stability in Central America, in which the policy of the United States does not permit it to escape a vital interest. Through a renewal of negotiations between the Government of Guatemala and American bankers, the aim of which is a loan for the rehabilitation of Guatemalan finances, a way appears to be open by which the Government of Guatemala could promptly satisfy any equitable and just British claims, and at the same time so improve its whole financial position as to contribute greatly to the increased prosperity of the Republic and to redound to the benefit of foreign investments and foreign trade with that country. Failing such an arrangement, it may become impossible for the Government of the United States to escape its obligations in connection with such measures as may become necessary to exact justice to legitimate foreign claims.

In the recent revolution in Nicaragua, which, it was generally admitted, might well have resulted in a general Central American conflict but for the intervention of the United States, the Government of Honduras was especially menaced; but fortunately peaceful conditions were maintained within the borders of that Republic. The financial condition of that country remains unchanged, no means having been found for the final adjustment of pressing outstanding foreign claims. This makes it the more regrettable that the financial convention between the United States and Honduras has thus far failed of ratification. The Government of the United States continues to hold itself ready to cooperate with the Government of Honduras, which, it is believed, can not much longer delay the meeting of its foreign obligations, and it is hoped at the proper time American bankers will be willing to cooperate for this purpose.

NECESSITY FOR GREATER GOVERNMENTAL EFFORT IN RETENTION AND EXPANSION OF OUR FOREIGN TRADE.

It is not possible to make to the Congress a communication upon the present foreign relations of the United States so detailed as to convey an adequate impression of the enormous increase in the importance and activities of those relations. If this Government is really to preserve to the American people that free opportunity in foreign markets which will soon be indispensable to our prosperity, even greater efforts must be made. Otherwise the American merchant, manufacturer, and exporter will find many a field in which American trade should logically predominate preempted through the more energetic efforts of other governments and other commercial nations.

There are many ways in which through hearty cooperation the legislative and executive branches of this Government can do much. The absolute essential is the spirit of united effort and singleness of purpose. I will allude only to a very few specific examples of action which ought then to result. America can not take its proper place in the most important fields for its commercial activity and enterprise unless we have a merchant marine. American commerce and enterprise can not be effectively fostered in those fields unless we have good American banks in the countries referred to. We need American newspapers in those countries and proper means for public information about them. We need to assure the permanency of a trained foreign service. We need legislation enabling the members of the foreign service to be systematically brought in direct contact with the industrial, manufacturing, and exporting interests of this country in order that American business men may enter the foreign field with a clear perception of the exact conditions to be dealt with and the officers themselves may prosecute their work with a clear idea of what American industrial and manufacturing interests require.

CONCLUSION.

Congress should fully realize the conditions which obtain in the world as we find ourselves at the threshold of our middle age as a Nation. We have emerged full grown as a peer in the great concourse of nations. We have passed through various formative periods. We have been self-centered in the struggle to develop our domestic resources and deal with our domestic questions. The Nation is now too mature to continue in its foreign relations those temporary expedients natural to a people to whom domestic affairs are the sole concern. In the past our diplomacy has often consisted, in normal times, in a mere assertion of the right to international existence. We are now in a larger relation with broader rights of our own and obligations to others than ourselves. A number of great guiding principles were laid down early in the history of this Government. The recent task of our diplomacy has been to adjust those principles to the conditions of to-day, to develop their corollaries, to find practical applications of the old principles expanded to meet new situations. Thus are being evolved bases upon which can rest the superstructure of policies which must grow with the destined progress of this Nation. The successful conduct of our foreign relations demands a broad and a modern view. We can not meet new questions nor build for the future if we confine ourselves to outworn dogmas of the past and to the perspective appropriate at our emergence from colonial times and conditions. The opening of the Panama Canal will mark a new era in our international life and create new and world-wide conditions which, with their vast correlations and consequences, will obtain for hundreds of years to come. We must not wait for events to overtake us unawares. With continuity of purpose we must deal with the problems of our external relations by a diplomacy modern, resourceful, magnanimous, and fittingly expressive of the high ideals of a great nation.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

The PRESIDENT pro tempore. The message with the accompanying documents will be printed and lie on the table.

COURT OF CUSTOMS APPEALS (S. DOC. NO. 957).

The PRESIDENT pro tempore laid before the Senate a communication from the Attorney General transmitting, pursuant to law, a statement of the expenditures of the appropriation for the United States Court of Customs Appeals for the year ended June 30, 1912, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE.

J. C. South, Chief Clerk of the House of Representatives, appeared and delivered the following message:

Mr. President, I am directed by the House of Representatives to inform the Senate that a quorum of the House of Representatives has assembled, and that the House is ready to proceed to business.

Also, that a committee of three Members has been appointed by the Speaker on the part of the House of Representatives to join a committee of the Senate to wait upon the President of the United States and inform him that a quorum of the two Houses has assembled and that Congress is ready to receive any communication he may have to make, and that Mr. UNDERWOOD, Mr. JOHNSON of Kentucky, and Mr. MANN have been appointed members of the committee on the part of the House.

PETITIONS.

Mr. CULLOM presented a petition of sundry citizens of Clay City, Ill., praying for the enactment of legislation to prohibit the nullification of State liquor laws by outside dealers, which was ordered to lie on the table.

Mr. WETMORE presented a resolution adopted by the State Federation of Woman's Clubs of Rhode Island, favoring the

enactment of legislation providing for the establishment of agricultural extension departments in connection with the agricultural colleges in the several States, which was referred to the Committee on Agriculture and Forestry.

SUPPORT OF AGRICULTURAL COLLEGES.

Mr. SMITH of Georgia. There have been pending in the Senate and in the House since early in January bills providing for the creation of extension departments in the different agricultural colleges established as a result of national legislation. A few days before the close of the last session the bill passed the House of Representatives. I desire to present a memorial from the Association of American Agricultural Colleges and Experiment Stations favoring the passage of this legislation and also extracts from letters indorsing the same. I ask that the memorials be printed in the RECORD.

The PRESIDENT pro tempore. Does the Senator from Georgia desire a reference to a committee?

Mr. SMITH of Georgia. I merely desire to have the papers printed in the RECORD.

There being no objection, the memorial and accompanying papers were ordered to lie on the table and to be printed in the RECORD, as follows:

MEMORIAL TO THE UNITED STATES SENATE.

The Association of American Agricultural Colleges and Experiment Stations, in session at Atlanta, Ga., November 14, 1912, most respectfully requests the United States Senate to pass the agricultural extension bill, H. R. 22871, during the coming session of the Sixty-second Congress.

For some years the institutions represented in this association have been urging the development of work in agricultural extension for the purpose of carrying to the farmer in his own community the successful experience of the experiment stations and the approved teachings of the colleges of agriculture.

During the sessions of the Sixty-first Congress several bills looking to this end were introduced and hearings given to the representatives of the agricultural colleges, of the National Grange, of bankers' associations, and of others interested in the development of the Nation's agricultural resources.

On January 16, 1912, the Hon. HOKE SMITH introduced in the United States Senate and the Hon. A. F. LEVER introduced in the House of Representatives a bill to establish agricultural extension departments in connection with the agricultural colleges in the several States receiving the benefits of the act of Congress approved July 2, 1862. The bill now known as H. R. 22871, embodying substantially the provisions of the two bills referred to above, has passed the House of Representatives and is now pending in the Senate.

The provisions of this bill have been fully discussed in the hearings before the Committees on Agriculture in both the House of Representatives and the Senate. Its provisions are simple and clear. The bill seeks to bring to the practical farmer by correspondence, instruction, and demonstration the accumulated and approved experience and methods of the colleges and experiment stations during the past 50 years.

Fifty years ago the United States Congress passed the act providing for the land-grant colleges. Twenty-five years ago Congress passed the act providing for the experiment stations. Both these acts have been supplemented with legislation increasing the funds and the efficiency of both colleges and stations. It is now urged that on this anniversary year the agricultural extension bill be passed in order to enable these colleges to carry to the farmer who can not come to the college or station such demonstration of the results obtained in these institutions as shall enable him to maintain and develop the agricultural resources under his direction. This movement we believe to be in accord with sound public policy lying at the basis of the economic policies looking toward increased production as an important factor in determining the comfort and welfare of the whole people. This bill naturally and logically completes the chain of agencies fostered by the Federal Government for the betterment of agriculture. Hitherto we have maintained laboratories and field experiments at our colleges and stations, have put the results into bulletins, and have taught them in the classroom. It is now proposed to take these results to the local community, carry the school to the farmer, and make his own fields a laboratory in which we can demonstrate the value of science when applied to agriculture.

The association would call the attention of the Senate to two facts: First, the universal approval the country over of the wisdom of passing the land-grant act after an experience of 50 years; of the equally universal approval of the country of the act providing for the experiment stations after an experience of 25 years; and,

Second, to the fact that the agricultural interests as represented by farmers, the colleges, the experiment stations, the agricultural press, and other interests as represented in bankers' associations and philanthropic agencies of various names are all united in a desire to see the bill for agricultural extension become a law.

The Association of Agricultural Colleges believing that these extension departments should be established without delay, and believing that this measure should receive favorable consideration upon its own merits without complication with other legislation, does most respectfully urge upon the Senate of the United States the importance of passing the bill for the establishing of agricultural extension departments in the agricultural colleges of the several States at the earliest possible date, to the end that the legislatures of the different States, many of which meet in January, may have opportunity to accept the provisions of the bill, and to put the departments into operation during the coming year.

Attention is respectfully called to the hearings before the Committee on Agriculture and Forestry in the United States Senate, Sixty-second Congress, second session (S. 4563), March 1, 1912, for a more complete statement of the merits of the bill and of the reasons for its enactment into law.

Passed by the Association of American Agricultural Colleges and Experiment Stations, Atlanta, Ga., November 14, 1912.

WINTHROP E. STONE, *President.*

Attest:

JOSEPH L. HILLS, *Secretary.*

Abstract of indorsements of S. 4563, a bill to establish agricultural extension departments, etc.

ALABAMA.

President State Agricultural and Mechanical College says it is "a splendid piece of prospective legislation."

President Alabama Polytechnic Institute: "We regard this work as one of the greatest possible goods that can be rendered by the Government to our great farming interests * * *. This sort of constructive work done with the Government money seems to me is of even more value than what might be called the destructive work of the appropriations for guns and battleships."

ARIZONA.

President University of Arizona: "The newer sections of the country are in great need of the national help that such a bill as yours contemplates * * *. I am glad the whole subject is engaging the attention of Congress * * *."

ARKANSAS.

President University of Arkansas: "I heartily approve of the bill and hope that it will be passed."

Dean and director College of Agriculture: "Senate bill 4563 * * * is a piece of proposed legislation which, to my mind, is of great importance."

CALIFORNIA.

President University of California: "There is no way in which we can do real good for the masses of our people better than through agricultural extension work * * *. There can be no question about our favoring the bill; we know what it means."

CONNECTICUT.

President Connecticut Agricultural College: "My personal opinion is that carrying of the latest scientific knowledge to the working farmer is one of the most important duties of the land-grant colleges. I sincerely hope that this bill will have favorable consideration by the present session of Congress."

DELAWARE.

President Delaware College: "I am very much pleased, indeed, to hear that the bill * * * has been read twice and referred to the Committee on Agriculture and Forestry * * *. Boys and girls of the common-school and high-school ages usually decide into what sphere of life they wish to enter. Formerly the dearth of agricultural education in that formative period rendered it impossible for the boy or girl to realize the importance of such instruction, and consequently the country boy usually found a home in the city. I believe that this condition of affairs will be remedied by the operation of such a bill as you have proposed."

FLORIDA.

President University of Florida: "I sincerely hope that you will be successful in passing this measure. Our State at the present time is giving $7,500 annually for farmers' institutes and agricultural extension work. With double this amount we believe that the efficiency of the agricultural extension work would be quadrupled, as paradoxical as this may seem."

GEORGIA.

Chancellor University of Georgia: "It is the best bill for extension work that I have ever seen. It is the only bill for extension work which I have been able to read and understand. If there is any way in which I can aid in its passage, I will be glad to know it."

President State College of Agriculture: "We are naturally very much gratified to see the progress you are making with your measure in the Senate, and hope Mr. LEVER will have equal success in the House."

HAWAII.

President the College of Hawaii: "I have read the bill over carefully and heartily commend your efforts to secure this benefit for the large and important class of our people who are in need of its provisions. This is constructive legislation of the truest type. Efficiency and contentment in agriculture are at the foundation of the Nation's welfare. * * * I believe that extension teaching is most important of all our methods for the propagation of knowledge. * * * There is sufficient data to show that the endowment for the agricultural colleges and experiment stations and the appropriations for the Department of Agriculture must be considered as among the best investments that the Nation has ever made."

IDAHO.

President University of Idaho: "Even with the best preparation we can make and the most generous support from the Government in all of its divisions we expect to be swamped by applications for assistance through extension instruction. Practically every community in the State is clamoring for extension work, and only a small percentage of the requests can be compiled with. With reasonable support, however, from the United States and the State we may expect that practically the whole agricultural population of Idaho will go to school for a portion of each year."

ILLINOIS.

Vice president University of Illinois: "The bill, S. 4563, introduced by you into the Senate of the United States is one of very great importance to the people of our country, and if passed is destined to work wonderfully great results. It is well known to everybody who has thought on the matter that agriculture with us is in a state of low development. * * * The people of the rural districts are not sharing adequately in the general prosperity of the country, and the latter can not be maintained without a forward movement among these rural people. Everywhere of late is heard the cry, 'Back to the farm.' But until the farm becomes as desirable as a source of living and of community life no adequate result can be reached. This bill will serve in a practical way to make this movement really successful. * * * The University of Illinois is doing a great deal of this work now from State appropriations. It can do much more with the aid that the bill is destined to give."

Editor Orange Judd Farmer, Chicago: "The demonstration idea has not been given great attention at the North. Its wonderful success South ought to be sufficient proof that it would be just as satisfactory at the North. We are heartily in favor of this kind of work. I am very anxious to do what I can to help this bill along."

INDIANA.

President Purdue University: "I am in favor of this kind of legislation rather than some of the other measures which are now before Congress. * * * I find the demands upon us for attention and for work which we would like to do far in excess of our resources. This

kind of work is the thing now most needed in our agricultural colleges, and I hope the measure will pass."

KANSAS.

President State Agricultural College: "We shall be very glad to do anything necessary to be done to indicate the interest of the farming classes in this matter and to assure the Members of Congress that they will appreciate the enactment of a law along the line of this bill."

KENTUCKY.

Editor Home and Farm, Louisville: "The policy will result in great good. * * * Only through a better agricultural education will the farmers be able to diversify their crops intelligently, care for their soils, and increase their profits."

MAINE.

President University of Maine: "I have gone over Senate bill 4563 with very great interest. I see nothing whatever to criticize or change in the bill. If this bill becomes a law, it will enable the land-grant colleges to render unusual service to the people of this country. If I can be of any service in bringing about the favorable consideration of this bill it will be a pleasure."

MASSACHUSETTS.

President Massachusetts Agricultural College: "I am more than glad to give a hearty indorsement to the bill. * * * I think that this is one of the most important educational measures ever introduced into Congress. I believe the time is ripe for a great Federal movement in popular education in agriculture and rural affairs. The States are doing something, but we need the stimulus, direction, and practical assistance of the National Government. * * * You will find the agricultural educators and farmers of America back of you in this effort to inaugurate a great movement. I know of nothing that the present Congress could do that would be more popular. I hope the bill may be passed at this session."

MICHIGAN.

President Michigan Agricultural College: "This bill has my hearty indorsement, and I hope may pass. I shall do all I can to that end."

MISSISSIPPI.

President Agricultural and Mechanical College: "I heartily indorse your bill. While I was president of the American Association of Institute Workers I delivered an address urging that such a bill be passed by the National Congress. Extension work is by far the most important work of the land-grant colleges at this time. * * * We already have enough information to transform our agriculture if we could get the people to incorporate it in their practices."

MONTANA.

President Montana State College of Agriculture and Mechanic Arts: "I am heartily in favor of this movement, and I believe that the provisions of this bill will meet the approval of all the interests concerned. The amount required to carry out this bill is insignificant, and yet it will stimulate the States to expend several times this amount."

NEBRASKA.

Chancellor University of Nebraska: "The University of Nebraska has already organized a department of agricultural extension. For lack of funds, however, our work is conducted mainly along the line of farmers' institutes. I have read the bill and most cordially indorse it in every particular."

NEW JERSEY.

President Rutgers College: "I am glad to express to you my emphatic indorsement of this measure and my earnest hope that it will be passed. The State Agricultural College of New Jersey, Rutgers College, is surely in position to do extension work throughout the State, and the work ought to be done."

NEVADA.

President College of Agriculture and Mechanical Arts: "I heartily approve your bill and hope that it will be adopted."

NEW HAMPSHIRE.

President New Hampshire College of Agriculture and the Mechanic Arts: "My personal belief is that if this bill is passed by Congress it will be one of the wisest pieces of legislation since the land-grant act of 1862. * * * To my mind agricultural extension work is of the utmost importance at the present time. Our experiment stations have accumulated a large mass of facts and our colleges have done a wonderful work in accumulating and assimilating agricultural information of all kinds, and the most important thing we can do now is to extend this information to the farmers. This can be done only by demonstration and by other practical, thoroughgoing methods. I hope that your bill will receive the hearty support of every Member of Congress."

NEW MEXICO.

President New Mexico College of Agriculture and Mechanic Arts: "I have read the bill with great care and will say that I believe it to be the best of the several bills now pending before Congress which have this object in view. Whatever may be the merits of the various propositions to have the Federal Government support agricultural high schools, trade schools, district agricultural schools, and branch experiment stations, it seems clear that none of these ought to be tied up with the agricultural extension proposition, of which almost everybody is in favor. The Association of Agricultural Colleges at its recent meeting took the position that the support of agricultural extension work was the most important advance movement to be accomplished by legislation at this time."

NEW YORK.

President Cornell University: "It is a species of instruction which appeals to the public more than college instruction or investigation, for which provision has been made in previous acts of Congress."

NORTH CAROLINA.

President College of Agriculture and Mechanic Arts: "There is no work which the Nation can do now which would tell more for material progress than the extension work, which would be so healthfully aided by your bill. If there is anything that our farmers need more than another it is for some one to carry directly to them the vast amount of scientific knowledge about crops and methods which has been made available in the past few years. The passage of this bill would give an opportunity to do this thing, and I am sure no step could count more for progress than would be taken by such action on the part of our Congress."

NORTH DAKOTA.

President North Dakota Agricultural College: "A resolution was adopted at the Tristate Grain Growers' Convention, indorsing the passage of your bill, and as president of the convention I sent copies of the resolutions to the Members of both Houses in Minnesota and the two Dakotas. I trust the bill will find favor with both Congressmen and Senators and become a law."

OKLAHOMA.

President Oklahoma Agricultural and Mechanical College: "I am in hearty sympathy with the purpose of your bill."

OREGON.

President Oregon Agricultural College: "I am in hearty accord with all the provisions of this bill. I have already written Members of the Oregon delegation urging that they give it their support. The Oregon State Agricultural College has a regularly organized department or division for extension work in agriculture and home economics. One great need is for money with which to carry on this work. I sincerely trust that your bill may be passed by the present Congress."

PENNSYLVANIA.

President The Pennsylvania State College. "Let me thank you for copy of Senate bill 4563. * * * Wishing the bill success and thanking you for your efforts for the benefit of public education, I am, * * *."

Secretary State Horticultural Association of Pennsylvania: "I take this opportunity to especially commend Senate bill 4563, introduced by you, and to assure you of the interest and support of this association. This is a matter of immediate need and far-reaching advantage to the agricultural interests of the country. I sincerely hope that it may become a law."

RHODE ISLAND.

President Rhode Island State College: "I heartily approve of your bill and have no criticisms to make. This college has been prosecuting extension work for seven or eight years, laboring under the difficulty of lack of funds, but I am anxious to do whatever is possible to aid in the passage of this measure and have written our Senators accordingly."

SOUTH CAROLINA.

President the Clemson Agricultural College: "I have read this bill with a great deal of interest. * * * I consider it one of the most important pieces of constructive legislation proposed since the Hatch Act establishing the Agricultural Experiment Stations. There is no question but that the great need to-day is the dissemination of agricultural information among our rural people. We would welcome the passage of such a bill as yours, and assure you that we would try to make its application in South Carolina of the greatest usefulness to our people."

SOUTH DAKOTA.

President South Dakota State College: "The cause is one that has our hearty indorsement. I have not been negligent of Senate bill 4563. I believe that our delegation will support it."

Principal the School of Agriculture: "I think our farming people * * * have almost no realization of the advantages that will come from legislation of this kind. * * * I feel positive that this work will greatly advance the agricultural interests of this great State of South Dakota."

TENNESSEE.

President University of Tennessee: "I am heartily in favor of the passage of this act. I believe the work contemplated by it to be of the greatest importance. I will be glad to do anything in my power to influence its passage."

TEXAS.

President Agricultural and Mechanical College: "If this bill should become a law I am sure that it will mark a new era in agricultural education among the masses in America. * * * I can think of no expenditure of money by the Government that would be more remunerative to the Nation and which would redound to the amelioration of so large a number of our most deserving fellow citizens."

Editor Farm and Ranch: "This is a very important measure and one that should be passed without opposition."

UTAH.

President Agricultural College of Utah: "Utah established an agricultural extension department several years ago. * * * We are unable, however, with the means at our disposal, to meet the demands made upon us. * * * You are at perfect liberty to quote the officials of the Utah Agricultural College as being in very hearty sympathy with any measure for the promotion of our industrial life through the development of extension work among the farmers and farmers' wives throughout the country. It is possibly the most important work now lying before the agricultural colleges, since it permits the proper distribution among those who need it of the splendid mass of facts gathered by the agricultural experiment stations."

VIRGINIA.

President Virginia Polytechnic Institute: "This is by far the best proposition which has yet come forward. * * * The bill seems carefully drawn, and I can most heartily indorse it."

WASHINGTON.

Vice president the State College of Washington: "I have been waiting a little to find what was recommended by the meeting of the agricultural college representatives, and find that they are all of them backing this particular bill. There is certainly a large demand for more extension work in the country. We need to rationalize our education and make it more helpful to the young men and young women who do not expect to enter professional life. I will write to our Representatives and Senators and ask for their hearty cooperation in the passage of Senate bill 4563."

WEST VIRGINIA.

President West Virginia University: "I thank you very much for a copy of the bill sent and hasten to express my wish that it may become a law. * * * This is one of the greatest works for the benefit of the entire country to which public money can be devoted. It is through the extension work, and through it alone, as far as I can see, that the people of most of our rural communities can be thoroughly awakened to the need and value of agricultural education. The proposed bill seems to me to be satisfactory in every detail, and I hope that you will be successful in securing its passage."

Dean and director College of Agriculture, West Virginia University: "I am sending out a letter to some of our leading people urging the

support of your bill, and would like to send a copy of the bill with these letters. * * * We shall give this measure every support possible."

WISCONSIN.

Dean University of Wisconsin: "Bill, Senate 5463, * * * is to my mind the most suggestive measure that is under consideration in Congress for the advancement of the agricultural welfare of the Nation. What is needed most imperatively is the carrying of present agricultural knowledge to the man on the farm. * * * The agricultural extension service is the only way in which this can be most effectively accomplished, and your bill most satisfactorily fulfills this need. * * * We in Wisconsin will do all that we can to aid in the passage of this measure."

Secretary Wisconsin Country Life Conference Association: "The following resolution was unanimously adopted by the conference association, representing all the varied interests of country life and rural progress in all parts of Wisconsin:

"*Resolved*, That it is the sentiment of this conference association that we urge our Representatives in Congress to support the bill 'To establish agricultural extension departments in connection with the agricultural colleges in the several States,' etc. House bill No. 18160, Senate bill No. 4563.

"I take pleasure in acquainting you with representative Wisconsin sentiment on this measure."

Secretary Wisconsin Live Stock Breeders' Association: "Inclosed herewith please find copy of resolution passed unanimously by the Wisconsin Live Stock Breeders' Association, an organization representing all of Wisconsin's best live-stock breeders:

"MADISON, WIS., *February 8, 1912.*

"*Resolved*, That the Wisconsin Live Stock Breeders' Association assembled in annual convention heartily indorses the principle of Government aid to agricultural college extension as embodied in the Lever bill (House bill 18160), and that we authorize the secretary of this association to send a copy of these resolutions to the chairmen of the Senate and House Committees on Agriculture and to Members of the Wisconsin delegation in Congress.

"*Secretary Wisconsin Live Stock Breeders' Association.*"

Secretary National Association of State Universities: "I am deeply interested in your Senate bill 4563. The bill ought to pass, and I should be glad to cooperate with you in any way within my power to bring about the desired result."

Mr. W. O. Thompson, member executive committee Association of American Agricultural Colleges and Experiment Stations, and president Ohio State University: "As chairman of the executive committee of the Association of American Agricultural Colleges and Experiment Stations I should be very much pleased to be heard before the committees of both the House and Senate. As a little evidence of our interest, I may say that we started agricultural extension four years before the legislature authorized it, and had as many as 8,000 boys on the farms doing experimental work. * * * The Agricultural College Association expressed itself very decidedly last November in favor of agricultural extension."

Secretary New England Conference on Rural Progress: "At a meeting of the New England Conference on Rural Progress, March 8, at the offices of the State board of agriculture, State House, Boston, the following resolutions were unanimously voted:

"'Recognizing the latent possibilities of the New England States for agricultural development, especially along certain high-class, specialized lines, and realizing that this development can be most speedily and effectively brought about through well-organized extension teaching in agriculture, the New England Conference on Rural Progress, representing more than 70 organizations interested in rural life, to-day assembled in convention in the city of Boston, would respectfully urge upon Congress the necessity and advisability of passing legislation granting Federal funds for the development of extension teaching in agriculture. Of the bills now before Congress we believe Senate bill 4563 and H. R. 18160 to be the wisest and most practical forms of legislation yet proposed.'

"The delegates represent the agricultural colleges, the experiment stations, the State granges, and various special agricultural, live-stock, dairying, and other organizations and agencies of New England."

State superintendent of farmers' institutes, Lansing, Mich.: "At the Michigan State Round-up Farmers' Institute, held at this place on February 27 to March 1, at which representative farmers from more than 50 of the counties of the State were present, the following resolution was adopted:

"'Whereas Representative A. F. LEVER, of the seventh district of South Carolina, has introduced a bill to establish agricultural extension departments in connection with agricultural colleges in the several States receiving the benefits of an act approved July 2, 1862, and acts supplementary thereto, and referred to the Committee on Agriculture: Therefore

"'*Resolved*, That the members of the Seventeenth Annual Farmers' Institute Round-up, in session at the Michigan Agricultural College, ask and urge its Senators and Members of Congress to favor the passage of this bill.'

"I would say that in addition to the above delegates the executive officers of the State grange, State Federation of Farmers' Clubs, State Horticultural Society, and nearly 1,000 farmers were present and voted unanimously for the resolution."

Editor Agricultural Epitomist, Spencer, Ind.: "I congratulate you on so far-reaching a measure as bill S. 4563 is intended to be. If Congress does nothing else than pass this bill, it will justify the wisdom of the forefathers."

UNION CITY, GA., *February 26, 1912.*

Dr. A. M. SOULE
(care Hon. Hoke Smith), Washington, D. C.:

Resolutions adopted by Georgia Farmers' Union that the bills now pending in Congress which propose to appropriate a sum of money to each State for agricultural education, providing the State will appropriate a similar amount, known as House bill 18160 and Senate bill 4563, be heartily indorsed and supported.

J. F. MCDANIEL, *Secretary-Treasurer.*

THE INCOME TAX.

Mr. BURTON. I present a joint resolution of the General Assembly of the State of Ohio, dated January 19, 1911, in ratification of the proposed amendment to the Constitution of the United States empowering the Congress to lay and collect taxes on incomes. I ask that the joint resolution lie on the table and be printed in the RECORD.

There being no objection, the joint resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Senate joint resolution 6.

Seventy-ninth general assembly, regular session. Mr. Yount.

Whereas both Houses of the Sixty-first Congress of the United States of America at its first session, by a constitutional majority of two-thirds thereof, made the following proposition to amend the Constitution of the United States of America in the following words, to wit:

"A joint resolution proposing an amendment to the Constitution of the United States.

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution, namely:

"'ART. XVI. The Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration.'"

Therefore be it

Resolved by the Senate and House of Representatives of the State of Ohio, That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Ohio: And further be it

Resolved, That the certified copies of this joint resolution be forwarded by the governor of this State to the Secretary of State at Washington and to the presiding officers of each House of the National Congress.

I, W. V. Goshorn, clerk of Ohio Senate, certify the above and foregoing to be a true and correct copy of original resolution passed by General Assembly of Ohio as shown from the records of both houses.

W. V. GOSHORN,
Clerk of Ohio Senate.

BILLS INTRODUCED.

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

By Mr. PENROSE:

A bill (S. 7502) for the erection of a public building at Ridgway, Pa., to the Committee on Public Buildings and Grounds.

A bill (S. 7503) for reduction of postage on first-class mail matter; to the Committee on Post Offices and Post Roads.

A bill (S. 7504) granting a pension to James A. Stine (with accompanying paper); and

A bill (S. 7505) granting an increase of pension to Sarah A. Stockman (with accompanying paper); to the Committee on Pensions.

By Mr. BORAH (by request):

A bill (S. 7506) to establish a complete financial and banking system for the United States of America; to the Committee on Finance.

By Mr. GORE:

A bill (S. 7507) to amend section 1 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

By Mr. GALLINGER:

A bill (S. 7508) to amend "An act to reincorporate and preserve all the corporate franchises and property rights of the de facto corporation known as the German Orphan Asylum Association of the District of Columbia" (with accompanying paper); and

A bill (S. 7509) to authorize the extension of Twenty-fifth Street SE. and of White Place; to the Committee on the District of Columbia.

A bill (S. 7510) granting an increase of pension to Rodney S. Vaughan (with accompanying papers); to the Committee on Pensions.

By Mr. SWANSON:

A bill (S. 7511) to transfer Capt. Armistead Rust from the retired to the active list of the United States Navy; to the Committee on Naval Affairs.

By Mr. WORKS:

A bill (S. 7512) to amend an act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909; to the Committee on the Judiciary.

By Mr. MYERS:

A bill (S. 7513) for the establishment of a fish-cultural station in the State of Montana, near the city of Hamilton, and appropriating money therefor; to the Committee on Fisheries.

A bill (S. 7514) to amend an act entitled "An act making appropriation for the support of the Army for the fiscal year ending June 30, 1913, and for other purposes"; and

A bill (S. 7515) for the relief of Col. Richard H. Wilson, Fourteenth Infantry, United States Army; to the Committee on Military Affairs.

By Mr. CULLOM:

A bill (S. 7516) for the relief of Helen M. Kennicott; to the Committee on Claims.

A bill (S. 7517) granting a pension to William H. Mayo (with accompanying papers); and

A bill (S. 7518) granting an increase of pension to C. W. Birg, alias Calvin W. Burton (with accompanying papers); to the Committee on Pensions.

By Mr. McCUMBER:

A bill (S. 7519) to provide for placing ex-Presidents of the United States on the retired list as commander in chief of the Army and Navy of the United States, and to provide for an annuity for the widows of Presidents and ex-Presidents; to the Committee on Pensions.

A bill (S. 7520) to amend an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes," approved August 24, 1912; to the Committee on Post Offices and Post Roads.

By Mr. JOHNSTON of Alabama:

A bill (S. 7521) to provide for the additional compensation of rural letter carriers; to the Committee on Post Offices and Post Roads.

A bill (S. 7522) for the erection of a public building at the city of Greenville, Ala.; and

A bill (S. 7523) to provide for the purchase of a site for the erection of a public building in Greenville, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. BRISTOW:

A bill (S. 7524) granting an increase of pension to Thomas T. Keibler;

A bill (S. 7525) granting an increase of pension to John H. Beatty (with accompanying papers);

A bill (S. 7526) granting an increase of pension to Isaac A. Sharp (with accompanying papers); and

A bill (S. 7527) granting a pension to Francis M. Jones; to the Committee on Pensions.

By Mr. KENYON:

A bill (S. 7528) granting a pension to Mary Josephine Stotts;

A bill (S. 7529) granting an increase of pension to Turner S. Bailey; and

A bill (S. 7530) granting a pension to Sarah Tout; to the Committee on Pensions.

By Mr. NELSON:

A bill (S. 7531) to authorize the Secretary of Commerce and Labor to purchase certain land required for lighthouse purposes at Port Ferro Light Station, P. R.; to the Committee on Commerce.

By Mr. PERKINS:

A bill (S. 7532) to regulate and increase the efficiency of the personnel of the United States Navy and Marine Corps; to the Committee on Naval Affairs.

By Mr. CURTIS:

A bill (S. 7533) for the relief of John A. Clark;

A bill (S. 7534) for the relief of Dr. William H. Hayes (with accompanying paper);

A bill (S. 7535) for the relief of Martha J. Wharton (with accompanying paper); and

A bill (S. 7536) for the relief of Charles Dade (with accompanying paper); to the Committee on Military Affairs.

A bill (S. 7537) for the relief of Kate Rudolph Wilson and other heirs of Zebulon Brown Rudolph (with accompanying papers);

A bill (S. 7538) for the relief of Kate Rudolph Wilson and other heirs of Tobias S. Rudolph, deceased (with accompanying papers); and

A bill (S. 7539) for the relief of Frank Hodges (with accompanying papers); to the Committee on Claims.

A bill (S. 7540) granting an increase of pension to William Bruce (with accompanying papers);

A bill (S. 7541) granting an increase of pension to Anna M. Johnson (with accompanying papers);

A bill (S. 7542) granting a pension to Eli Evans (with accompanying papers);

A bill (S. 7543) granting an increase of pension to Samuel S. Gipe (with accompanying papers);

A bill (S. 7544) granting an increase of pension to J. Jay Buck (with accompanying paper);

A bill (S. 7545) granting an increase of pension to William H. Thompson (with accompanying papers);

A bill (S. 7546) granting a pension to Adelaide Oaks (with accompanying papers);

A bill (S. 7547) granting an increase of pension to Alpheus K. Rodgers (with accompanying papers);

A bill (S. 7548) granting an increase of pension to James M. Dilley (with accompanying papers);

A bill (S. 7549) granting an increase of pension to Sue N. Inness;

A bill (S. 7550) granting an increase of pension to Susan Owens (with accompanying papers); and

A bill (S. 7551) granting an increase of pension to Alice L. Kane; to the Committee on Pensions.

By Mr. CLAPP (by request):

A bill (S. 7552) for payment to the Chicago, Milwaukee & St. Paul Railway Co. $4,583.67 improperly collected under the act of August 5, 1909; to the Committee on Claims.

By Mr. SHIVELY:

A bill (S. 7553) granting an increase of pension to Lorenzo F. Nolan (with accompanying papers);

A bill (S. 7554) granting an increase of pension to John Bailey (with accompanying papers); and

A bill (S. 7555) granting an increase of pension to Thomas B. Fouty (with accompanying papers); to the Committee on Pensions.

By Mr. CRANE:

A bill (S. 7556) granting an increase of pension to Christina Higgins; and

A bill (S. 7557) granting an increase of pension to Josiah Brainerd Hall; to the Committee on Pensions.

By Mr. BRANDEGEE:

A bill (S. 7558) granting an increase of pension to Maria Lewis;

A bill (S. 7559) granting an increase of pension to Lucy A. Hunter;

A bill (S. 7560) granting an increase of pension to David H. Geer;

A bill (S. 7561) granting an increase of pension to Mrs. A. M. Barstow;

A bill (S. 7562) granting a pension to John H. Broadwell; and

A bill (S. 7563) granting an increase of pension to James Turner; to the Committee on Pensions.

ELECTION OF PRESIDENT AND VICE PRESIDENT.

Mr. WORKS. I introduce a joint resolution, and I ask that it be read.

The joint resolution (S. J. Res. 140) proposing an amendment of the Constitution of the United States was read the first time by its title and the second time at length and referred to the Committee on the Judiciary, as follows:

Resolved, etc., That the following be proposed as an amendment to section 1 of Article II and Article XII of the Constitution of the United States, which will be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the States, namely: Amend the second paragraph of said section, providing for the manner of electing the President and Vice President of the United States, to read as follows:

"Such President and Vice President shall be elected by the direct vote of the qualified electors of the several States. The election shall be held, the returns made, and the votes canvassed in each of the States as provided by law for the holding of general elections in said States. The number of votes cast for each candidate, when canvassed by the proper officers, as provided for by the laws of the States, shall within 30 days after such election be certified to the secretary of state of each of the States, or to such other officer as may be authorized by the law of the State to receive and certify such vote. That such secretary, or other qualified officer, shall canvass, compute, and on or before January 1 following certify to the Secretary of State of the United States the total number of votes cast in the State for each of the candidates for President and Vice President."

That the twelfth amendment to the Constitution be amended to read as follows:

"That the Secretary of State of the United States shall canvass and compute the votes received by each of the candidates for President and Vice President of the United States as certified to him by the secretaries of state or other qualified officers of the several States, and shall on or before the 1st day of February following such election certify and transmit sealed to the President of the Senate of the United States lists of all persons voted for as President and of all persons voted for as Vice President and of the number of votes for each. The President of the Senate shall, in the presence of the Senate and the House of Representatives, open such certificate and the votes shall then be counted. The person having the greatest number of votes for President shall be President, and the person receiving the highest number of votes for Vice President shall be Vice President."

AMENDMENT TO NAVAL APPROPRIATION BILL.

Mr. CULLOM submitted an amendment authorizing the Superintendent of the Naval Academy to make rules for the prevention of the practice of hazing, etc., intended to be proposed by him to the naval appropriation bill, which was referred to the Committee on Naval Affairs and ordered to be printed.

OMNIBUS CLAIMS BILL.

Mr. O'GORMAN submitted three amendments intended to be proposed by him to the omnibus claims bill, which were ordered to lie on the table and to be printed.

Mr. JOHNSON of Maine submitted an amendment intended to be proposed by him to the omnibus claims bill, which was ordered to be printed and, with the accompanying paper, to lie on the table.

FUNERAL EXPENSES OF THE LATE VICE PRESIDENT.

Mr. BRISTOW submitted the following resolution (S. Res. 396), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate the actual and necessary expenses incurred by direction of the President pro tempore (under Senate resolution No. 384, Aug. 17, 1912) in arranging for and attending the funeral of the late Vice President of the United States and President of the Senate, JAMES S. SHERMAN, at Utica, N. Y., on the 2d of November, 1912, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

FUNERAL EXPENSES OF THE LATE SENATOR HEYBURN.

Mr. BORAH submitted the following resolution (S. Res. 394), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of the late Senator WELDON B. HEYBURN from the State of Idaho, vouchers for the same to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

FUNERAL EXPENSES OF THE LATE SENATOR RAYNER.

Mr. SMITH of Maryland submitted the following resolution (S. Res. 395), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the President pro tempore of the Senate in arranging for and attending the funeral of the late Senator ISIDOR RAYNER from the State of Maryland, vouchers for the same to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

ALCOHOL AND OFFICIALS (S. DOC. NO. 958).

Mr. TOWNSEND. I have an address by Col. L. Mervin Maus, Medical Corps, United States Army, chief surgeon eastern division, delivered before a meeting of the military surgeons at Washington, D. C., October 2 last. I ask that the address be printed as a Senate document.

Mr. SMOOT. I understand that the Senator from Michigan has consented that the illustrations contained in the address shall not be printed.

Mr. TOWNSEND. I ask that the address be printed as a Senate document without the illustrations.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Michigan? The Chair hears none, and it is so ordered.

STATISTICS OF CORPORATIONS (S. DOC. NO. 956).

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Finance and ordered to be printed:

To the Senate:

In response to the resolution of the Senate of June 15, 1912, requesting certain information regarding the profits and business of certain corporations for the years 1910 and 1911, as specified in Senate resolution 321, I transmit herewith a report from the Secretary of the Treasury, which contains the desired information in reference to beet sugar, sugar and molasses, cotton goods, cotton small wares, wool and woolen goods, and iron and steel products.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

REPORT OF COMMISSION OF FINE ARTS.

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on the Library and ordered to be printed:

To the Senate and House of Representatives:

I transmit herewith for the information of the Congress the report of the Commission of Fine Arts for the fiscal year ended June 30, 1912.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

REPORT OF INTERNATIONAL WATERWAYS COMMISSION (S. DOC. NO. 959).

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers and illustration, was referred to the Committee on Commerce and ordered to be printed:

To the Senate and House of Representatives:

The act making appropriations for sundry civil expenses of the Government approved August 24, 1912, provided for the International Waterways Commission in the following terms, viz:

For continuing until December 31, 1912, the work of investigation and report by the International Waterways Commission, authorized by section 4 of the river and harbor act approved June 13, 1902, $10,000: *Provided*, That report as to the progress of the work be made by the American commissioners to Congress at the beginning of the next session.

The American commissioners have rendered a full report of all their acts up to this time, which I herewith transmit. It appears from this report that the commission still has two pieces of work to complete before it can properly go out of existence.

One is its final report upon a dam at the outlet of Lake Erie, a difficult and important question upon which it has expended a vast amount of labor. It should be allowed to finish its work, to clear the ground for its successor, the International Joint Commission, which will consider all future questions of this nature. I am informed that the report has been delayed, and may be further delayed, by the illness and absence in Europe of one of the Canadian engineers, but that it can probably be completed within a few months, certainly before the completion of the other piece of unfinished work.

The other is to ascertain and reestablish, to mark upon the ground, and to delineate upon modern charts, the location of a portion of the international boundary between the United States and Canada, which work was specifically assigned to the International Waterways Commission by article 4 of the treaty between the United States and Great Britain dated April 11, 1908. This work the commission states can not be completed by December 31, 1912, but will require from a year to 15 months more time beyond that date.

The work of the commission has been of a high order, and has been prosecuted with diligence. International courtesy as well as treaty obligations require that the commission be allowed to complete its work. I recommend that the items to be found in the estimates for its support during the second half of the current fiscal year and for a part of the next fiscal year receive the favorable consideration of Congress.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

THE CALENDAR.

The PRESIDENT pro tempore. The morning business is closed and the calendar under Rule VIII is in order.

The bill (S. 2493) authorizing the Secretary of the Treasury to make an examination of certain claims of the State of Missouri was announced as first in order on the calendar.

Mr. BURTON. I ask that the bill may go over.

The PRESIDENT pro tempore. It will go over.

The bill (S. 1505) for the relief of certain officers on the retired list of the United States Navy was announced as next in order.

Mr. SMOOT. I ask that the bill may go over.

The PRESIDENT pro tempore. On the request of the Senator from Utah the bill goes over.

The bill (S. 2151) to authorize the Secretary of the Treasury to use at his discretion surplus moneys in the Treasury in the purchase or redemption of the outstanding interest-bearing obligations of the United States was announced as next in order.

Mr. OVERMAN. Let that bill go over, Mr. President.

The PRESIDENT pro tempore. The bill goes over.

The bill (S. 256) affecting the sale and disposal of public or Indian lands in town sites, and for other purposes, was announced as next in order, and was read.

Mr. SHIVELY. Let that bill go over.

The PRESIDENT pro tempore. The bill goes over.

The bill (S. 3) to cooperate with the States in encouraging instruction in agriculture, the trades and industries, and home economics in secondary schools; in maintaining instruction in these vocational subjects in State normal schools; in maintaining extension departments in State colleges of agriculture and mechanic arts; and to appropriate money and regulate its expenditure, was announced as next in order.

Mr. LODGE. That bill should go over, as it is a special order.

The PRESIDENT pro tempore. The bill goes over.

PROMOTION OF INSTRUCTION IN FORESTRY.

The bill (S. 5076) to promote instruction in forestry in States and Territories which contain national forests was considered

as in Committee of the Whole. The bill had been reported from the Committee on Public Lands with an amendment, which was, in section 2, page 2, line 16, after the word "instruction," to strike out "offered to forest rangers" and to insert "in forestry offered," so as to make the section read:

SEC. 2. That when any State or Territory which contains national forests shall provide instruction in forestry at the State university or other educational institution maintained by the State or Territory, which, in the judgment of the Secretary of Agriculture, is adapted to the training of forest rangers employed or to be employed in the protection and administration of the national forests, the Secretary of the Treasury shall pay to the State or Territory for the benefit of such institution, designated by the Secretary of Agriculture, from the moneys made available by this act, to be expended during the fiscal year for which said allotment is made, such sum as in the judgment of the Secretary of Agriculture will adequately assist the State or Territory in the instruction in forestry offered at such institution: *Provided*, That only one institution may receive benefits under this act in any State or Territory during any one fiscal year, and the amount paid to any State or Territory during any one fiscal year shall not exceed $7,500.

The amendment was agreed to.

Mr. McCUMBER. I ask that the bill go over.

The PRESIDENT pro tempore. The bill goes over.

OMNIBUS CLAIMS BILL.

Mr. CRAWFORD. If it is in order, I desire to announce that, at the conclusion of the morning business on to-morrow, if the Senate shall then be in session, I shall call up and ask that it be considered, House bill 19115, known as the omnibus claims bill.

PRESIDENTIAL PRIMARIES IN THE DISTRICT OF COLUMBIA.

The bill (S. 2234) to provide for a primary nominating election in the District of Columbia, at which the qualified electors of the said District shall have the opportunity to vote for their first and second choice among those aspiring to be candidates of their respective political parties for President and Vice President of the United States, to elect their party delegates to their national conventions, and to elect their national committeemen, was announced as next in order.

Mr. LODGE. Let that bill go over.

Mr. OVERMAN. Let it go over to the calendar under Rule IX.

The PRESIDENT pro tempore. The Senator from North Carolina suggests that the bill, the title of which has just been read, shall go to the calendar under Rule IX.

Mr. BRISTOW. I must object to the bill going to the calendar under Rule IX. I wish to have it considered during this session.

Mr. OVERMAN. I withdraw the request.

The PRESIDENT pro tempore. The bill will be passed over, retaining its place.

THE LIFE-SAVING SERVICE.

The bill (S. 2051) to promote the efficiency of the Life-Saving Service was announced as next in order, and the Secretary proceeded to read the bill.

IMPEACHMENT OF ROBERT W. ARCHBALD.

The PRESIDENT pro tempore (Mr. BACON). The hour of 12.30 o'clock having arrived, under the order of the Senate, the Senate is now in session sitting as a Court of Impeachment for the trial of articles of impeachment against Judge Robert W. Archbald. Due proclamation will be made.

The Assistant Doorkeeper (Mr. C. A. Loeffler) made the following proclamation:

"Hear ye! Hear ye! Hear ye! The Senate of the United States, sitting as a Court of Impeachment, is now in session."

The managers on the part of the House of Representatives—HENRY D. CLAYTON of Alabama, EDWIN Y. WEBB of North Carolina, JOHN C. FLOYD of Arkansas, JOHN W. DAVIS of West Virginia, JOHN A. STERLING of Illinois, PAUL HOWLAND of Ohio, and GEORGE W. NORRIS of Nebraska—were announced by the Acting Assistant Doorkeeper (Mr. Thomas W. Keller) and conducted to the seats assigned them.

The PRESIDENT pro tempore. There are certain Senators who have not yet taken the oath required in this proceeding, and they will present themselves at the desk for that purpose. The Secretary will call the names of the Senators who have not as yet taken the oath.

The Secretary called the names of Mr. BROWN, Mr. CHILTON, Mr. CURTIS, Mr. DAVIS, Mr. DIXON, Mr. DU PONT, Mr. GORE, Mr. JACKSON, Mr. LEA, Mr. OWEN, Mr. PERKY, and Mr. RICHARDSON; and Mr. BROWN, Mr. CURTIS, Mr. DIXON, Mr. DU PONT, Mr. GORE, Mr. JACKSON, Mr. PERKY, and Mr. RICHARDSON presented themselves at the desk and the oath was administered to them by the President pro tempore.

The respondent, Robert W. Archbald, and his counsel, A. S. Worthington, Esq., and Robert W. Archbald, jr., Esq., entered the Chamber and took the seats assigned them.

Mr. WORTHINGTON. Mr. President, I wish to introduce Mr. Alexander Simpson, jr., of the Philadelphia bar, who will be associated with the counsel for Judge Archbald in this trial.

The PRESIDENT pro tempore. The name of Mr. Simpson will be entered as of counsel for the respondent.

Mr. CLARK of Wyoming. Mr. President, I send to the desk an order, and ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. The order submitted by the Senator from Wyoming will be read by the Secretary.

The Secretary read as follows:

Ordered, That the daily sessions of the Senate sitting in the trial of impeachment of Robert W. Archbald, additional circuit judge of the United States, shall, unless otherwise ordered, commence at 2 o'clock in the afternoon.

The PRESIDENT pro tempore. If there be no objection, the order will be considered as having been agreed to unanimously. It is so ordered.

Mr. NELSON. I move the adoption of the order which I send to the desk.

The PRESIDENT pro tempore. The Senator from Minnesota offers an order, which will be read by the Secretary.

The Secretary read as follows:

Ordered, That the opening statement on behalf of the managers shall be made by one person, to be immediately followed by one person who shall make the opening statement on behalf of the respondent.

The PRESIDENT pro tempore. Without objection, it will be considered that the order just read has been unanimously agreed to. It is so ordered.

Mr. CLARK of Wyoming. I ask the adoption of the order which I send to the desk.

The PRESIDENT pro tempore. The Senator form Wyoming submits an order, which will now be read.

The Secretary read as follows:

Ordered, That the Senate sitting in the Court of Impeachment do now take a recess until 2 o'clock p. m. this day.

Mr. Manager CLAYTON. Mr. President, before the question is put on the adoption of that order, if it is agreeable to the Senate sitting as a Court of Impeachment, hereafter the managers on the part of the House of Representatives will appear without the formality of an announcement.

The PRESIDENT pro tempore. The Chair will give proper direction in that regard.

Mr. WORTHINGTON. I presume that might apply, Mr. President, to the counsel for the respondent and to the respondent himself.

The PRESIDENT pro tempore. Proper order will be given in the premises. The order presented by the Senator from Wyoming [Mr. CLARK], unless there be objection, will be considered as unanimously adopted. It is so ordered.

Thereupon (at 12 o'clock and 40 minutes p. m.) the Senate sitting as a Court of Impeachment took a recess until 2 o'clock p. m.

The managers on the part of the House of Representatives and the respondent and his counsel withdrew from the Chamber.

LIFE-SAVING SERVICE.

The PRESIDENT pro tempore (Mr. BACON). The Secretary will resume the reading of the bill which was being read when the Senate resolved itself into a Court of Impeachment.

The Secretary resumed the reading of the bill (S. 2051) to promote the efficiency of the Life-Saving Service.

Mr. GALLINGER. Mr. President, inasmuch as we met at an early hour this morning and there is very little interest in the calendar as it is being read, I move that the Senate take a recess until 2 o'clock.

Mr. NELSON. I trust the Senator from New Hampshire will withdraw his motion, so that we can dispose of this bill. It is a bill which the Senate has heretofore passed several times, and I think there will be no objection to it.

Mr. GALLINGER. I will withdraw the motion until the bill shall have been acted upon.

The PRESIDENT pro tempore. The Senator from New Hampshire withdraws the motion temporarily.

The Secretary resumed and concluded the reading of the bill.

The PRESIDENT pro tempore. The bill is in the Senate as in Committee of the Whole and open to amendment.

Mr. BAILEY. Mr. President, is the bill properly before the Senate, and is it before it subject to an objection?

The PRESIDENT pro tempore. The bill is subject to an objection. The Senate is proceeding under Rule VIII.

Mr. BAILEY. Mr. President, as we seem now inclined to pension or retire everybody except the men who really are entitled to the consideration of the Government—and those are the men who pay the taxes—I suppose I ought not to interpose any

objection to this bill; and I shall not prevent its consideration. If the Senate of the United States thinks we have reached a time when this class of employees ought to follow other employees of the Government onto a civil pension list—for that is all this is—and thus broaden the precedent and hasten the coming of the day when everybody who works for the Government shall likewise draw a pension, either military or civil, the Senate can take its own responsibility and say so.

For my part, I am opposed to this just as I am opposed to all provisions for the retirement of any man. I believe to-day, just as I have always believed, that every man who serves this Government ought to receive a fair compensation for his services, and he ought to save it or spend it according to his own folly or his own prudence; and then he ought to suffer the consequences of his folly if he is foolish, or enjoy the reward of his prudence if he is prudent.

I suppose the time will come when we will contrive some way to pension the taxpayer. Just exactly how a system for that can be devised is past my comprehension. But with modern legislative legerdemain I have no doubt a way will be devised to make everybody support everybody else without anybody working either for himself or for others.

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

The PRESIDENT pro tempore. The question is, Shall the bill pass?

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

The yeas and nays were not ordered.

Mr. BAILEY. I ask the Chair to count the other side, to see whether one-fifth of those present demanded them or not.

The PRESIDENT pro tempore. There was less than one-fifth of a quorum. That is the reason the Chair——

Mr. BAILEY. Then I make the point that no quorum is present.

The PRESIDENT pro tempore. The Senator from Texas having made that point, the roll will be called; but the Chair was about to do what the Senator had previously asked. The Secretary will call the roll.

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

Ashurst	Curtis	Martine, N. J.	Simmons
Bacon	Dixon	Massey	Smith, Ariz.
Bailey	du Pont	Myers	Smith, Ga.
Bankhead	Fletcher	Nelson	Smith, Md.
Borah	Foster	O'Gorman	Smith, Mich.
Brandegee	Gallinger	Overman	Smith, S. C.
Bristow	Gore	Page	Smoot
Brown	Hitchcock	Penrose	Stephenson
Bryan	Johnson, Me.	Percy	Sutherland
Burnham	Johnston, Ala.	Perkins	Swanson
Burton	Kenyon	Perky	Thornton
Clark, Wyo.	Lodge	Pomerene	Tillman
Crane	McCumber	Richardson	Townsend
Crawford	McLean	Root	Wetmore
Culberson	Martin, Va.	Shively	Works

Mr. WORKS. The senior Senator from Washington [Mr. JONES] is necessarily absent on business of the Senate.

Mr. PAGE. My colleague [Mr. DILLINGHAM] is detained from the Senate by illness.

Mr. SHIVELY. The junior Senator from Indiana [Mr. KERN] is unavoidably absent.

The PRESIDENT pro tempore. On the call of the roll of the Senate 60 Senators have responded to their names. A quorum is present. The Senator from Texas calls for the yeas and nays on the question of the passage of the pending bill.

Mr. O'GORMAN. Mr. President——

The PRESIDENT pro tempore. Nothing is in order now, unless the Senator from New York proposes to address his remarks to the call for the yeas and nays, until after the vote is taken.

Mr. O'GORMAN. The yeas and nays on what question?

The PRESIDENT pro tempore. The yeas and nays are demanded on the question of the passage of the bill which has been read.

Mr. O'GORMAN. Has the bill been discussed?

The PRESIDENT pro tempore. It has not been discussed at any length. The Senator from Texas [Mr. BAILEY] had something to say on the subject.

Mr. O'GORMAN. I object to the bill being taken up out of its order unless we can have a discussion of it.

The PRESIDENT pro tempore. The bill is not up out of its order. It was read under Rule VIII, and is subject to objection. Does the Senator from New York object?

Mr. O'GORMAN. I object at this time. There has been no discussion of the bill on the floor of the Senate, and under the circumstances it would be impossible for Senators to vote intelligently on the merits of this important question at the present time.

The PRESIDENT pro tempore. The Senator from New York objects, and the bill goes over.

RECESS.

Mr. GALLINGER. I renew my motion that the Senate take a recess until 2 o'clock p. m.

The motion was agreed to, and (at 12 o'clock and 55 minutes p. m.) the Senate took a recess until 2 o'clock p. m.

IMPEACHMENT OF ROBERT W. ARCHBALD.

The Senate sitting as a Court of Impeachment resumed its session at 2 o'clock p. m.

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

The PRESIDENT pro tempore (Mr. BACON). The Secretary will call the roll of the Senate.

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

Ashurst	Cummins	McLean	Smith, Ariz.
Bacon	Curtis	Martin, Va.	Smith, Ga.
Bailey	Dixon	Martine, N. J.	Smith, Md.
Borah	du Pont	Myers	Smith, Mich.
Brandegee	Foster	Nelson	Smith, S. C.
Bristow	Gallinger	Newlands	Smoot
Brown	Gore	O'Gorman	Stephenson
Bryan	Guggenheim	Overman	Sutherland
Burnham	Hitchcock	Page	Swanson
Burton	Jackson	Penrose	Thornton
Clapp	Johnson, Me.	Perkins	Tillman
Clark, Wyo.	Johnston, Ala.	Perky	Townsend
Clarke, Ark.	Kenyon	Pomerene	Wetmore
Crane	La Follette	Richardson	Works
Crawford	Lippitt	Root	
Culberson	Lodge	Shively	
Cullom	McCumber	Simmons	

Mr. PENROSE. My colleague [Mr. OLIVER] is unavoidably absent on account of illness.

Mr. PAGE. I wish to announce that my colleague [Mr. DILLINGHAM], owing to illness, is necessarily absent.

The PRESIDENT pro tempore. On the call of the roll 65 Senators are present. A quorum of the Senate is present.

Mr. Manager CLAYTON. Mr. President, as I understand the action of the Senate, it contemplated that at this time the managers should proceed to make a statement embodying the facts upon which the articles of impeachment are predicated in this case.

Mr. President, this proceeding had its origin in the resolution adopted by the House of Representatives on April 25, 1912, which is embodied in the message sent by the President of the United States to the House of Representatives on May 3, 1912, in the following words:

To the House of Representatives:

I am in receipt of a copy of a resolution adopted by the House on April 25, reading as follows:

"*Resolved*, That the President of the United States be, and he is hereby, requested, if not incompatible with the public interest, to transmit to the House of Representatives a copy of any charges filed against Robert W. Archbald, associate judge of the United States Commerce Court, together with the report of any special attorney or agent appointed by the Department of Justice to investigate such charges, and a copy of any and all affidavits, photographs, and evidence filed in the Department of Justice in relation to said charges, together with a statement of the action of the Department of Justice, if any, taken upon said charges and report."

In reply I have to state that in February last certain charges of improper conduct by the Hon. Robert W. Archbald, formerly district judge of the United States court for the middle district of Pennsylvania and now judge of the Commerce Court, were brought to my attention by Commissioner Meyer, of the Interstate Commerce Commission. I transmitted these charges to the Attorney General by letter dated February 13, instructing him to investigate the matter, confer fully with Commissioner Meyer, and have his agents make as full report upon the subject as might be necessary, and, should the charges be established sufficiently to justify proceeding on them, bring the matter before the Judiciary Committee of the House of Representatives.

The Attorney General has made a careful investigation of the charges, and as a result of that investigation has advised me that, in his opinion, the papers should be transmitted to the Committee on the Judiciary of the House to be used by them as a basis for an investigation into the facts involved in the charges. I have therefore directed him to transmit all the papers to the Committee on the Judiciary; but in my opinion—and I think it will prove in the opinion of the committee—it is not compatible with the public interests to lay all these papers before the House of Representatives until the Committee on the Judiciary shall have sifted them out and determined the extent to which they deem it essential to the thoroughness of their investigation nor to make the same public at the present time. But all the papers are in the hands of the committee and therefore within the control of the House.

WM. H. TAFT.

THE WHITE HOUSE, *May 3, 1912.*

Upon receipt of this message from the President the Committee on the Judiciary of the House of Representatives gave consideration to the matter referred to in the President's message of the alleged improper conduct of Judge Robert W. Archbald. Following the action of the committee the House of Representatives itself adopted articles of impeachment in this

cause, which articles have been heretofore submitted to the Senate sitting as a Court of Impeachment.

JUDGE ARCHBALD'S APPOINTMENT.

Robert W. Archbald was appointed in vacation a United States district judge for the middle district of Pennsylvania and was duly commissioned as such judge on the 29th day of March, 1901, as appears from his commission, which is in the following words and figures:

(William McKinley, President of the United States of America.)

To all who shall see these presents, greeting:

Know ye, that, reposing special trust and confidence in the wisdom, uprightness, and learning of Robert Wodrow Archbald, of Pennsylvania, I do appoint him United States district judge for the middle district of Pennsylvania as provided for by act approved March 2, 1901, and do authorize and empower him to execute and fulfill the duties of that office according to the Constitution and laws of the said United States, and to have and to hold the said office, with all the powers, privileges, and emoluments to the same of right appertaining, unto him, the said Robert Wodrow Archbald, until the end of the next session of the Senate of the United States, and no longer, subject to the conditions and provisions prescribed by law.

In testimony whereof I have caused these letters to be made patent and the seal of the Department of Justice to be hereunto affixed.

Given under my hand, at the city of Washington, the 29th day of March, in the year of our Lord 1901, and of the independence of the United States of America the one hundred and twenty-fifth.

[SEAL.] WILLIAM MCKINLEY.

By the President:

JOHN W. GRIGGS, *Attorney General.*

After the vacation and upon the convening of Congress Robert W. Archbald was appointed a United States district judge for the middle district of Pennsylvania and was duly commissioned as such judge on the 17th day of December, 1901, as appears from his commission, which is in the following words and figures:

(Theodore Roosevelt, President of the United States of America.)

To all who shall see these presents, greeting:

Know ye, that, reposing special trust and confidence in the wisdom, uprightness, and learning of Robert W. Archbald, of Pennsylvania, I have nominated and, by and with the advice and consent of the Senate, do appoint him United States district judge for the middle district of Pennsylvania, and do authorize and empower him to execute and fulfill the duties of that office according to the Constitution and laws of the said United States, and to have and to hold the said office, with all the powers, privileges, and emoluments to the same of right appertaining, unto him, the said Robert W. Archbald, during his good behavior.

In testimony whereof I have caused these letters to be made patent and the seal of the Department of Justice to be hereunto affixed.

Given under my hand, at the city of Washington, the 17th day of December, in the year of our Lord 1901, and of the independence of the United States of America the one hundredth and twenty-fifth.

[SEAL.] THEODORE ROOSEVELT.

By the President:

P. C. KNOX, *Attorney General.*

The said Robert W. Archbald was duly appointed an additional circuit judge of the United States for the third judicial circuit and designated as a judge of the United States Commerce Court and was confirmed by the Senate and was duly commissioned as such judge on the 31st day of January, 1911, as will appear from his commission, which is in the following words and figures, to wit:

(William H. Taft, President of the United States.)

To all who shall see these presents, greeting:

Know ye, that, reposing special trust and confidence in the wisdom, uprightness, and learning of Robert Wodrow Archbald, of Pennsylvania, I have nominated, and, by and with the advice and consent of the Senate, do appoint him additional circuit judge of the United States from the third judicial circuit, and do authorize and empower him to execute and fulfill the duties of that office according to the Constitution and laws of the said United States, and to have and to hold the said office, with all the powers, privileges, and emoluments to the same of right appertaining, unto him, the said Robert Wodrow Archbald, during his good behavior. Appointed pursuant to the act of June 18, 1910 (36 Stats., 540), and hereby designated to serve for four years in the Commerce Court.

In testimony whereof I have caused these letters to be made patent, and the seal of the Department of Justice to be hereunto affixed.

Given under my hand, at the city of Washington, the 31st day of January, in the year of our Lord nineteen hundred and eleven and of the independence of the United States of America the one hundred and thirty-fifth.

[SEAL.] WILLIAM H. TAFT.

By the President:

GEORGE W. WICKERSHAM,
Attorney General.

Mr. President, under the authority of the House of Representatives and upon the suggestion of my associate managers on the part of the House the duty has devolved upon me to open this case and to make a statement of the facts upon which the House of Representatives, acting as a grand inquest inquiring in the name of all the people of the United States, have impeached Robert W. Archbald, additional circuit judge of the United States from the third judicial circuit, appointed pursuant to the act of June 18, 1910 (U. S. Stats. L., vol. 36, p. 540), and having duly qualified and having been duly commissioned and designated on the 31st day of January, 1911, to serve four years in the Commerce Court, of high crimes and misdemeanors, and the facts upon which the managers propose to make good the articles of impeachment.

It would be a waste of time of this honorable court to pronounce any panegyric upon the great tribunal which now sits as a High Court of Impeachment. It is unnecessary to dwell upon the magnitude of the questions here involved or of the grave consequences of the failure to do justice either to the people or to the respondent. The fact that the members of this court are commissioned to sit in this Chamber where renowned men have always sat is sufficient guaranty that selected men, some of them learned lawyers and all wise statesmen, will do impartial justice according to the Constitution and the law, as their solemn oath requires. And the people of this great Republic and the House of Representatives of the United States have confidence that if this respondent is guilty he will be deprived of the office which he now holds, or if innocent of the misbehaviors charged against him he will be acquitted.

The articles are 13 in number, and the facts upon which they are predicated are substantially as follows:

THE NEGOTIATIONS WITH THE HILLSIDE COAL & IRON CO. RELATIVE TO THE KATYDID CULM DUMP AT MOOSIC, PA.

(See Art. 1.)

On or about March 31, 1911, Judge Archbald entered into a partnership agreement with one Edward J. Williams, of Scranton, Pa., for the purchase of a certain culm dump known as the Katydid culm dump, located near Moosic, Lackawanna County, Pa., for the purpose of disposing of the said property at a pecuniary profit to themselves.

Mr. President, I may say here that a culm dump is a pile composed partly of refuse and partly of coal, which, in the days gone by, was not deemed merchantable. This pile is accumulated in this way: During the process of mining anthracite coal there is some slate; there may be some rock; there may be some dirt; there may be other unmerchantable things brought from the mine. This refuse, together with the finer particles of coal and coal dust, is thrown into a dump, and this is what is called a culm dump.

Most of the coal contained in this culm dump was taken from land known as the Caldwell lot, which is owned in fee simple by the Hillside Coal & Iron Co. The larger portion of the dump now rests on land known as lot 46, which is jointly owned by the Hillside Coal & Iron Co., the Everhart estate, and others. The entire capital stock of the Hillside Coal & Iron Co. is owned by the Erie Railroad Co., and a number of the managing officers and directors of the coal company are also officers of the railroad company. The Katydid dump was formed from the operation of the Katydid colliery by the firm of Robertson & Law, and later by John M. Robertson, who succeeded the firm, which operated the colliery under a verbal agreement to pay the Hillside Coal & Iron Co. certain royalties on all coal mined. It appears that the Everhart estate received certain royalties from the Hillside Coal & Iron Co. for all coal above the size of pea taken from the tract in which the Everhart estate held a one-half undivided interest. The plant was operated from 1887 to 1909, when the breaker and washery were destroyed by fire, and since then the operation has been abandoned by Robertson.

In furtherance of his agreement with Williams, Judge Archbald used his official position as judge of the Commerce Court, on March 31, 1911, and at various other times, by correspondence, personal conferences, and otherwise, to improperly induce and influence the officers of the Hillside Coal & Iron Co. and the Erie Railroad Co. to enter into an agreement with himself and Williams to sell the interest of the Hillside Coal & Iron Co. in the Katydid culm dump for a consideration of $4,500; this agreement was against the policy and practice of the Erie Railroad Co. and its subsidiary, the Hillside Coal & Iron Co., their policy being not to sell their culm dumps. Judge Archbald's name did not appear in this written agreement.

Judge Archbald and Williams then secured an option to purchase whatever equity Robertson held in this property for a consideration of $3,500, and entered into negotiations with several parties with a view to the sale of the culm dump at a large profit. One of these parties was the manager of an electric railroad, who was then purchasing large quantities of coal consumed in the operation of the road from the Hillside Coal & Iron Co. at the usual market rates. It was claimed that there were certain complications in the title to this property, but however this may be Judge Archbald considered that the options from the Hillside Coal & Iron Co. and Robertson covered the entire interest in the dump, and so stated in a letter to this prospective purchaser.

After a careful survey, a disinterested mining engineer estimates that the Katydid culm dump contains about 90,000 gross tons, of which approximately 46,704 tons are marketable

coal. This coal is appraised by the engineer at $47,533.18, subject to an increase of $3,803.40, provided that an increment of small coal can be saved in the process of reclamation. It is further estimated that the operation of this culm dump by the Hillside Coal & Iron Co. would net it approximately $35,000 profit and that the Erie Railroad Co. in addition would realize a profit for the transportation of the coal to tidewater.

During the period covering these negotiations with the officers of the Hillside Coal & Iron Co. and the Erie Railroad Co. Judge Archbald was a United States circuit judge, duly assigned to serve in the Commerce Court, and the Erie Railroad Co., a common carrier engaged in interstate commerce, was a party litigant in certain suits then pending in the Commerce Court and known as the Baltimore & Ohio Railroad Co. et al. *v.* The Interstate Commerce Commission, No. 38, and the Baltimore & Ohio Railroad Co. et al. *v.* The Interstate Commerce Commission, No. 39.

THE ATTEMPT TO SELL THE STOCK OF THE MARIAN COAL CO. TO THE DELAWARE, LACKAWANNA & WESTERN RAILROAD CO.

(See Art. 2.)

On October 18, 1910, the Marian Coal Co., which operated a washery at Taylor, Pa., filed a complaint against the Delaware, Lackawanna & Western Railroad Co. and several other railroads before the Interstate Commerce Commission, containing a demand for reparation for damages alleged to have been suffered by the complainant in the amount of $55,238.27, with interest, for overcharges and discrimination in freight rates, and concluding with a prayer that the Interstate Commerce Commission issue an order requiring the defendants to cease various acts alleged to have been committed for the purpose of suppressing the competition of the complainant in the coal market, and establishing just and reasonable rates upon commodities shipped by the complainant from its washery at Taylor, Pa., to all points within the jurisdiction of the commission.

Some time in July or August, 1911, William P. Boland and Christopher G. Boland, who were the controlling stockholders of the Marian Coal Co., employed one George M. Watson, of Scranton, Pa., as an attorney to effect a sale of two-thirds of the stock of the Marian Coal Co. to the Delaware, Lackawanna & Western Railroad Co. and to settle this case which was still pending before the Commerce Commission. The decision of the Interstate Commerce Commission in this case was subject to review by the Commerce Court, and there was at that time pending in the Commerce Court a suit entitled "The Baltimore & Ohio Railroad Co. et al. *v.* The Interstate Commerce Commission, No. 38," to which the Delaware, Lackawanna & Western Railroad Co. was a party litigant.

With full knowledge of these facts Judge Archbald entered into an agreement to assist George M. Watson, for a valuable consideration, to sell the stock of the Marian Coal Co. held by the Bolands to the Delaware, Lackawanna & Western Railroad Co. and settle the case between the said coal company and the railroad company. In pursuance of this agreement Judge Archbald, by means of correspondence, personal conferences, and otherwise, persistently attempted to induce the officers of the Delaware, Lackawanna & Western Railroad Co. to enter into an agreement with Watson to settle the case then pending before the Interstate Commerce Commission and purchase the stock of the Marian Coal Co. at a highly exorbitant price.

In all of his correspondence with the officers of the Delaware, Lackawanna & Western Railroad Co. relative to this matter Judge Archbald used the official stationery of the United States Commerce Court, and he also used his influence as a judge of that court to bring about, or in an attempt to bring about, the successful consummation of these negotiations.

THE NEGOTIATIONS WITH THE LEHIGH VALLEY COAL CO. AND THE GIRARD ESTATE RELATIVE TO A CULM DUMP KNOWN AS PACKER NO. 3, NEAR SHENANDOAH, PA.

(See Art. 3.)

The Lehigh Valley Coal Co., which is owned by the Lehigh Valley Railroad Co., holds a lease on certain coal land near Shenandoah, Pa., and owned by the Girard estate. This lease was made to run for a period of 15 years, of which about 13 years have elapsed.

On August 11, 1911, and at numerous other times thereafter, Judge Archbald, by means of correspondence and personal interviews persistently sought to induce, and did induce, that company to agree to waive its rights under the lease from the Girard estate and to permit a company in which Judge Archbald was interested, known as the Jones Coal Co., to operate a certain culm dump, known as Packer No. 3, containing approximately 472,670 gross tons and located on the land leased from the Girard estate, provided that a very small royalty should be paid the coal company for coal reclaimed from the dump, and provided further, that the coal should be shipped over the lines of the Lehigh Valley Railroad. Judge Archbald thereafter applied to the Girard estate for an operating lease on the culm dump known as Packer No. 3, stating that he had secured the consent of the Lehigh Valley Coal Co. to operate the property if the Girard estate would approve of the arrangement. The judge proposed to pay the Girard estate the same royalties on various sizes of coal which were being paid by the Lehigh Valley Coal Co. under its lease, which was executed about 13 years theretofore, when coal values were materially less than they were at the time Judge Archbald's proposition was made. The trustees of the Girard estate promptly declined to grant Judge Archbald the lease on the terms proposed, and the deal has never been consummated.

While these negotiations with the Lehigh Valley Coal Co. were in progress the Lehigh Valley Railroad Co. was a party litigant in two suits pending before the United States Commerce Court, known as The Baltimore & Ohio Railroad Co., et al., *v.* The Interstate Commerce Commission, No. 38, and The Lehigh Valley Railroad Co. *v.* The Interstate Commerce Commission, Henry E. Meeker, intervener, No. 49.

THE LOUISVILLE & NASHVILLE RAILROAD CASE.

(See Art. 4.)

In February, 1911, upon the organization of the Commerce Court, a suit known as The Louisville & Nashville Railroad Co. *v.* The Interstate Commerce Commission, which had theretofore been filed in the United States Circuit Court at Louisville, Ky., was transferred to the United States Commerce Court (Docket No. 4). The case was argued on the 2d and 3d of April, 1911, and submitted to the court for adjudication. On August 22, 1911, Judge Archbald, who afterwards delivered the majority opinion in this case, wrote to Helm Bruce, the attorney for the Louisville & Nashville Railroad Co., at Louisville, Ky., requesting him to confer with one Compton, traffic manager of the Louisville & Nashville Railroad, who had given material testimony before the Interstate Commerce Commission, and to advise the judge whether the witness intended to give an affirmative answer, as appeared from the record, or whether he intended to give a negative answer to a question propounded to him by the chairman of the commission. In pursuance of this request, Bruce conferred with Compton and advised the judge that the witness intended to give a negative answer to the question referred to. The receipt of this letter was acknowledged by Judge Archbald on August 26, 1911.

On January 10, 1912, Judge Archbald again wrote to Bruce, calling attention to certain conclusions reached by another member of the court, which, it was claimed, refuted statements and contentions advanced in Bruce's original brief and sustained the action of the Interstate Commerce Commission with respect to certain features of the case. In this letter Judge Archbald asked Bruce whether he would still affirm the position taken in his brief, and, if so, upon what theory it could be sustained, assuming that the conclusions of the other members of the court were correct. The judge followed this question with a number of other questions relative to the features of the case which were not then clear to the court. On January 24, 1912, Bruce sent the judge a letter in answer to the questions which had been propounded to him, wherein he argued these special features of the case in behalf of the railroad company at considerable length. His letter was in the nature of a supplemental brief submitted for the purpose of overcoming certain doubts as to the merits of the case of the railroad company which apparently had arisen in the minds of some of the members of the court.

On February 28, 1912, this case was decided by the Commerce Court in favor of the railroad company. Judge Archbald wrote the opinion of the majority, which followed the views expressed by Bruce, and Judge Mack dissented. The attorneys for the Interstate Commerce Commission and the United States were given no opportunity to examine and answer the arguments advanced by the attorney for the Louisville & Nashville Railroad Co. in his communication to Judge Archbald of January 24, 1912, nor were they informed that such correspondence had been had.

NEGOTIATIONS WITH THE PHILADELPHIA & READING COAL & IRON CO. RELATIVE TO THE LINCOLN CULM DUMP, NEAR LORBERRY, PA., AND THE WRONGFUL ACCEPTANCE OF A GIFT, REWARD, OR PRESENT FROM FREDERICK WARNKE, OF SCRANTON, PA.

(See Art. 5.)

In 1904 Frederick Warnke, of Scranton, Pa., purchased a two-thirds interest in an operating lease on some coal land located near Lorberry Junction, Pa., and owned by the Philadelphia & Reading Coal & Iron Co. The entire capital stock of the Philadelphia & Reading Coal & Iron Co. is owned by the Reading Co., which owns the entire capital stock of the Philadelphia

& Reading Railway Co., a common carrier engaged in interstate commerce. He put up a number of improvements and operated the culm dump on the property for several years, but owing to the action of the elements his operations were carried on at a loss. Warnke then applied to the Reading Co. for mining maps of the land covered by his lease. He was informed that the lease under which he claimed had been forfeited two years before its assignment to him, and his application was therefore denied. He then made a proposition to George F. Baer, president of the Philadelphia & Reading Railway Co., and president of the Philadelphia & Reading Coal & Iron Co., to relinquish any claim that he might have in this property under his lease, provided that the Philadelphia & Reading Coal & Iron Co. would grant him an operating lease on another property owned by said corporation at Lorberry, Pa., and known as the Lincoln culm bank.

Mr. Baer referred Warnke's proposition to Mr. W. J. Richards, vice president and general manager of the Philadelphia & Reading Coal & Iron Co., for consideration and action. Richards and Baer thereafter concluded that there was no valid reason why they should make an exception to the general rule of the coal company not to lease its culm bank. Warnke then made several attempts, through attorneys and friends, to have this decision reconsidered, and failing in this, he asked Judge Archbald to intercede in his behalf with Richards.

In the latter part of November, 1911, Judge Archbald called upon Mr. Richards at his office in Pottsville, Pa., and in pursuance of an appointment made by Judge Archbald's solicitation, attempted to influence Richards to reconsider his refusal to accede to Warnke's proposition. Judge Archbald was informed, however, that the decision of Richards and Baer must be considered final, and the judge so advised Warnke.

In December, 1911, Warnke was considering the advisability of purchasing a certain culm fill located near Pittston, Pa., and owned by the Lacoe & Shiffer Coal Co. One John Henry Jones, of Scranton, Pa., advised him that Judge Archbald was familiar with the title to the property and the rights of way of certain railroads over it. In pursuance of this assurance from Jones, Warnke consulted the judge, who advised him that the title was clear. Warnke had but two conversations with Judge Archbald regarding this matter, not exceeding 30 minutes in length altogether, but he at that time stated to Judge Archbald that he would pay the judge $500 for the information which he had received. Shortly thereafter Warnke and several business associates purchased this property for a consideration of $7,500, and in the month of March, 1911, a day or so after Judge Archbald had called at the office of Warnke and his associates, Warnke drew a promissory note of $500, as president of the coal company which had purchased the fill, and caused the same to be delivered to Judge Archbald. The note was discounted in one of the banks of Scranton.

THE NEGOTIATIONS WITH THE LEHIGH VALLEY COAL CO. RELATIVE TO THE EVERHART TRACT AND THE MORRIS AND ESSEX TRACT.

(See Art. 6.)

Since 1884 the Lehigh Valley Coal Co., which is a subsidiary of the Lehigh Valley Railroad Co., has owned one-half interest in a certain tract of coal land located near Wilkes-Barre, Pa., which consists of about 800 acres. During the past few years this company has purchased about four-fifths of the remaining one-half interest in this tract. The remaining portion of the tract is leased by the coal company from certain beneficiaries of the Everhart estate. The coal company has been negotiating for several years to purchase the fee to this outstanding portion of the tract, but the owners would not accept the terms offered.

In December, 1911, or January, 1912, Judge Archbald entered into an agreement with one James R. Dainty, of Scranton, Pa., to open negotiations with the Lehigh Valley Coal Co. and the Everhart estate for the purpose of effecting the sale of this property to the coal company on the understanding that he and Dainty should secure an operating lease on another tract of about 325 acres of coal land owned by the Lehigh Valley Coal Co. and known as the Morris and Essex tract, as a consideration in the nature of a commission for their services.

In furtherance of this agreement Judge Archbald attempted to use his official influence as a member of the Commerce Court, through telephone conversations and personal conferences, to affect the action of the general manager of the Lehigh Valley Coal Co. with respect to the purchase of this property. While these negotiations were in progress the cases of the Lehigh Valley Railroad Co. *v.* The Interstate Commerce Commission and Henry E. Meeker, intervener, No. 49, and the Baltimore & Ohio Railroad Co. et al. *v.* The Interstate Commerce Commission, No. 38, in which the Lehigh Valley Railroad Co. was a party litigant, were pending before the Commerce Court for adjudication.

THE DISCOUNT OF THE W. W. RISSINGER NOTE.

(See Art. 7.)

In the fall of 1908 the case of The Old Plymouth Coal Co. *v.* The Equitable Fire & Marine Insurance Co. et al. was pending before the United States district court over which Judge Archbald presided. Mr. W. W. Rissinger, of Scranton, Pa., was the controlling stockholder of the plaintiff company. The case was predicated on certain insurance contracts between the Old Plymouth Coal Co. and the various insurance companies named as parties defendant, and the total damages sought to be recovered amounted to about $30,000. The case was on trial in November, 1908, and after the plaintiff's evidence had been presented the defendant insurance companies demurred to the sufficiency of the evidence and moved for a nonsuit. After extended argument by attorneys for both plaintiff and defendant, Judge Archbald overruled the motion, and the defendant companies proceeded to introduce their evidence. Before the evidence was all in the attorneys for the insurance companies made a proposition of compromise to the attorneys for the Old Plymouth Coal Co., which was accepted on November 23, 1908. Consent judgments were entered on that day, in which the plaintiff ultimately recovered about $28,000, and the defendant companies were given 15 days in which to satisfy the judgments.

Some time prior to November 28, 1908, Judge Archbald entered into a deal with Rissinger for the purchase of an interest in a gold-mining project in Honduras, which Rissinger was then promoting in Scranton. In order to finance the transaction it became necessary to raise $2,500, and on November 28, 1908, or five days after the judgments in favor of the Old Plymouth Coal Co. were entered, a promissory note for that amount, to run three months, signed by Rissinger, in favor of and indorsed by Judge Archbald and Sophia J. Hutchison, Mr. Rissinger's mother-in-law, was presented to the County Savings Bank of Scranton, Pa., for discount. The bank evidently put no reliance upon Judge Archbald's indorsement of the note, but made an extended investigation of Mrs. Hutchison's financial condition, and on December 12, 1908, discounted the note, after having first filed a judgment against Mrs. Hutchison in the county court of Lackawanna County, Pa., according to the practice in that State.

Shortly after the consent judgments in favor of the Old Plymouth Coal Co. were entered on November 23, 1908, this note was also presented for discount to Mr. John T. Lenahan, one of the attorneys for Rissinger and the Old Plymouth Coal Co. in the litigation with the insurance companies, but Lenahan refused to discount the note or have the same discounted in a trust company of which he was a director. The note has never been paid, but has been renewed at the end of each successive period of three months by Mr. Rissinger, and the discount on the renewals has been paid wholly by him.

THE DISCOUNT OF THE JOHN HENRY JONES NOTE.

(See Arts. 8 and 9.)

In the fall of the year 1909 the case of John W. Peale *v.* The Marian Coal Co., which involved a considerable sum of money, was pending before the United States district court of Scranton, Pa., over which Judge Archbald presided. The Marian Coal Co. was practically owned and controlled by Christopher G. Boland and William P. Boland, of Scranton, Pa., and this fact was well known to Judge Archbald. In the latter part of November or the early part of December, 1909, for the purpose of raising funds to invest in a timber project in Venezuela which was being promoted by one John Henry Jones, of Scranton, Pa., Judge Archbald drew and indorsed a promissory note for $500, payable to himself, which note was signed by Jones as promisor.

Judge Archbald thereupon agreed and consented that Edward J. Williams should present this note to Christopher G. Boland and William P. Boland, or either of them, for discount. In pursuance of this agreement or approval of Judge Archbald, Williams did present the note to each of the Bolands for the purpose of having the same discounted, but they refused to grant the discount on the ground that it would be highly improper for them to do so under the existing circumstances. Williams reported the refusal of the Bolands to discount the note to Judge Archbald, and thereafter took it to the Merchants & Mechanics' Bank of Scranton, but this bank also refused to discount the paper.

The note was finally discounted on application of John Henry Jones by the Providence Bank, a small State bank located in a suburb of Scranton. The president of this bank was one C. H. Von Storch, of Scranton, Pa., an attorney at law who had prevailed as a party in interest in litigation before Judge Archbald's court within a year prior to the date of the discount of

the note. The note was brought to Von Storch by Jones at the suggestion of Judge Archbald. Moreover, Judge Archbald advised Von Storch that he would consider it a great favor if the discount should be granted. The note has never been paid, although the bank has made at least one call for payment, and the discount on each renewal has been wholly paid by John Henry Jones.

Judge Archbald's financial condition at the time the incident occurred was such that his note was not considered good bankable paper, and we are forced to the conclusion that he attempted to use his influence as judge to secure the loan from parties litigant before his court, and, failing this, he did use his influence as such judge to secure the loan through an attorney who was then practicing before his court and who had but a short while before received favorable judgment in a suit adjudicated therein.

THE WRONGFUL ACCEPTANCE OF MONEY ON THE OCCASION OF A PLEASURE TRIP TO EUROPE.

(See Arts. 10 and 11.)

In the spring of 1910 Judge Archbald allowed one Henry W. Cannon, of New York City, to pay his entire expenses on a pleasure trip to Europe. Mr. Cannon was then, and still is, a stockholder and an officer in various interstate railroad corporations, including the Great Northern; the Lake Erie & Western Railroad Co.; the Fort Wayne, Cincinnati & Louisville Railroad Co.; the Pacific Coast Co., which owns the entire stock of the Columbia & Puget Sound Railroad Co.; the Pacific Coast Railroad Co.; and the Pacific Coast Steamship Co., together with various other corporations engaged in the business of mining and shipping coal.

On the occasion of this same pleasure trip to Europe one Edward R. W. Searle, clerk of the United States district court of Scranton, Pa., and one J. B. Woodward, of Wilkes-Barre, Pa., jury commissioner of said court, both of whom were appointed by Judge Archbald, raised a subscription fund of money amounting to more than $500, which was presented to Judge Archbald on his departure. This fund was not raised as the result of a bar-association movement, but was composed of contributions of various amounts from certain attorneys practicing before the United States district court, some of whom had cases then pending before said court for adjudication.

Judge Archbald accepted this fund of money and acknowledged receipt of the same to the contributors, whose names were submitted to him at the time that the fund was presented.

THE APPOINTMENT OF A RAILROAD ATTORNEY AS JURY COMMISSIONER.

(See Art. 12.)

On March 29, 1901, Judge Archbald was appointed United States district judge for the middle district of Pennsylvania. On April 9, 1901, under the exercise of authority granted by the act of June 30, 1879 (21 Stat., 43), Judge Archbald appointed one J. B. Woodward, of Wilkes-Barre, Pa., as jury commissioner of the said district court. The said Woodward was then and has since been a general attorney for the Lehigh Valley Railroad Co.

Under the annual appropriation acts the compensation of jury commissioners is limited to $5 per day, for not more than three days at any one term of court. The compensation attached to this position is so insignificant that the appointment would have no attraction for a railroad attorney, except for the power it affords in the selection of juries for the trial of cases in the Federal courts.

GENERAL MISBEHAVIOR OF JUDGE ARCHBALD.

(See Art. 13.)

The testimony in the whole case will tend to support the charge of general misbehavior on the part of Judge Archbald. Judge Archbald was appointed a United States district judge for the middle district of Pennsylvania on the 29th day of March, 1901, and held such office until January 31, 1911, on which last-named date he was appointed an additional United States circuit judge, and on the same day he was duly designated as one of the judges of the United States Commerce Court, which position he has since and now holds.

At different times while Judge Archbald was a judge of the United States district court he sought and obtained credit and in other instances sought to obtain credit from persons who had litigation pending in his said court or who had had litigation pending in his said court.

The testimony will show that after Judge Archbald had been promoted to the position of United States circuit judge and had been duly designated as one of the judges of the United States Commerce Court he, in connection with different persons, sought to obtain options on culm dumps and other coal properties from officers and agents of coal companies which were owned and controlled by railroad companies.

The testimony will further show that in order to influence the officers of the coal companies, which were subsidiary to and owned by the railroad companies engaged in interstate commerce, Judge Archbald repeatedly sought to influence the officials of the railroads to enter into contracts with his associates for the financial benefit of himself and his said associates. In most instances the contracts were executed in the name of the person associated with the judge in the particular transaction or trade, and the judge's name was not disclosed on the face of the contract. The testimony will show, however, that he was, as a matter of fact, pecuniarily interested in such contracts, and that while his interest was not known to the public it was known to the officials of the railroad companies, and of the coal companies subsidiary corporations thereof. The evidence will disclose that while the judge's several associates or partners would locate properties the judge would take up the matter of the purchase or sale of said properties with the officials of the coal companies and of the railroad companies which, as already stated, in most instances owned or controlled the coal companies. The testimony will show that while these negotiations were being conducted and agreements were made and sought to be made the railroad companies with whose officers Judge Archbald was making contracts and agreements and seeking to make contracts and agreements were common carriers engaged in interstate commmerce and had litigation pending in the United States Commerce Court.

Such options, contracts, and agreements were sought and obtained and sought to be obtained by Judge Archbald to such an extent that the exposure of the judge's several transactions through the press gave rise to a public scandal.

The testimony will show that Judge Archbald invested no money of his own in any of these several trades or deals, but used his influence as a judge, in consideration of which he received or was to receive his share or interest in the property or his profits in the deal.

Mr. President, the managers on the part of the House believe that this statement meets the requirement of the Senate and the practice in such cases as the one now pending. It is expected that, of course, during the trial the testimony will show the facts in greater detail than has been attempted to be shown in this preliminary statement.

The managers respectfully call attention to a few of the indisputable features of this case.

After Judge Archbald became judge he was evidently seized with an abnormal and unjudgelike desire to make money by trading directly and through others with railroads and their subsidiary corporations, which concerns had, or were likely to have, litigation in his court or to become directly or indirectly interested in cases coming before it for adjudication.

He abused his potentiality as judge to further these trades and place himself, or showed a willingness to place himself, under obligations to these corporate concerns.

In practically all of his correspondence had with these corporations and their subsidiaries he used the official stationery—that is, the letter heads of the United States Commerce Court—thereby constantly keeping before the minds of these officials that he was a member of the tribunal invested with the power of passing upon the rights of common carriers engaged in interstate commerce in their dealings with the shippers of the country and the general public. He had personal interviews and communications otherwise with these railroad officials at Scranton, in New York, and elsewhere, in which he sought to secure or to promote these trades in order to make money for himself out of the property or interest of these corporate concerns that had litigation in his court or were likely to have such litigation before him.

As indicated in the statement, a number of other misbehaviors on the part of Judge Archbald will be established by the evidence to be adduced during the trial of this case.

In concluding this statement, Mr. President, the managers respectfully invite the attention of the Senate—this honorable court—to the condition upon which judges are allowed to hold office, and that is, judges, in the language of the Constitution, "shall hold their offices during good behavior." The framers of that instrument were desirous of having an independent and incorruptible judiciary, but they never intended to provide that any judge should hold his office upon nonforfeitable life tenure. It was their intention that there should be a reasonable check and balance on the independence of the judiciary that would enable the people to divest an unworthy judge of his power and exalted position. It was therefore sought in the organic law to provide an adequate remedy to protect the people against the malfeasance, malversation, and misfeasance of unjust and corrupt judges. The tenure of office was wisely limited to during good behavior, and the remedy provided in case of misbehavior

was forfeiture of the right to hold office and the removal therefrom by impeachment.

The conduct of this judge has been exceedingly reprehensible and in marked contrast with the high sense of judicial ethics and probity which generally characterize American judges. Let unworthy judges be shorn of power so that an upright and independent judiciary may be maintained for the perpetuation of our Government of laws.

A judge should be the personification of uprightness in his daily walk and conversation. He should hold his exalted office and the administration of justice above the sordid desire to accumulate wealth by trading or trafficking with the actual or probable litigants in his court. He should be free and unaffected by any bias born of avarice and unhampered by pecuniary or other improper obligations.

Judge Archbald's sense of moral responsibility has become deadened. He has prostituted his high office for personal profit, in attempts to make gainful bargains for himself and his business associates. In short, Mr. President, he has attempted by various transactions to commercialize his potentiality as judge, and has not hesitated to use his official power and influence to drive bargains with those who had or had had or would probably have litigation before his court. He has degraded his high office, has destroyed the confidence of the public in his judicial integrity, and has forfeited the condition upon which he holds his commission of trust, responsibility, and power. Therefore, Mr. President, by authority of the House of Representatives and in the name of the American people, the managers on the part of the House of Representatives demand his conviction upon these articles of impeachment and his removal from the office of United States circuit judge designated to sit in the Commerce Court.

Mr. President, that concludes the statement of the managers.

Mr. WORTHINGTON. Mr. President and Senators, for the first time in an impeachment trial in this tribunal the opening statement for the respondent is to be made at the beginning of the case instead of at the close of the testimony on behalf of the managers. We have desired to do this and are doing it with the acquiescence of the honorable managers for two reasons. One is that the Members of the Senate may know when the introduction of testimony is going on what are the questions of fact in dispute. The other is that Senators may know from the beginning what we rely upon as the law of the case.

I had supposed that the Senate would be informed as to what the managers claim are the principles of law under which they ask the Senate to convict this respondent of the offenses which are supposed to be set forth in these 13 articles of impeachment. I waited until the closing words of the honorable gentleman who has just taken his seat to get his views of the law of the case. If I understand what he has said in behalf of himself and his brother managers, they claim that the respondent should be impeached because he has violated that clause of the Constitution which says that judges of the Federal courts shall hold their offices during good behavior. I had supposed until this minute that nobody would come here speaking for the House of Representatives and ask the conviction of a judge of a Federal court, or of any civil officer of the United States, except under that other clause of the Constitution of the United States which says that the President, the Vice President, or the other civil officers of the Government may be impeached for treason, bribery, or other high crimes and misdemeanors. That is the only provision authorizing this proceeding. The learned gentleman has seen fit to ignore it, I must assume, on the ground that if he does rely on that he will find that he can not expect a conviction.

Now, inasmuch as he has not gone into this subject at all, I shall state very briefly what are the contentions on our part.

In the first place, we contend that no officer of the Government may be properly convicted in this tribunal in an impeachment proceeding unless he has committed an offense which is punishable in a criminal court.

Passing by for the present the authorities and the arguments by which we had expected to outline that position at this time, we further say that if that be not so, then the offense must be one, to paraphrase the language which Mr. Buchanan used in the Peck impeachment trial—Mr. Buchanan who was afterwards President of the United States—the offense must be one which consists in the violation of a known law and one which, if not punishable criminally, at least might properly be made punishable criminally.

It was claimed on behalf of the minority of the Judiciary Committee, in the first attempt to impeach Andrew Johnson, what I have stated, that the offense must be an indictable one; and that minority opinion was sustained by the House of Representatives in that case by a vote of about 2 to 1, overruling the report of the majority of the committee that indictability was not essential to impeachability, if I may use that expression.

I will refer to just one thing that I have on my notes on this subject, because, to my mind, the attention of the Senate has never been called to the precise question before when this matter was under argument.

In the case of the United States against Hudson and Goodwin, which is reported in 7 Cranch, the doctrine was laid down that the Federal courts did not have jurisdiction in criminal cases unless there was a statute of the United States which conferred that jurisdiction—in other words, as it is frequently but erroneously, I think, stated, the Federal courts have no common-law criminal jurisdiction. This is the language which was used in the opinion of the court in that case, referring to the course of reasoning which is relied upon against that proposition:

> The powers of the General Government are made up of concessions from the several States; whatever is not expressly given to the former, the latter expressly reserve. The judicial power of the United States is a constituent part of those concessions; that power is to be exercised by courts organized for the purpose and brought into existence by an effort of the legislative power of the Union. Of all the courts which the United States may under their general powers constitute, one only, the Supreme Court, possesses jurisdiction derived immediately from the Constitution and of which the legislative power can not deprive it. All other courts created by the General Government possess no jurisdiction but what is given them by the power that creates them, and can be vested with none but what the power ceded to the General Government will authorize them to confer.

I maintain that under that principle this court, like the Supreme Court of the United States, is a court which is created by the Constitution and which gets its powers from the Constitution, and needs no aid from the laws of Congress to give it power to impeach for crimes and misdemeanors.

So we maintain that what was a crime at the common law may be made impeachable here, and that any laws which Congress has passed since that time if violated by any civil officer of the Government, judge or President, or anyone else, may be the subject of impeachment, and that there can be no other impeachable offenses.

I come now to deal with the facts in this particular case—in these particular cases, for there are 13 of them—and we are trying Judge Archbald here for 13 offenses, or alleged offenses, instead of 1. All these cases had their origin in that region of Pennsylvania that lies in the neighborhood of Scranton. We find in that region that practically the only business that people engage in there in a large way relates in one way or another to the anthracite coal, which is found in that vicinity, and if men do undertake to go into business at all it is about the only business in which they can go into except in a small way.

You will find that it is the custom in that country—and nothing exceptional has been done in the matters with which Judge Archbald was connected—it is the custom to-day, as it will come out here in the taking of evidence, that men get what they call an option on coal property without paying anything for it, and that instead of being an option it amounts practically to the creation of an agency, so that the agent has a right to sell property to whoever he pleases, and he makes whatever he can get over and above the amount he is to pay to the person who creates the agency.

Now, a word or two about the parties. Judge Archbald is now 64 years old. He has lived in Scranton ever since he was a boy of 9 years. In 1884 the people of the district where he resides elected him to the office of State judge, the tenure of the office being for 10 years, and for the last 7 years of that time he was the presiding judge, the court being composed of three judges.

In 1904, at the expiration of his term, his people reelected him to that office, and he held the position of presiding judge of that court from 1894 until the early part of 1901, when he was appointed United States district judge. The middle district of Pennsylvania was created at that time, and he was appointed the first district judge to preside in that district. He held that office, still sitting at Scranton, as he had done all the years before, until in the latter part of January, 1911, he was promoted to the position of circuit judge and assigned to duty on the Commerce Court, which position he holds to this time. So that you will see that the man who is brought here and accused of these offenses is one who held the position of judge in the city of Scranton for about 27 years—until he was appointed judge of the Commerce Court. I take it, as in every case where a man is accused of doing that which is wrong and the inquiry comes into a court of any kind, especially where the question is what was his intent in doing the things that he has done—and that is the whole matter here—his character and standing in the community where he has lived are of the highest possible

value as evidence. I make bold to say that nowhere in the United States can evidence be produced as to the integrity, the honesty, the industry, and the ability of any Federal judge which will put him on a higher plane than Judge Archbald will be put here by men of standing and influence in the region from which he comes, and who, if we would allow them and you would permit it, would swarm into this Chamber to testify as to their belief in him and their knowledge that he is a man who is above the corruption and wrongdoing with which he is charged here—by inference. I use the expression "by inference" because you do not find in a single one of these articles of impeachment, and you will find in nothing that has been said here to-day, any evidence or any proof that will show that in what the respondent did he acted corruptly. The articles of impeachment, so far as that is concerned, use adverbs and not facts, and we are here practically fighting adverbs and not evidence.

There are three other persons who live in Scranton whose names figure in so many of these articles that before going on with the facts in the particular cases I desire incidentally to mention them, so that the Members of the Senate will hereafter recognize who they are. There are three brothers there—William P. Boland, Christopher G. Boland, and James M. Boland. As to the latter, he plays no part in this case so far as I know. William P. Boland and Christopher G. Boland are men of standing there, and Christopher G. Boland and Judge Archbald have been neighbors and friends for a great many years. In a town of that size they see each other practically every day and often a great many times every day.

There is another gentleman, Edward J. Williams, whose testimony and doings will figure very largely in several of these transactions. He is a man who, perhaps, I can best describe by saying, as I believe has been brought out by the managers elsewhere, that he is called "Option" Williams; that he is a man who is not engaged in any regular pursuit, but has endeavored to make a living in the past by finding coal properties, getting options on them, and making what he can in that way. Mr. Edward J. Williams, during the time with which we are concerned, made the office of the Bolands his office, and was there, as he says and as the proof will show, practically every day.

Now, as to the first article of impeachment: My friend, Mr. Manager CLAYTON, has told you what a dump is. Then he has told you something about what the proof will show as to the value of a certain dump, and especially he has told of some investigations and calculations made by a Mr. Rittenhouse.

I should like to have it understood that all that was done after Judge Archbald's connection with this dump terminated. The question here, of course, is not what some expert in making calculations as to what was in the dump, the proportion of available coal as against the proportion of waste, and making investigations as to freight rates on the Erie road, might find it was worth, but what would be known to the ordinary man who was in the position that Judge Archbald was when he had any connection with it. You will then find that, as a matter of fact, what the Hillside Coal & Iron Co., through Capt. May, asked for its interest in this dump was very much more than it was worth, and that, as a matter of fact, the same Hillside Coal & Iron Co., through the same Capt. May, had tried to sell its interest in this same dump a short time before for $2,000 to the Du Pont Powder Co., but when that trade was about to be completed, the powder company concluded that it would get its power elsewhere and not furnish it itself, so that the sale fell through.

The trouble with that Katydid dump is that nobody knows who owns it. I am not going to weary you with any of the details of the intricacies and complications involving the title—that will sufficiently come out in the evidence—but you will find that not only does the Hillside Coal & Iron Co. not own it, but the question is whether it has any interest in it, and if it has, certainly it will appear that that interest is very small. While it is true that, as a general rule, the Erie Railroad Co., which owned the Hillside Coal & Iron Co., and the other companies which own coal property up there do not sell it, but hold it to utilize the property for themselves, they do frequently make exceptions; and in this case an exception had been made or tried to be made of the Katydid dump before Judge Archbald had anything to do with it. The reason of it was because the Hillside Co. had no title, and there were other reasons that no doubt the witnesses who will come here will tell about.

I want at this point to stop one moment to make a complaint on the part of Judge Archbald. In the thirteenth article of impeachment, after detailing in other articles particular offenses charged against Judge Archbald so that he might know as to most of them exactly what was meant, and as to one or two of them which are very general, he could guess, it is charged that in various ways he sought to use his influence as a judge to get suitors before his court to give him credit, and that in various ways and with various railroads which had cases pending in his court, or might have cases pending in his court, he sought to get them to make bargains with him; but neither in the thirteenth article nor in anything that has been said here to-day have we one word of intimation as to who it was from whom those credits were sought or with what railroad companies the respondent had these dealings, or where or how or when, and we are asked here now to enter upon this trial, if the Senate shall sustain the managers in their contention, on charges the meaning of which nobody under heaven knows, except the managers, and I doubt whether they know what they mean by that thirteenth article. If they undertake under that general imputation in the thirteenth article to bring in any new alleged offenses against Judge Archbald, we shall then ask the Senate to pass upon the question whether it is competent to bring a high officer of the Government to trial in this way so that he will not know what he is to meet.

I mention that at this point, because as to the Katydid dump it is all important to know that Judge Archbald did not of his own motion make up his mind that he would go into it and see if he could make money. Mr. William P. Boland, for reasons which will appear hereafter, sent Edward J. Williams to Judge Archbald, saying, "Go to Judge Archbald and get him to give you a letter to Capt. May asking that you be given an option on the Katydid dump." In pursuance of that request from Mr. Williams, Judge Archbald, who had had no thought or intention of having anything to do with the Katydid dump, gave Mr. Williams a letter to Capt. May, and that was the way that negotiation began.

There is some doubt in the evidence as to just what Capt. May said to Mr. Williams when he went there with the letter which simply asked whether he would sell that dump, and, if so, at what figure. I will not enter upon it now, but the option was not given promptly. Not long afterwards Mr. William P. Boland said to Mr. Williams, "Go to Judge Archbald again and get him to go to the New York office of the Erie Railroad Co." In pursuance of that suggestion, Judge Archbald did go to see Mr. Brownell, who was the general counsel of the Erie Railroad Co., to inquire, as Judge Archbald recollects, whether the question of the title to the dump had yet been settled or how he could learn something about it. The paper which Capt. May gave I will not attempt to describe; it is simply a statement by Capt. May saying that he will recommend the sale of the interest of the Hillside Coal & Iron Co. in the Katydid dump for $4,500, and that an agreement must be fully drawn up and submitted to the proper authorities of the company before any sale can be made.

You will perceive that in order to implicate Judge Archbald it was necessary not only that he should have dealings with the railroad company in reference to the proposed purchase of this dump, but to find a purchaser. William P. Borland, behind the scenes, therefore went to Mr. Conn, who was the general manager of the little road that runs between Wilkes-Barre and Scranton, called the Laurel line, and urged him to buy it. Then when he finds Conn is in a humor to buy it, once more he says to Williams, "Go to Judge Archbald and get a letter to Mr. Conn, asking him to buy this Katydid property." Mr. Williams goes to Judge Archbald, and Judge Archbald, at Williams's request, utterly ignorant of the fact that Mr. William P. Boland had anything to do with it, writes a letter to Conn. Mr. Williams takes that letter to Mr. William P. Boland instead of to Conn, and delivers it over to William P. Boland, who has it photographed, and then sends it on by the hands of Williams to Mr. Conn. Mr. Conn, after some considerable delay, upon the advice of his attorneys as to the title to the dump, refused to buy it. That was sometime in November, 1911.

So much for that. It is necessary, before I go on with this matter, so that Senators may understand the questions that are going to arise here, to refer to certain litigation a little more particularly than Mr. Manager CLAYTON has done.

There was a corporation called the Marian Coal Co., of which these two Bolands, I believe, did own the most of the stock; and the three Bolands certainly owned two-thirds of it. That company was a proprietor of one of these coal dumps. It had entered into a contract with a man named Peale, by which Peale was given the exclusive right to wash the coal in the dump and market it. He was to pay certain moneys to the Marian Coal Co., and was to have certain rights, the details of which I need not go into.

The Bolands became dissatisfied with Peale and turned him out, claiming that the contract was at an end and that Peale had not properly conducted himself. They took possession.

Peale then brought the suit which figures throughout these proceedings as Peale against the Marian Coal Co. They brought the suit in the court over which Judge Archbald was presiding in the spring of 1909; and here dates become of the utmost importance.

In September, 1909, Judge Archbald was called upon to pass on a demurrer to the complaint filed by the Marian Coal Co. He overruled the demurrer. It was simply a question about whether the suit could be brought there or would have to be brought somewhere else, and Judge Archbald held, under a decision of the Supreme Court and some other decisions, that because the company had filed its demurrer and had not raised the question of jurisdiction in the first instance it was in court and would have to stay, a decision, I believe, which nobody questions the correctness of to this day.

The note which Mr. Manager CLAYTON referred to as the $500 note, which he said was sent to the Bolands for discount, was made in December following the September in which this demurrer was overruled, but for some reason Mr. William P. Boland months afterwards got into his mind the idea that Judge Archbald had overruled the demurrer because Boland had not discounted the judge's note. That conviction became lodged in his mind and stayed lodged there until a few weeks ago at another place in this building, where he seemed to be very much surprised to find that he had been laboring under such a mistake.

After Judge Archbald was put upon the Commerce Court he was succeeded as district judge for the middle district of Pennsylvania by Judge Witmer, who presides there still. To Judge Witmer, of course, came over the case of Peale against the Marian Coal Co., and Mr. William P. Boland got it into his mind in some way—if it can be determined how, we will be glad to know; we do not yet know—that Judge Witmer, when he decided that case on the merits in August, 1911, against the Marian Coal Co., had been required to enter that decree by Judge Archbald, who had acted under the instigation of a Mr. Loomis, who was an officer of the Lackawanna Railroad Co. I say that that was a figment of his brain, and that there will be and can be no evidence to support it; but that he had it in his mind there can be no doubt.

He also got the idea, by reason of a certain letter that was written by Mr. Seager, of counsel for the Lackawanna Railroad Co., to the Interstate Commerce Commission that Mr. Seager had been informed in advance how this suit of Peale against the Marian Coal Co. was going to be decided, and generally got it into his head that Judge Witmer's court was being run by the railroad company.

Having all these things—every one of which, in fact, is without a particle of foundation—in his mind, Mr. W. P. Boland, on the 5th of January last, came down to the Interstate Commerce Commission and to them narrated these things which had got into his mind—how Judge Archbald had overruled a demurrer because he would not discount his note; how Judge Archbald had, at the direction of Mr. Loomis, gone to Judge Witmer and commanded him to enter up this final decree; how Mr. Seager was in full communication with the court and knew what it was going to do—that he was being ruined by the court, and that he came down to the Interstate Commerce Commission for this reason.

The Marian Coal Co. had brought another suit against the railroad company in the Interstate Commerce Commission, for the purpose of getting some relief against the rates charged for the shipment of its coal, and that suit was pending before the Interstate Commerce Commission. When he gave these unfounded statements to the members of the Interstate Commerce Commission—Judge Archbald knowing no more about what was going on than any of you—they went to the President and stated these delusions to the President. The President then sent them to the Attorney General, and on the day that that rate case before the Interstate Commerce Commission was finally argued on the merits, after the argument was over, a representative of the Interstate Commerce Commission took Boland and took this man Williams, who had been sent here in the meantime, before the Attorney General, and there these misstatements and delusions were again stated to the Attorney General, all without any knowledge on the part of Judge Archbald or any suggestion from anybody that he was entitled to be heard. And as the honorable manager has told you how the President and the Attorney General came to the conclusion that this was a matter which required action by the Judiciary Committee of the House of Representatives, I beg leave to read, from page 133 of the first volume of the proceedings in this case, an extract from the letter of the Attorney General to the President, dated April 29, 1912, in which he sets forth in a general way the charges against Judge Archbald, and then says:

> It had been my intention, before advising definite action in these matters, to call upon Judge Archbald himself for his own explanation of them, but, in view of the newspaper publication of the charges and the House resolution (calling for the papers), I think it would be better to transmit the papers to the Judiciary Committee of the House of Representatives, together with a copy of Wrisley Brown's report and of this letter, to the end that the transaction may be thoroughly investigated by that committee.

So it would appear that, instead of the Attorney General making a careful investigation, as Mr. Manager CLAYTON has said, and reporting to the President that the matter ought to be sent to the Judiciary Committee of the House, the Judiciary Committee of the House sent for the papers, or had a resolution adopted, which the Attorney General considered made it proper for him to send the papers, and so cut off the doing of what he was about to do—sending for Judge Archbald and giving him a chance to show the true facts in regard to the charges against him.

So the matter went to the House of Representatives, to the Judiciary Committee of the House, with these delusions of Mr. Boland that I have spoken of as the principal charges against Judge Archbald, and you see by the articles of impeachment and what has been said here to-day that it was shown that every one of them was a delusion, and they do not at all figure in the charges that have been preferred. There were some other matters of smaller moment which were before the Attorney General. But most of the charges in these articles, I think, originated with the committee and were not under consideration at all by the Attorney General.

After Mr. Boland had been here in January and after he had been here again before the Attorney General on the 12th of February, or some time in February of this year, Mr. Boland went back to Scranton. He, of course, knew that an investigation was going on, and no sale of the Katydid Mine had yet been made, and he immediately stirred up Mr. Williams, telling him that he must go to work and get a sale. He also concocted in his office a letter for Williams to sign, which Williams did sign, addressed to Conn, urging him again to buy. He had that letter prepared and signed by Williams and sent him off again, saying "Hurry, hurry; there is a storm coming." So he went to Conn again and Mr. Conn again refused to buy. Then he found a man who was engaged in the coal business, named Bradley. In Mr. Boland's office a sale to Bradley was hurried through for $20,000 for this Katydid Mine; and Capt. May, on behalf of the Hillside Coal & Iron Co., agreed to sell its title to Bradley for $4,500, under the option which had been held so long. He drew a form of contract which he submitted to Bradley and sent a copy to Williams on or about the 10th of April last.

On the day he did that, or the day after—it makes no difference which—he received letters from a number of the people who were called the Everhardt heirs, who claimed an interest in this title, telling him they understood that he was trying to sell that dump and informing him that he would have trouble if he sold it, even if he sold only his own title.

There were other properties in which Capt. May's company was interested as to which the Everhardt heirs might give a great deal of trouble. All this induced Capt. May to recall the contract with Bradley. He met Bradley at the Laurel line station where each of them had gone to take a train, and there told him he wanted Bradley to return the contract, and Bradley did return it.

Mr. President and Senators, when this matter was presented to the House of Representatives by my learned friends who are here, the House was told that Judge Archbald prepared that contract and that he met Bradley at the station, and that he knew that an investigation was coming, and that he recalled the contract, when there was not a particle of evidence in the case—and I think there never will be a particle of evidence in the case—that he made the contract or recalled it, or that he even knew that a sale to Bradley was then contemplated. That was the situation in reference to this Katydid coal-dump transaction when these proceedings were begun at the other end of this building.

I wish to deviate now in just one respect from the order in which these articles of impeachment are prepared, to pass by No. 2 for the moment and take up No. 3, because it refers to another coal-dump transaction—the so-called Packer No. 3.

It will appear that instead of Judge Archbald making up his mind that he would go into the business of speculating in coal dumps to be obtained from railroads that might have cases before him that as to this transaction, too, it was the merest accident that he had anything to do with it at all. There was up

in that region a coal dump called the Oxford dump, owned by private individuals, with which no railroad had any concern whatever. Judge Archbald, with some other persons, was proposing to acquire a lease on the Oxford dump when he was informed, or they were informed, that because of the quality of the dump it probably would be impossible to work it profitably by itself; but that right across the little creek on which that dump borders there were some other dumps, which were owned by the Lehigh Valley Coal Co., in such wise that the Oxford dump, with one or more of those, could be worked profitably. It was that that led him to inquire of the officials of the coal company which controlled the other dumps to see whether an arrangement could be made by which one or more of them could be worked with the Oxford dump.

Those dumps on the other side of the creek were called the Packer dumps—Packer No. 1, No. 2, and No. 3, and so on—and this was No. 3. The subordinate officers of that company investigated the matter, and they came to the conclusion that as to Packer No. 3 dump, it could not be utilized by the company itself. The reasons for that I need not state, but it is perfectly apparent that Judge Archbald's position had nothing in the world to do with that matter, and that they came to the conclusion that they would waive their rights in that particular dump because they could not make any money out of it themselves or do anything with it.

All those dumps, the Senators will remember, were owned by the Girard estate, and were controlled through a certain corporation in the city of Philadelphia. The Lehigh Valley Coal Co. merely had them leased, as they had leased a vast amount of other coal property belonging to the Girard estate. This Packer No. 3 was but a mere speck in the vast domain which they had leased from that estate.

The leases were to expire in less than two years, and there was talk of new leases. They simply agreed that they would give up their rights as to that particular dump, and anybody who could make proper arrangements with the Girard estate could take it, so far as they were concerned.

You have heard much said about Judge Archbald having gone into a great speculation and the business of dealing in coal dumps or coal properties of railroad companies which might have cases in the Commerce Court. These two cases—the Katydid and Packer No. 3—are the only ones of which we have been so far advised that come within that category, and with which there is any attempt to show that Judge Archbald was connected; and you will see how he got into them—one of them by its being suggested to him by Williams, who was pushed forward by Boland; and the other because he was attempting to work with others the Oxford dump, and they found that it could not be done profitably without getting one of those on the other side of the creek.

It is said here—and if it were true it would be a matter of vast importance—as it is said in the articles of impeachment, that Judge Archbald concealed his relation to these matters and put dummies forward as the real parties in interest.

Now, as a matter of fact, the exact contrary is the truth in this matter. When he wrote to Capt. May he did not say anything about Williams having any interest, but simply sent Williams as the bearer of a letter saying "Will you sell this Katydid dump?" and whatever transaction took place out of his presence anywhere else by which his name was sought to be concealed was without his knowledge and without his consent and authority.

When Mr. Robertson's option was given, which was shortly after Capt. May gave his option, Judge Archbald in his own handwriting wrote out the contract with Robertson and signed it as a witness to the signature of Mr. Robertson. When he wrote to Conn he wrote in his own name, as a person having interest. And, finally, more important than all—perhaps the managers are excusable as to this, because probably they hear it now for the first time—when the sale with Conn was about to be concluded, in October or November, 1911, Judge Archbald prepared the contract with Conn, giving the terms of the proposed sale of the Katydid dump, and he put it as a contract between Robert W. Archbald and Edward J. Williams, on the one hand, and this company of which Conn was the manager on the other hand. That we will show by evidence which will not be disputed by anybody. And as to concealing his name with reference to the Packer No. 3 transaction, the managers themselves, if they go on with that charge, will have to put in evidence the letter signed by Judge Archbald himself and signed by the other persons with whom he was interested, proposing to buy that dump and stating the terms on which they would buy it. This idea of Judge Archbald engaging in something that was wrong and concealing his name is absolutely without the slightest foundation.

Now, I want to go back a minute to the second article. That concerns the charge that Judge Archbald "for a valuable consideration"—that is the information we are given in the article—"for a valuable consideration" undertook to bring about a settlement of this suit of Peale against the Marion Coal Co., which was pending before Judge Witmer at the time, and the case of the Marion Coal Co. against the Delaware, Lackawanna & Western Railroad Co., which was pending before the Interstate Commerce Commission. Observe that neither of these cases was pending in his court. One of them was pending before Judge Witmer, who now had become district judge, and the other was pending before the Interstate Commerce Commission.

William P. Boland and Christopher G. Boland employed a lawyer named Watson in Scranton in an attempt to bring about a settlement of both those litigations, and he carried on negotiations for some time in that regard.

Judge Archbald, at the request of Mr. Watson, a long-time friend of his, and at the request of Christopher G. Boland, who implored him to assist him in the matter and who said to him with tears in his eyes, "I am afraid my brother, William P. Boland, will lose his mind if the matter is not settled; he can not sleep," lent his aid to bring the parties together. That is what he did and nothing else.

If the learned managers have any evidence to produce which will tend to show that it ever entered the mind of this respondent that he was to get a cent out of the transaction or any benefit of any kind personal to himself or that he engaged in it for any purpose other than to help friends of his for the reasons I have stated, they will produce some evidence which they have not produced and which is unknown to us.

I may say in this connection that when I was in Scranton—as I was two or three weeks ago—Mr. Watson, as we were all informed, was seized with an attack of some kind and carried to his house, and his illness is of such a character—or was then—that we fear it will be impossible for him to come here or even to have his deposition taken.

Now, as to the other articles of impeachment, I shall go over them in a very hasty way. The fourth article charges certain things as to which there is no dispute with respect to the facts. The case of the Louisville & Nashville Railroad Co. had been pending in the Interstate Commerce Commission and had come up before the Commerce Court, and that court was considering what action it would take in reference to the matter. It had been argued and submitted to the court, and Judge Archbald was engaged in writing an opinion.

Now, in going over the testimony in the case there was a certain place where a Mr. Compton, who was the principal witness for the railroad company, had used in reference to something the expression, "We did"; at least that is what he was made to say in the reporter's version of it and as it appears in the deposition before the Interstate Commerce Commission and as it was transmitted to the Commerce Court. It was perfectly apparent from the context that what the witness said and what should have been there was "We did not" do the things.

Judge Archbald wrote to Mr. Bruce—Mr. Bruce being a lawyer in Louisville whose standing as a man of honor in the profession is as high as that of any man in the country—and asked him to speak to Mr. Compton and see whether a mistake had not been made. Mr. Bruce did speak to Mr. Compton, and Mr. Compton said that was what he had said, and he called attention to the context, showing that that was what he had said.

Judge Archbald, who is charged with having engaged in this transaction corruptly, took that letter and pasted it into the record at the point where occurred the expression, "We did," where anybody might see the letter; and there it is to-day.

As a matter of fact, when Judge Archbald came to write his opinion, he based it upon the answer as it originally stood. So that this correction had no effect whatever on the decision.

Later, it is true, a question arose, the nature of which is such that to explain it would require a long statement of what had occurred in the case, which I will not attempt now and may not have to attempt in the future. He asked Mr. Bruce what he had to say about it, and Mr. Bruce at considerable length wrote back. It related to a detail of evidence. The defendants in the case in the Commerce Court were the Interstate Commerce Commission and the United States. Both of these defendants had refused to go into the questions of evidence at all, and based their defense solely upon the ground that the Commerce Court had no right to go into the evidence, so that this explanation by Mr. Bruce related to what in a proper sense was ex parte.

So far as concerns the opinion upon that subject which Mr. Manager CLAYTON has said followed the line of Mr. Bruce's

argument, I think it will be very hard for him to maintain that proposition. I have read the letter several times and read the opinion, and I confess I have not been able so far to see the connection. At all events, the case will be barren of any evidence that in what Judge Archbald did in that matter he had any wrongful intention or any motive except to arrive at the facts and to do justice between the parties.

The fifth article of impeachment is based upon the alleged gift of $500 by one Warnke to Judge Archbald as compensation for Judge Archbald having gone to an official of the Reading Railroad Co. and asked that official to give Mr. Warnke a certain right which he claimed.

The facts in that matter are these: Judge Archbald did go at the request of Mr. Warnke to ask this officer to allow Mr. Warnke to have a certain lease. He made an appointment with that officer for that purpose. He was told that the matter was closed and so reported to Mr. Warnke, and that was the end of it. As a matter of fact it appears that some months before Mr. Warnke had been endeavoring to get that same favor from the railroad company and had failed. Judge Archbald knew nothing of that and simply went as a friend of Mr. Warnke and asked that the favor be given him without any expectation or promise of any reward whatever, and never thought of any.

But one John Henry Jones and Judge Archbald were together in another transaction which involved the sale of another dump with which no railroad had any concern whatever. It is known as the Gravity fill, the coal being dumped where it made a fill instead of being piled up. It will appear beyond any dispute whatever that Judge Archbald was the principal factor in bringing about that sale, for which the purchasers agreed to pay a commission of $500. That commission was given to Judge Archbald in the form of a note for $510. He discounted it and gave half the proceeds to Jones. Warnke and his associates in the Premier Co., which was the purchaser of this property, paid the commission to Judge Archbald and had no concern with his dividing it with Jones. It is believed that it is not a criminal offense for the judge of a Federal court to have a transaction of this kind with a private individual who probably never will have any business in his court.

I hesitate to deal with the sixth article because, as a lawyer, I do not like to recognize the fact that a man may be brought into a court of justice anywhere and asked to respond to a charge so vague and indefinite as that is. Its five or six lines convey no idea as to what it is intended to charge. We are told now by the managers it was an endeavor to get the Lehigh Valley Coal Co. to purchase the interest of the Everhardt heirs in a certain tract of land, which the company owned for the most part. It had acquired the title of some of the Everhardt heirs and wanted to get the title of the others. It would appear, as to that, that Judge Archbald was interested in the Everhardt heirs because they had an outstanding claim to the Katydid culm bank, and he was trying to clear up that title so that he could sell it.

You will remember the sale had fallen through because he could not give a good title, on account of the claim of these Everhardt people, among others. When he learned that the company wanted to get the title of the Everhardt heirs to the land which they owned, he sought to have the Everhardt heirs brought into the matter so that he could get the title that they had to the Katydid dump and enable him to sell it. That was all the connection he had with that matter.

Next is article 7 with reference to the Rissinger note. It is true that Mr. Rissinger was the principal stockholder in a concern called the Old Plymouth Coal Co. That company has lost some of its property by fire and had a number of suits pending against insurance companies, and those of them which involved a sufficient amount to enable the defendant companies to remove them into the Federal court had been so removed into Judge Archbald's court. The cases were tried there together. While the trial was going on the parties settled and a judgment was entered in favor of the plaintiff company against the different insurance companies for an amount somewhat less than the amount claimed. It is true that at the time that trial was going on, and sometime before and sometime after, Judge Archbald had had some negotiations with Mr. Rissinger and a number of other people who were concerned in a speculation about some property in Honduras. After the trial Judge Archbald did lend his indorsement to a note for forty-five hundred dollars, which was discounted by some bank there. Judge Archbald claimed that he indorsed that note absolutely and entirely as an accommodation to Mr. Rissinger and had no interest in that speculation. Mr. Rissinger's theory of it, as we are given to understand, is that Judge Archbald did acquire an interest in that property, and it was for that purpose that he indorsed the note. Whether he indorsed it as an accommodation for Rissinger or indorsed it because he acquired an interest in the speculation in that far-away country does not make a particle of difference, because it is absolutely impossible to connect his relations with Rissinger in that transaction with anything that took place in the trial in which Rissinger was interested as an owner of stock in the old Plymouth Coal Co. I think every lawyer who was connected with that case will tell you that so far as the rulings of Judge Archbald during the trial are concerned there is no question but that they were right, and there is no supposition, I believe, entertained by anybody that he made any ruling in that case in favor of Rissinger that was not justified by the law of the case.

It is said that this note was presented for discount to Mr. Lanahan, who had been of counsel for Ressinger in the insurance cases. If that was done, it was without the knowledge of Judge Archbald.

The next two counts refer to a note for $500. That is the note I referred to some time ago as the one that Mr. Boland thought the judge wanted him to discount and punished him for not discounting by overruling his demurrer. That was one thing which got into Boland's brain and lodged there for many months.

John Henry Jones came to Judge Archbald in the latter part of the year 1909, after this demurrer had been overruled, and told him of a speculation in some property in Venezuela. Judge Archbald's understanding is that he indorsed a $500 note for Jones at that time as an accommodation to Jones. I think Jones so understands it, and that there was no interest acquired or intended to be acquired by Judge Archbald in the speculation. Whether that is true or not, of course, is of no consequence here. That note it appears was taken by Edward J. Williams, who was concerned in this speculation in Venezuela with Jones. It was taken first to Christopher G. Boland and then to William P. Boland, and they were asked to discount it.

It should be borne in mind, however, that at that time Christopher G. Boland was president, I think, of a bank in the State of New York, not far from Buffalo, and that it was not a rare transaction for him to have dealings concerning discounts for that bank in Scranton. However that may be, all that Judge Archbald had to do with this matter was that Mr. Jones some time after the transaction told him he had presented his note to the Bolands for a discount, or Williams intended to do it, or something of that kind.

It is true that Judge Archbald lived in Scranton and knew the Bolands, and no doubt had known of their interest in the Marian Coal Co. It is true that in the September preceding this transaction he had passed upon the demurrer in the case of Peale against the Marian Coal Co. If a judge is supposed to remember and have in mind all the time the names of every person interested in every case before him, the respondent may be charged with having in mind at the time in question that the Bolands were concerned with litigation in his court.

So it is said here that that note was taken after the Bolands had refused to discount it to Von Storch, an officer of the bank, at the request of Judge Archbald. I ask Senators to wait until they hear the evidence tending to show that that note was taken to Von Storch on any suggestion from Judge Archbald. The fact is it was taken there without any suggestion from him. After it was presented there Von Storch called the judge to the bank and had some conversation with him as to whether it was all right to discount it. It certainly is far-fetched that the honorable managers claim here that that was done by Von Storch for two reasons, in the first place because he was a lawyer practicing before Judge Archbald. As a matter of fact his practice before Judge Archbald was practically nil. On the other hand, they say that a case in Judge Archbald's court in which Von Storch had been a party and not counsel about a year before had been decided by Judge Archbald in Von Storch's favor. So they say Judge Archbald is corrupt because the note he had indorsed was taken for discount to a man in whose favor he had some time before decided a case. That is all there is in that transaction.

Article 10 comes next. Henry W. Cannon is a full cousin of Judge Archbald's wife. He is a man of large means, has a fine villa or house in Florence, Italy, and has been in the habit of making trips abroad in the summer. In 1910 he was going on his summer trip, and he wrote a letter to his cousin, who was not only his full cousin but a lifelong intimate and dear friend, and invited her to go abroad with him as his guest, and suggesting that some other member of the family might come along, and saying in the letter he assumed that Judge Archbald's public duties would not allow him to go along.

After that letter was received Judge Archbald conferred with the other judges of that circuit, and they all concluded that he

not only could go but that he ought to go, as he had not had a vacation for seven or eight years. So he and his wife went abroad as the guests of Mrs. Archbald's cousin, Mr. Cannon, and were with him for several months, and returned with him.

In order to make a crime out of that innocent transaction this article of impeachment goes on to charge that Mr. Cannon was an officer of various corporations, nearly all of which were doing business on the Pacific coast of the United States. There is no corporation he was connected with, I believe, that ever had any case that came before Judge Archbald. Nobody thought of that possibility until it originated in the minds of our honorable friends here. It had never occurred to anybody that that could constitute an offense or that there was anything improper in Judge Archbald doing what he did in that matter.

On the day that that ship sailed from New York Harbor, and just before the hour of sailing, when those who were not to go were to be cleared from the deck, Judge Searle, who was a member of the judiciary of the State of Pennsylvania, a man of as high standing for honor and integrity as any man in the State, walked up to Judge Archbald on board the ship and said, "Here is something for you, Judge, but you are not to open it until you get away from this port." Judge Archbald knew nothing about what this meant until the ship had sailed and he had opened the package. He then found a letter from a number of his friends at the bar in and about Scranton, most of them lawyers, all of high standing, as to whom it would be impossible for anybody to suggest any corrupt or wrongful intention, making Judge Archbald this present and asking him to take it and enjoy it for his private expenses. They knew that Mr. Cannon was going to pay his traveling expenses, and they gave him this in addition. It would certainly have been extremely embarrassing for Judge Archbald to have returned this fund to the donors with the intimation that they had been guilty of gross misbehavior in presenting him with the money. And this transaction is the subject matter of the eleventh article.

Now, it has been said here to-day that Mr. Searle, the clerk of Judge Archbald's court (not the Judge Searle who presented the fund which I have referred to to Judge Archbald) and Mr. Woodward, the jury commissioner for that district, were the two men who had raised this fund. Just how it was raised Judge Archbald does not know. He had no more to do with it than any of us had; he knew nothing about it, until after the money was presented to him on the ship by Judge Searle.

It is charged in the twelfth article that Judge Archbald appointed as jury commissioner of his court a lawyer named Woodward, and that Mr. Woodward was attorney for a railroad company which might have litigation in his court. This is one of the articles where by some inadvertence, I must suppose, on the part of the learned managers, the adverbs to which I have heretofore referred are omitted. It is not even charged that he made that appointment wrongfully or corruptly. It simply rests upon the proposition that to appoint as jury commissioner a man who was attorney for a railroad company is an impeachable offense.

As a matter of fact Mr. Woodward was appointed in 1901 and served until about a year ago, I believe, with eminent satisfaction to all the members of the bar, whether they were attorneys for railroad companies or not. He did not leave his position there, I believe, until after Judge Archbald came to the Commerce Court. Mr. Woodward will probably be here, and if there is any information to be obtained from him as to whether he had any collusive arrangement with Judge Archbald he may impart it. But to our mind the article as it stands charging simply this appointment without any suggestion that he did it corruptly or wrongfully is a novelty in criminal pleading.

I have little to say in reply to the concluding paragraphs of the very able and eloquent presentation that was made by Mr. Manager CLAYTON. I do not understand that we here have to determine whether the provisions of the Constitution of the United States which provide for the impeachment not only of judges but of all civil officers of the Government, including perhaps Senators and Members of the House of Representatives, are to be changed from what they have been to this day to a provision for the "recall" of judges and other officers or not. If the learned Manager means what it seems to me he has plainly indicated—it follows that he contends that if for any cause a majority of the Members of the House of Representatives and two-thirds of this body come to the conclusion that the President of the United States or any other civil officer from the President down does not conduct himself in a manner which is satisfactory to the Members of these two bodies, he should be removed from his office whether he has committed any crime or not.

In the convention of 1787, which framed the Constitution of the United States, it was at first suggested that civil officers of the United States might be impeached for maladministration, but the convention, by an almost unanimous vote, refused to adopt that provision because it was too general and too uncertain. They substituted for it the words "treason, bribery, or other high crimes or misdemeanors." The effort of the managers in this case, if I understand what has been said by them here to-day and what has been said elsewhere, is to take those words "treason, bribery, or other high crimes or misdemeanors" out of the Constitution and write back the words that the convention would not put in that instrument, "maladministration or misbehavior." I think it will be a long day before the Senate will yield to that suggestion and tear the Constitution of the United States to pieces in that fashion.

Mr. Manager CLAYTON. Mr. President, may I have permission to make a brief statement?

The PRESIDENT pro tempore. Without objection on the part of the Senate, permission is granted.

Mr. Manager CLAYTON. I wish to say, Mr. President, that the view of the law in this case was expressed to the Senate last summer. You will find on pages 86 and 87 of the proceedings then had in the Senate a statement on the part of the managers—and I may say, Mr. President, I was the manager who made the statement—of what is considered to be the general law of this case. The authorities are there cited, and some of them quoted somewhat at length.

Mr. President, in further reply to the complaint which has been made by the honorable gentleman who represents the respondent here, that we did not go into the discussion of the law in the preliminary statement which the managers had the honor to submit this afternoon, I beg to say that we followed what we believed to be the practice in such cases. I have before me the record in the case of Judge Swayne. I observe that Judge Palmer, who was then the manager speaking for all the managers, after he concluded his statement of facts, winding up, I may say, with a condensed summary of all the statements which he had made at length, ended the preliminary statement of facts which is required according to the rules and practice of the Senate. He did not at that time present any brief or any argument or any views on the law of impeachment. The managers, Mr. President, have already prepared in a formal way a brief, and can present that brief, and in argument fully cover their views as to the law of impeachment; but we thought that this brief and what the managers said last summer, which is in the RECORD and to which I have referred, would amply apprise the honorable counsel for the respondent of the line of argument on the law in this case that the managers would pursue.

I say that, Mr. President, because I think that the complaint—for so I consider it—which the counsel for the respondent has lodged against the managers because they have not presented their view of the law on this question at this time is not a well-founded complaint.

Mr. WORTHINGTON. Mr. President, I do not want to be understood as impeaching the honorable managers for the course they have pursued. I simply stated what I had expected they would do. As I have read the proceedings in impeachment cases, aside from the Swayne case, especially the case of the impeachment of Andrew Johnson, the case of the impeachment of Judge Peck, and the case of the impeachment of Judge Chase—as I read them, the propositions of law upon which the case should be presented were gone into very fully in the opening statement.

The PRESIDENT pro tempore. What is the pleasure of the managers as to proceeding?

Mr. Manager CLAYTON. As the managers understand, Mr. President, we expect to be ready to comply with the order of the Senate, the purpose of the Senate, to proceed with the examination of witnesses on to-morrow. We have some of the witnesses here this afternoon, but I had understood by conference with some of the Senators that perhaps it would not be the desire of the Senate to examine any witnesses this afternoon. It is our purpose at the convening of the court to-morrow to proceed at once to swear and examine witnesses.

Mr. CLARK of Wyoming (at 4 o'clock and 25 minutes p. m.). Mr. President, under the statement by the managers on the part of the House, I move that the Senate sitting as a Court of Impeachment do now adjourn.

The PRESIDENT pro tempore. The Senator from Wyoming moves that the Senate sitting as a Court of Impeachment do now adjourn.

The motion was agreed to.

The managers on the part of the House and the respondent and his counsel thereupon withdrew from the Chamber.

HOUR OF DAILY MEETING.

On motion of Mr. GALLINGER, it was

Ordered, That the hour of daily meeting of the Senate be 12 o'clock meridian until otherwise ordered.

EXECUTIVE SESSION.

Mr. CULLOM. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 8 minutes spent in executive session the doors were reopened, and (at 4 o'clock and 35 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, December 4, 1912, at 12 o'clock m.

NOMINATIONS.

Executive nominations received by the Senate December 3, 1912.

COLLECTORS OF CUSTOMS.

Dascar O. Newberry, of North Carolina, to be collector of customs for the district of Albemarle, in the State of North Carolina. (Reappointment.)

James A. Harvin, of Texas, to be collector of customs for the district of Saluria, in the State of Texas, in place of Robert W. Dowe, removed. Mr. Harvin is now serving under a temporary commission issued during the recess of the Senate.

PROMOTIONS IN THE PUBLIC HEALTH SERVICE OF THE UNITED STATES.

Surg. Hiram W. Austin to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Austin is now serving under a temporary commission issued during the recess of the Senate.

Surg. Charles E. Banks to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Banks is now serving under a temporary commission issued during the recess of the Senate.

Surg. Duncan A. Carmichael to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Carmichael is now serving under a temporary commission issued during the recess of the Senate.

Surg. Henry R. Carter to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Carter is now serving under a temporary commission issued during the recess of the Senate.

Surg. James W. Gassaway to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Gassaway is now serving under a temporary commission issued during the recess of the Senate.

Surg. Arthur H. Glennan to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Glennan is now serving under a temporary commission issued during the recess of the Senate.

Surg. Fairfax Irwin to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Irwin is now serving under a temporary commission issued during the recess of the Senate.

Surg. Parker C. Kalloch to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Kalloch is now serving under a temporary commission issued during the recess of the Senate.

Surg. Frank W. Mead to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Mead is now serving under a temporary commission issued during the recess of the Senate.

Surg. George W. Stoner to be senior surgeon in the Public Health Service, United States, to rank as such from October 1, 1912. (New office created by act of Congress approved Aug. 14, 1912.) Mr. Stoner is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. John F. Anderson to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Charles E. Banks, promoted. Mr. Anderson is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Milton H. Foster to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Frank W. Mead, promoted. Mr. Foster is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Lunsford D. Fricks to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Parker C. Kalloch, promoted. Mr. Fricks is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Samuel B. Grubbs to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. George W. Stoner, promoted. Mr. Grubbs is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Claude H. Lavinder to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Hiram W. Austin, promoted. Mr. Lavinder is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Leslie L. Lumsden to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Henry R. Carter, promoted. Mr. Lumsden is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. John McMullen to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. James M. Gassaway, promoted. Mr. McMullen is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Rudolph H. von Ezdorf to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Fairfax Irwin, promoted. Mr. Von Ezdorf is now serving under a temporary commission issued during the recess of the Senate.

Passed Asst. Surg. Mark J. White to be surgeon in the Public Health Service, United States, to rank as such from October 1, 1912, in place of Surg. Duncan A. Carmichael, promoted. Mr. White is now serving under a temporary commission issued during the recess of the Senate.

Asst. Surg. Randolph M. Grimm to be passed assistant surgeon in the Public Health Service, United States, to rank as such from October 28, 1912. Mr. Grimm is now serving under a temporary commission issued during the recess of the Senate.

Asst. Surg. Paul Preble to be passed assistant surgeon in the Public Health Service, United States, to rank as such from October 26, 1912. Mr. Preble is now serving under a temporary commission issued during the recess of the Senate.

PROMOTIONS IN THE REVENUE-CUTTER SERVICE.

Capt. Howard Miles Broadbent to be senior captain in the Revenue-Cutter Service of the United States, to rank as such from September 12, 1912, in place of Senior Capt. Alexander Perry Rodgers Hanks, retired. Mr. Broadbent is now serving under a temporary commission issued during the recess of the Senate.

Third Lieut. of Engineers Alvan Hovey Bixby to be second lieutenant of engineers in the Revenue-Cutter Service of the United States, to rank as such from May 2, 1912, in place of Second Lieut. of Engineers Lorenzo Chase Farwell, promoted. Mr. Bixby is now serving under a temporary commission issued during the recess of the Senate.

TREASURER OF THE UNITED STATES.

Carmi A. Thompson, of Ohio, to be Treasurer of the United States, in place of Lee McClung, resigned. Mr. Thompson is now serving under a temporary commission issued during the recess of the Senate.

ASSISTANT TREASURER OF THE UNITED STATES.

Christian S. Pearce, of Tennessee, to be Assistant Treasurer of the United States, in place of Gideon C. Bantz, resigned.

ASSISTANT REGISTER OF THE TREASURY.

James P. Strickland, of Arkansas, to be Assistant Register of the Treasury, in place of Cyrus Field Adams, resigned. Mr. Strickland is now serving under a temporary commission issued during the recess of the Senate.

APPRAISER OF MERCHANDISE.

Charles V. Johnson, of Oregon, to be appraiser of merchandise in the district of Portland, in the State of Oregon, in place of Owen Summers, deceased. Mr. Johnson is now serving under a temporary commission issued during the recess of the Senate.

ASSISTANT APPRAISERS OF MERCHANDISE.

Albert McClellan Barnes, jr., of New York, to be assistant appraiser of merchandise in the district of New York, in the State of New York, to fill an existing vacancy. Mr. Barnes is now serving under a temporary commission issued during the recess of the Senate.

William Schnitzspan, of New York, to be assistant appraiser of merchandise in the district of New York, in the State of New York, to fill an existing vacancy. Mr. Schnitzpan is now serving under a temporary commission issued during the recess of the Senate.

AMBASSADOR.

Larz Anderson, of the District of Columbia, lately envoy extraordinary and minister plenipotentiary to Belgium, to be ambassador extraordinary and plenipotentiary of the United States of America to Japan, to which office he was appointed during the last recess of the Senate, vice Charles Page Bryan, resigned.

MINISTERS.

Theodore Marburg, of Maryland, to be envoy extraordinary and minister plenipotentiary of the United States of America to Belgium, to which office he was appointed during the last recess of the Senate, vice Larz Anderson, appointed ambassador extraordinary and plenipotentiary to Japan.

Fred W. Carpenter, of California, lately envoy extraordinary and minister plenipotentiary to Morocco, to be envoy extraordinary and minister plenipotentiary of the United States of America to Siam, to which office he was appointed during the last recess of the Senate, vice Hamilton King, deceased.

SECRETARIES OF EMBASSY.

Irwin B. Laughlin, of Pennsylvania, lately secretary of the embassy at Berlin, to be secretary of the embassy of the United States of America at London, England, to which office he was appointed during the last recess of the Senate, vice William Phillips, resigned.

U. Grant-Smith, of Pennsylvania, lately secretary of the legation at Brussels, to be secretary of the embassy of the United States of America at Vienna, Austria, to which office he was appointed during the last recess of the Senate, vice Joseph C. Grew, appointed secretary of the embassy at Berlin.

Joseph C. Grew, of Massachusetts, lately secretary of the embassy at Vienna, to be secretary of the embassy of the United States of America at Berlin, Germany, to which office he was appointed during the last recess of the Senate, vice Irwin B. Laughlin, appointed secretary of the embassy at London.

SECRETARIES OF LEGATION.

J. Butler Wright, of Wyoming, lately of the Division of Latin-American Affairs, Department of State, to be secretary of the legation of the United States of America at Brussels, Belgium, to which office he was appointed during the last recess of the Senate, vice U. Grant-Smith, appointed secretary of the embassy at Vienna.

Francis Travis Coxe, of Pennsylvania, to be second secretary of the legation of the United States of America at Habana, Cuba, to which office he was appointed during the last recess of the Senate, vice Edward Bell, appointed in the Division of Latin-American Affairs, Department of State.

CONSUL.

Hubert G. Baugh, of California, formerly consul at Saigon, to be consul of the United States of America at Saigon, Cochin China, to which office he was reappoined during the last recess of the Senate.

AGENT OF ALASKA SALMON FISHERIES.

Ward T. Bower, of Michigan, to be agent, Alaska salmon fisheries, Division of Alaska Fisheries, in the Bureau of Fisheries, Department of Commerce and Labor, vice Frederic M. Chamberlain, resigned.

COMMISSIONER OF IMMIGRATION.

Graham L. Rice, of Wisconsin, to be commissioner of immigration at the port of San Juan, P. R., Department of Commerce and Labor. (Reappointment.)

INTERSTATE COMMERCE COMMISSIONER.

Edgar E. Clark, of Iowa, to be an Interstate Commerce Commissioner for a term of seven years from January 1, 1913. (Reappointment.)

UNITED STATES DISTRICT JUDGES.

Richard E. Sloan, of Arizona, to be United States district judge for the district of Arizona (under the provisions of sec. 31 of the act of Congress approved June 20, 1910). He was appointed during the last recess of the Senate, his nomination for the appointment having failed of confirmation.

John M. Cheney, of Florida, to be United States district judge for the southern district of Florida, to which position he was appointed during the last recess of the Senate, vice James W. Locke, resigned. (Mr. Cheney was nominated at the last session of the Senate, but failed of confirmation.)

Clinton W. Howard, of Washington, to be United States district judge for the western district of Washington, to which position he was appointed during the last recess of the Senate, vice C. H. Hanford, resigned. (Mr. Howard was nominated at the last session of the Senate, but failed of confirmation.)

UNITED STATES ATTORNEYS.

James B. Sloan, of Alabama, to be United States attorney for the southern district of Alabama, to which position he was appointed during the last recess of the Senate, vice William H. Armbrecht, resigned.

Richard P. Marks, of Florida, to be United States attorney for the southern district of Florida, to which position he was appointed during the last recess of the Senate, vice John M. Cheney, appointed United States district judge.

Lester G. Fant, of Mississippi, to be United States attorney for the northern district of Mississippi, to which position he was appointed during the last recess of the Senate, vice William D. Frazee, deceased.

Beverly W. Coiner, of Washington, to be United States attorney for the western district of Washington, to which position he was appointed during the last recess of the Senate, vice E. E. Todd, resigned. (Mr. Coiner was nominated at the last session of the Senate, but failed of confirmation.)

UNITED STATES MARSHAL.

Bert J. McDowell, of Texas, to be United States marshal, western district of Texas, vice Eugene Nolte, removed.

REGISTER OF THE LAND OFFICE.

Julius C. Peters, of Great Falls, Mont., who was appointed October 28, 1912, during the recess of the Senate, to be register of the land office at Great Falls, Mont., vice Edward L. Barnes, removed.

RECEIVERS OF PUBLIC MONEYS.

Andrew P. Adolphson, of Colorado, to be receiver of public moneys at Leadville, Colo., his term expiring December 17, 1912. (Reappointment.)

James W. Roberts, of Great Falls, Mont., who was appointed October 28, 1912, during the recess of the Senate, to be receiver of public moneys at Great Falls, Mont., vice Charles A. Wilson, resigned.

POSTMASTERS.

ALABAMA.

George C. Adams to be postmaster at Ragland, Ala. Office became presidential October 1, 1912.

Oscar L. Chancy to be postmaster at Hartford, Ala., in place of John B. Daughtry, removed.

William B. James to be postmaster at Evergreen, Ala., in place of G. Cullen Dean. Incumbent's commission expired February 27, 1912.

W. J. Renfroe to be postmaster at Dothan, Ala., in place of Byron Trammell, removed.

Robert B. Thompson to be postmaster at Cullman, Ala., in place of John F. Sutterer, removed.

ALASKA.

Daniel W. Figgins to be postmaster at Ketchikan, Alaska, in place of A. Zilpah Hopkins, resigned.

John E. Worden to be postmaster at Wrangell, Alaska. Office became presidential October 1, 1912.

ARIZONA.

W. A. Harwood, jr., to be postmaster at Tombstone, Ariz., in place of Francis D. Crable, resigned.

ARKANSAS.

E. N. Collett to be postmaster at Huttig, Ark., in place of James U. Brown, removed.

John W. Rogers to be postmaster at Alma, Ark., in place of Thomas B. Murphy. Incumbent's commission expired April 28, 1912.

CALIFORNIA.

John R. Chace to be postmaster at San Jose, Cal., in place of William G. Hawley, deceased.

William H. Lear to be postmaster at Portola, Cal. Office became presidential October 1, 1912.

James G. Mason to be postmaster at Menlo Park, Cal., in place of James G. Mason. Incumbent's commission expires December 14, 1912.

Robert L. Perry to be postmaster at San Miguel, Cal. Office became presidential October 1, 1912.

CONNECTICUT.

Elsie D. Bennett to be postmaster at Georgetown, Conn., in place of Charles H. Taylor. Incumbent's commission expires December 14, 1912.

Lucy A. Broadhead to be postmaster at Central Village, Conn. Office became presidential October 1, 1912.

Giles P. Lecrenier to be postmaster at Moodus, Conn., in place of Giles P. Lecrenier. Incumbent's commission expires December 14, 1912.

FLORIDA.

Albert C. Dittmar to be postmaster at Fort Pierce, Fla., in place of William F. Keefer, resigned.

Elmer J. Roux to be postmaster at Fernandina, Fla., in place of Oliver S. Oakes, deceased.

David B. Thomas to be postmaster at South Jacksonville, Fla. Office became presidential January 1, 1912.

GEORGIA.

J. W. Adams to be postmaster at Moultrie, Ga., in place of Hugh M. Pierce. Incumbent's commission expired February 27, 1912.

Nathan C. Alexander to be postmaster at Commerce, Ga., in place of Cicero C. Alexander. Incumbent's commission expired April 13, 1912.

C. L. Bennett to be postmaster at Eastman, Ga., in place of Henry C. Newman. Incumbent's commission expired January 30, 1911.

William M. Griffin to be postmaster at Manchester, Ga. Office became presidential January 1, 1911.

Mattie E. Gunter to be postmaster at Social Circle, Ga., in place of Mattie E. Gunter. Incumbent's commission expired February 27, 1912.

John F. Jenkins to be postmaster at Ashburn, Ga., in place of John F. Jenkins. Incumbent's commission expired May 7, 1912.

Leila M. Swann to be postmaster at Palmetto, Ga. Office became presidential October 1, 1912.

J. W. Westbrook to be postmaster at Winder, Ga., in place of Job R. Smith. Incumbent's commission expired May 22, 1912.

Young A. Williams to be postmaster at Greenville, Ga., in place of Pearl Williams, deceased.

IDAHO.

Reuben H. Mercer to be postmaster at Plummer, Idaho. Office became presidential July 1, 1912.

ILLINOIS.

Jonah Bennett to be postmaster at Homer, Ill., in place of Moses C. Thomas, deceased.

Frank J. Chapman to be postmaster at McLeansboro, Ill., in place of Frank J. Chapman. Incumbent's commission expires December 14, 1912.

Samuel Clark to be postmaster at Sherrard, Ill., in place of George M. Bell, resigned.

Ernest C. Foster to be postmaster at Assumption, Ill., in place of Edward C. Watson, deceased.

John A. Morrow to be postmaster at Roodhouse, Ill., in place of William C. Roodhouse. Incumbent's commission expired March 26, 1910.

Frederick J. Simater to be postmaster at Minonk, Ill., in place of Frederick J. Simater. Incumbent's commission expires December 14, 1912.

Charles G. Watrous to be postmaster at Waukegan, Ill., in place of Charles G. Watrous. Incumbent's commission expires December 14, 1912.

John C. Williams to be postmaster at Pocahontas, Ill. Office became presidential October 1, 1912.

INDIANA.

Dirrelle Chaney to be postmaster at Sullivan, Ind., in place of Arthur A. Holmes, deceased.

IOWA.

Luther I. Aasgaard to be postmaster at Forest City, Iowa, in place of Eugene Secor. Incumbent's commission expired December 9, 1911.

Fred J. Fearis to be postmaster at Richland, Iowa, in place of Fred J. Fearis. Incumbent's commission expires December 14, 1912.

S. A. Finger to be postmaster at Davenport, Iowa, in place of Alonzo Bryson. Incumbent's commission expired January 29, 1912.

Emil M. Holstad to be postmaster at Lake Mills, Iowa, in place of Martin A. Aasgaard, resigned.

Oscar I. Johnson to be postmaster at Jewell, Iowa, in place of Frederick N. Taylor. Incumbent's commission expired April 13, 1912.

John P. Kennedy to be postmaster at Montrose, Iowa. Office became presidential October 1, 1912.

M. S. McFarland to be postmaster at Marshalltown, Iowa, in place of Charles H. Smith, deceased.

George A. Poff to be postmaster at What Cheer, Iowa, in place of George A. Poff. Incumbent's commission expired March 16, 1909.

Osmond O. Stole to be postmaster at Roland, Iowa. Office became presidential October 1, 1912.

Homer Thompson to be postmaster at Valley Junction, Iowa, in place of Albert S. Burnett, resigned.

KANSAS.

Harry C. Achenbach to be postmaster at Clay Center, Kans., in place of Harry C. Achenbach. Incumbent's commission expired December 18, 1911.

Eli A. Baum to be postmaster at Burden, Kans., in place of Eli A. Baum. Incumbent's commission expires December 17, 1912.

Joel H. Buckman to be postmaster at Lyndon, Kans., in place of Joel H. Buckman. Incumbent's commission expired December 11, 1911.

Bird Chambers to be postmaster at Humboldt, Kans., in place of William T. McElroy, deceased.

C. A. Connelly to be postmaster at Independence, Kans., in place of Henry W. Conrad. Incumbent's commission expired January 9, 1912.

Daniel H. Crawford to be postmaster at Little River, Kans., in place of James W. Crawford, deceased.

William C. Edwards to be postmaster at Wichita, Kans., in place of William C. Edwards. Incumbent's commission expired January 21, 1912.

Charles M. Harger to be postmaster at Abilene, Kans., in place of Richard Waring, deceased.

E. H. Myers to be postmaster at Protection, Kans., in place of W. C. Monticue, removed.

James A. Roberts to be postmaster at La Harpe, Kans., in place of James A. Roberts. Incumbent's commission expired December 9, 1911.

Ollie H. Stewart to be postmaster at Parsons, Kans., in place of Benjamin L. Taft. Incumbent's commission expired February 12, 1912.

KENTUCKY.

Edward F. Coffman to be postmaster at Russellville, Ky., in place of Jacob B. Coffman, deceased.

Edna E. Proctor to be postmaster at Leitchfield, Ky., in place of William A. Wallace, deceased.

LOUISIANA.

J. W. Dawson to be postmaster at Boyce, La. Office became presidential October 1, 1912.

Charles C. Dow to be postmaster at Bernice, La., in place of Charles C. Dow. Incumbent's commission expired May 14, 1912.

Earl G. Eagles to be postmaster at Winnfield, La., in place of Edward Eagles. Incumbent's commission expired May 14, 1912.

Richard E. Oden to be postmaster at Kinder, La. Office became presidential October 1, 1912.

Thomas J. Perkins to be postmaster at De Quincy, La., in place of Hugo Naegele, declined appointment.

Lillian Reiley to be postmaster at Clinton, La., in place of Elizabeth Reiley, resigned.

MAINE.

Boyd Bartlett to be postmaster at Castine, Me., in place of Charles H. Hooper, deceased.

Charles B. Haskell to be postmaster at Pittsfield, Me., in place of Charles B. Haskell. Incumbent's commission expires December 14, 1912.

Charles W. Prescott to be postmaster at Monmouth, Me. Office became presidential July 1, 1912.

MARYLAND.

Mary J. Perkins to be postmaster at Hancock, Md., in place of Mary J. Perkins. Incumbent's commission expired January 31, 1912.

Morris L. Rouzer to be postmaster at Thurmont, Md., in place of Jacob H. Cover. Incumbent's commission expired December 10, 1911.

MASSACHUSETTS.

James S. Burbank to be postmaster at Mattapoisett, Mass., in place of James S. Burbank. Incumbent's commission expires December 14, 1912.

Eunice Agnes Burtch to be postmaster at Sheffield, Mass., in place of Eunice Agnes Burtch. Incumbent's commission expires December 14, 1912.

William S. Curtis to be postmaster at Hanover, Mass. Office became presidential October 1, 1912.

Alice Maxwell to be postmaster at North Billerica, Mass. Office became presidential October 1, 1912.

Joseph C. Sheehan to be postmaster at East Bridgewater, Mass., in place of Joseph C. Sheehan. Incumbent's commission expires December 14, 1912.

Osgood L. Small to be postmaster at Sagamore, Mass., in place of Osgood L. Small. Incumbent's commission expires December 14, 1912.

George B. Waterman to be postmaster at Williamstown, Mass., in place of James A. Eldridge, deceased.

Marie E. White to be postmaster at South Hadley, Mass., in place of Marie E. White. Incumbent's commission expires December 14, 1912.

MICHIGAN.

Eber S. Andrews to be postmaster at Williamston, Mich., in place of Eber S. Andrews. Incumbent's commission expires December 14, 1912.

Charles M. Butler to be postmaster at Morenci, Mich., in place of Charles M. Butler. Incumbent's commission expires December 14, 1912.

Richard A. Foy to be postmaster at Trenton, Mich. Office became presidential October 1, 1912.

Charles W. Glover to be postmaster at Bear Lake, Mich., in place of Charles W. Glover. Incumbent's commission expires December 14, 1912.

A. M. Humphrey to be postmaster at Saline, Mich., in place of A. M. Humphrey. Incumbent's commission expires December 14, 1912.

James F. Locke to be postmaster at Grosse Pointe Farms, Mich. Office became presidential July 1, 1912.

Charles L. Morse to be postmaster at Elkton, Mich., in place of Aaron Cornell, resigned.

Winfield S. Nelson to be postmaster at Gwinn, Mich. Office became presidential October 1, 1912.

Charles S. Parks to be postmaster at Kent City, Mich. Office became presidential October 1, 1912.

MINNESOTA.

Mary H. James to be postmaster at Virginia, Minn., in place of Mary H. James. Incumbent's commission expired December 10, 1910.

Anton K. Kapeller to be postmaster at Gilbert, Minn. Office became presidential July 1, 1910.

Daniel W. Meeker to be postmaster at Moorhead, Minn., in place of Edward J. Bjorkquist, deceased.

Lucia Ruth Spaulding to be postmaster at Mapleton, Minn., in place of Charles G. Spaulding, resigned.

MISSOURI.

Alfred K. Bailey to be postmaster at Meadville, Mo., in place of Alfred K. Bailey. Incumbent's commission expired March 10, 1912.

Edwin S. Brown to be postmaster at Edina, Mo., in place of Edwin S. Brown. Incumbent's commission expires January 12, 1913.

John H. Bryant to be postmaster at Burlington Junction, Mo., in place of John H. Bryant. Incumbent's commission expires February 17, 1913.

Albert J. Caywood to be postmaster at Laclede, Mo., in place of Albert J. Caywood. Incumbent's commission expired May 15, 1912.

J. W. Elliott to be postmaster at New London, Mo., in place of Blanche G. Smith. Incumbent's commission expired May 15, 1912.

Charles E. Giebler to be postmaster at Festus, Mo., in place of William E. Osterwald. Incumbent's commission expired March 10, 1912.

Clifford M. Harrison to be postmaster at Gallatin, Mo., in place of Clifford M. Harrison. Incumbent's commission expired April 2, 1912.

Henry H. Kappelmann to be postmaster at Bourbon, Mo. Office became presidential October 1, 1912.

Jennie A. Mahan to be postmaster at Knobnoster, Mo., in place of Jennie A. Mahan. Incumbent's commission expired May 15, 1912.

James G. B. Marquis to be postmaster at Schell City, Mo. Office became presidential October 1, 1912.

Campbell F. Reid to be postmaster at Warrenton, Mo., in place of Iola W. Morsey. Incumbent's commission expires December 14, 1912.

William Russell to be postmaster at Republic, Mo., in place of Martin L. Howard. Incumbent's commission expired March 20, 1912.

William L. Taylor to be postmaster at Green Castle, Mo. Office became presidential January 1, 1912.

MONTANA.

Nona Burgess to be postmaster at Kendall, Mont., in place of Lottie M. Conyngham, resigned.

Lucius Whitney to be postmaster at Joliet, Mont. Office became presidential October 1, 1912.

MISSISSIPPI.

Dora E. Tate to be postmaster at Picayune, Miss. Office became presidential July 1, 1912.

NEBRASKA.

Charles F. Leetham to be postmaster at St. Paul, Nebr., in place of Charles F. Leetham. Incumbent's commission expires December 17, 1912.

John Ring to be postmaster at Hooper, Nebr., in place of John Ring. Incumbent's commission expired May 26, 1912.

NEW JERSEY.

William G. Wright to be postmaster at Berlin, N. J. Office became presidential October 1, 1912.

NEW MEXICO.

Eli Crockett to be postmaster at Vaughn, N. Mex., in place of Spence Hardie, resigned.

Edward Pennington to be postmaster at Deming, N. Mex., in place of Edward Pennington. Incumbent's commission expires December 17, 1912.

NEW YORK.

William W. Allerdice to be postmaster at Saratoga Springs, N. Y., in place of William W. Worden. Incumbent's commission expired March 6, 1912.

William L. Bennett to be postmaster at Medina, N. Y., in place of Frank E. Colburn, deceased.

David L. Bruce to be postmaster at Andes, N. Y. Office became presidential October 1, 1912.

Gertrude R. Burrows to be postmaster at Andover, N. Y., in place of Arthur B. Burrows, deceased.

James H. Callanan to be postmaster at Schenectady, N. Y., in place of James H. Callanan. Incumbent's commission expired January 16, 1912.

M. Francis Doyle to be postmaster at Katonah, N. Y., in place of David A. Doyle, deceased.

William H. Foster to be postmaster at Homer, N. Y., in place of Zera T. Nye, removed.

Lee V. Gardner to be postmaster at Centerville Station, N. Y., in place of Lee V. Gardner. Incumbent's commission expires December 16, 1912.

William Harding to be postmaster at Roscoe, N. Y., in place of Marshall H. Dean, resigned.

Durward B. Kelly to be postmaster at Griffin Corners, N. Y., in place of Durward B. Kelly. Incumbent's commission expires December 16, 1912.

George H. Martins to be postmaster at Fort Totten, N. Y. Office became presidential October 1, 1912.

Henry Morgan to be postmaster at Aurora, N. Y., in place of Henry Morgan. Incumbent's commission expires December 16, 1912.

Michael O'Malley to be postmaster at Barker, N. Y., in place of George M. Nellist. Incumbent's commission expired February 10, 1912.

Thomas W. Peeling to be postmaster at East Bloomfield, N. Y. Office became presidential October 1, 1912.

William Rake to be postmaster at Harriman, N. Y. Office became presidential October 1, 1912.

Gordon A. Teller to be postmaster at Waterloo, N. Y., in place of J. B. H. Mongin, removed.

Elvira Williams to be postmaster at Fort Terry, N. Y. Office became presidential October 1, 1912.

NORTH CAROLINA.

Cicero Osborne Ball to be postmaster at West Raleigh, N. C. Office became presidential January 1, 1911.

Maggie Lewis Baucom to be postmaster at Littleton, N. C., in place of McMurray Furgerson, resigned.

Walter C. Brinson to be postmaster at Belhaven, N. C., in place of Walter C. Brinson. Incumbent's commission expired March 20, 1912.

John M. Burrows to be postmaster at Ashboro, N. C. Office became presidential January 1, 1908.

William D. Deal to be postmaster at Taylorsville, N. C. Office became presidential April 1, 1912.

Thomas H. Dickens to be postmaster at Enfield, N. C., in place of Thomas H. Dickens. Incumbent's commission expired December 17, 1911.

Willis P. Edwards to be postmaster at Franklinton, N. C., in place of Willis P. Edwards. Incumbent's commission expired February 11, 1912.

Walter H. Everhart to be postmaster at Newton, N. C., in place of Walter H. Everhart. Incumbent's commission expired February 10, 1912.

John R. Gurganus to be postmaster at Vineland, N. C. Office became presidential July 1, 1910.

James W. Ingle to be postmaster at Elon College, N. C. Office became presidential January 1, 1912.

James McN. Johnson to be postmaster at Aberdeen, N. C., in place of James McN. Johnson. Incumbent's commission expired January 28, 1912.

I. J. Frank Jones to be postmaster at Spray, N. C., in place of J. Sanford Patterson. Incumbent's commission expired March 20, 1912.

William H. Keaton to be postmaster at Elizabeth City, N. C., in place of John P. Overman. Incumbent's commission expired May 14, 1912.

Samuel E. Marshall to be postmaster at Mount Airey, N. C., in place of Robert T. Joyce, removed.

John C. Matthews to be postmaster at Spring Hope, N. C., in place of Mack Brantley, deceased.

W. Eugene Miller to be postmaster at Lenoir, N. C., in place of W. Eugene Miller. Incumbent's commission expired December 17, 1911.

Lonnie E. Pickard to be postmaster at West Durham, N. C., in place of Lonnie E. Pickard. Incumbent's commission expired February 19, 1912.

William S. Saunders to be postmaster at Roanoke Rapids, N. C. Office became presidential January 1, 1911.

Henry T. Scarboro to be postmaster at Mount Gilead, N. C. Office became presidential January 1, 1912.

Carl W. Smith to be postmaster at Hamlet, N. C., in place of Elisha C. Terry. Incumbent's commission expired January 28, 1912.

James E. Smith to be postmaster at Kittrell, N. C., in place of James E. Smith. Incumbent's commission expired February 12, 1912.

Thomas C. Smith to be postmaster at Rutherfordton, N. C., in place of Thomas C. Smith. Incumbent's commission expired April 28, 1912.

Isaac F. Snipes to be postmaster at Ahoskie, N. C. Office became presidential January 1, 1909.

NORTH DAKOTA.

W. William Beebe to be postmaster at Belfield, N. Dak., in place of Roswell C. Davis, resigned.

John Berger to be postmaster at Richardton, N. Dak., in place of Charles C. Hill. Incumbent's commission expired February 19, 1912.

T. A. Evenson to be postmaster at McClusky, N. Dak., in place of Robert J. Saueressig, resigned.

John F. Faytle to be postmaster at McHenry, N. Dak., in place of George B. Mansfield, resigned.

OHIO.

Melissa Argo to be postmaster at Cleves, Ohio. Office became presidential October 1, 1912.

Charles W. Bieser to be postmaster at Dayton, Ohio, in place of Frederick G. Withoft. Incumbent's commission expired February 28, 1912.

George C. Braden to be postmaster at Warren, Ohio, in place of George C. Braden. Incumbent's commission expires December 17, 1912.

Kate V. Drinkle to be postmaster at Lancaster, Ohio, in place of H. Clay Drinkle, deceased.

J. Winn Fuller to be postmaster at Wickliffe, Ohio. Office became presidential October 1, 1912.

William C. Newell to be postmaster at Bainbridge, Ohio, in place of William C. Newell. Incumbent's commission expires December 17, 1912.

OKLAHOMA.

Earl V. Croxton to be postmaster at Medford, Okla., in place of Jacob P. Becker, resigned.

William I. Fisher to be postmaster at Cordell, Okla., in place of Carlos C. Curtis, resigned.

William J. Hadlock to be postmaster at Foss, Okla., in place of Charles F. Hartronft. Incumbent's commission expired April 28, 1912.

Charles Turner Hocker to be postmaster at Purcell, Okla., in place of L. D. Dickerson, resigned.

Jerman B. Morris to be postmaster at Hastings, Okla., in place of Newton S. Figley. Incumbent's commission expired February 28, 1912.

A. J. Thompson to be postmaster at Okarche, Okla., in place of A. J. Thompson. Incumbent's commission expires December 17, 1912.

OREGON.

A. H. Studer to be postmaster at Sumpter, Oreg., in place of Harvey S. Buck, removed.

Ben Weathers to be postmaster at Enterprise, Oreg., in place of Ben Weathers. Incumbent's commission expires December 14, 1912.

PENNSYLVANIA.

Jacob A. Bromer to be postmaster at Schwenkville, Pa., in place of Valentine G. Prizer, resigned.

William U. Carr to be postmaster at Wrightsville, Pa., in place of William H. Flora. Incumbent's commission expired May 14, 1912.

Thomas Garis to be postmaster at Port Carbon, Pa. Office became presidential October 1, 1912.

Harry C. Gibson to be postmaster at Harrisville, Pa. Office became presidential January 1, 1912.

Jennings U. Kurtz to be postmaster at Berwick, Pa., in place of Jennings U. Kurtz. Incumbent's commission expires February 20, 1913.

Dorff A. Lahr to be postmaster at Millerstown, Pa., in place of Jerome B. Lahr, resigned.

Oakley W. Megargel to be postmaster at Mount Pocono, Pa. Office became presidential July 1, 1911.

Frank F. Morris to be postmaster at Dallas, Pa. Office became presidential October 1, 1912.

Isaac W. Speakman to be postmaster at Westgrove, Pa., in place of William T. Dantz. Incumbent's commission expired February 15, 1911.

Henry M. Stetler to be postmaster at Wyomissing, Pa. Office became presidential October 1, 1912.

PORTO RICO.

Lee Nixon to be postmaster at San Juan, P. R., in place of Walter K. Landis, removed.

SOUTH CAROLINA.

W. Clarence Clinkscales to be postmaster at Belton, S. C., in place of W. Clarence Clinkscales. Incumbent's commission expires December 16, 1912.

Arthur R. Garner to be postmaster at Timmonsville, S. C., in place of Arthur R. Garner. Incumbent's commission expires December 16, 1912.

Roberta McAulay to be postmaster at Woodruff, S. C., in place of Roberta McAulay. Incumbent's commission expires January 12, 1913.

Rachel H. Minshall to be postmaster at Abbeville, S. C., in place of Frederic Minshall, deceased.

SOUTH DAKOTA.

Timothy Norton to be postmaster at Armour, S. Dak., in place of Ernest E. Edwards. Incumbent's commission expired May 22, 1912.

James D. Reeves to be postmaster at Groton, S. Dak., in place of John G. Ropes, removed.

TENNESSEE.

William A. Anderson to be postmaster at Bellbuckle, Tenn., in place of William A. Anderson. Incumbent's commission expires December 16, 1912.

A. R. Appleby to be postmaster at Lexington, Tenn., in place of John L. Murray. Incumbent's commission expired January 31, 1912.

Vincent A. Biggs to be postmaster at Martin, Tenn., in place of W. H. Wilson. Incumbent's commission expired April 28, 1912.

Jesse L. Callahan to be postmaster at Sweetwater, Tenn., in place of Richard N. Hudson. Incumbent's commission expired January 31, 1912.

Madison T. Fouts to be postmaster at Cleveland, Tenn., in place of James I. Harrison. Incumbent's commission expired April 28, 1912.

John H. Latture to be postmaster at Winchester, Tenn., in place of Joseph C. Hale. Incumbent's commission expired January 21, 1909.

John Rains to be postmaster at Etowah, Tenn., in place of John Rains. Incumbent's commission expired May 15, 1912.

Leonidas T. Reagor to be postmaster at Shelbyville, Tenn., in place of Leonidas T. Reagor. Incumbent's commission expired January 31, 1912.

Finis R. Sharp to be postmaster at Manchester, Tenn., in place of Finis R. Sharp. Incumbent's commission expired January 31, 1912.

H. E. Smartt to be postmaster at Watertown, Tenn., in place of James A. Cox. Incumbent's commission expired May 23, 1912.

TEXAS.

Cora E. Antram to be postmaster at Nocona, Tex., in place of William N. Merritt. Incumbent's commission expired April 28, 1912.

E. D. Bivens to be postmaster at Farmersville, Tex., in place of Edward W. Morten, deceased.

Henry Bradford to be postmaster at Chillicothe, Tex., in place of John W. Hedley. Incumbent's commission expired April 2, 1912.

M. G. Brooks to be postmaster at Wortham, Tex., in place of George C. Ross, resigned.

McDougal Bybee to be postmaster at Childress, Tex., in place of U. S. Weddington, removed.

W. B. Carson to be postmaster at Pilot Point, Tex., in place of W. B. Carson. Incumbent's commission expired May 22, 1912.

James I. Carter to be postmaster at Arlington, Tex., in place of James I. Carter. Incumbent's commission expired February 19, 1912.

Luther Cline to be postmaster at Emory, Tex. Office became presidential January 1, 1912.

Hugh B. Eades to be postmaster at Blossom, Tex., in place of Newton H. Eades, deceased.

John F. Furlow to be postmaster at Alvord, Tex., in place of Henry L. Sands, deceased.

Howell D. Greene to be postmaster at Sanger, Tex., in place of Howell D. Greene. Incumbent's commission expired April 2, 1912.

Fred P. Ingerson to be postmaster at Barstow, Tex., in place of Fred P. Ingerson. Incumbent's commission expired April 28, 1912.

Thomas Randall Keck to be postmaster at Cotulla, Tex., in place of Caroline Cotulla, deceased.

Ralph H. Kelly to be postmaster at Stanton, Tex., in place of William B. Montgomery, resigned.

D. H. Kennett to be postmaster at Mercedes, Tex., in place of Henry A. Appel, removed.

Henry Krabbenschmidt to be postmaster at Grand Prairie, Tex. Office became presidential January 1, 1912.

Cyrus L. McCullough to be postmaster at Iowa Park, Tex., in place of William L. Yanger, deceased.

William H. Mallory to be postmaster at Port Lavaca, Tex., in place of Charles Rubert. Incumbent's commission expired December 16, 1911.

Frank J. Meason to be postmaster at Crowell, Tex., in place of Jacob A. Wright, removed.

John W. Miller to be postmaster at Dilley, Tex. Office became presidential October 1, 1912.

Albert J. Neece to be postmaster at Pecan Gap, Tex. Office became presidential October 1, 1912.

William J. Porter to be postmaster at Mesquite, Tex., in place of Americus C. Nafus, removed.

Charles W. Showaker to be postmaster at Aransas Pass, Tex. Office became presidential April 1, 1910.

R. B. Slight to be postmaster at Alpine, Tex., in place of Louis W. Durrell. Incumbent's commission expired April 28, 1912.

B. F. Warnock to be postmaster at Dalhart, Tex., in place of Wesley J. Clarke, resigned.

Ross Williams to be postmaster at Jasper, Tex. Office became presidential January 1, 1911.

George Wohleb, jr., to be postmaster at Rogers, Tex., in place of Frank Leahy. Incumbent's commission expired April 2, 1912.

Tillman F. Wolfe to be postmaster at Cross Plains, Tex. Office became presidential July 1, 1912.

VERMONT.

Nelson S. Wood to be postmaster at Fair Haven, Vt., in place of Charles E. Little, removed.

VIRGINIA.

Cecil R. Crabill to be postmaster at New Market, Va., in place of Charles W. Wickes. Incumbent's commission expired May 13, 1912.

Roy T. Hart to be postmaster at Buena Vista, Va., in place of James M. Updike. Incumbent's commission expired April 21, 1912.

Alfred Hayes to be postmaster at Virgilina, Va., in place of William D. Amis. Incumbent's commission expired May 23, 1912.

J. Minor Haynes to be postmaster at Cambria, Va., in place of Archie W. Moses. Incumbent's commission expired May 20, 1912.

D. H. Lewis to be postmaster at Chincoteague Island, Va., in place of John W. Field, deceased.

Edward A. Lindsey to be postmaster at Berryville, Va., in place of John R. Elder. Incumbent's commission expired April 6, 1912.

Albert L. Taylor to be postmaster at Parksley, Va. Office became presidential October 1, 1911.

L. Bruce Wolfe to be postmaster at Mount Jackson, Va., in place of Albert A. Evans, deceased.

WASHINGTON.

Charles E. Leonard to be postmaster at Winlock, Wash., in place of John L. Gruber, resigned.

WEST VIRGINIA.

Albert Snedeker to be postmaster at Wellsburg, W. Va., in place of William R. Miller. Incumbent's commission expired February 4, 1912.

WISCONSIN.

Fred A. Brandt to be postmaster at Sparta, Wis., in place of Fred A. Brandt. Incumbent's commission expires December 14, 1912.

Isa Faulds to be postmaster at Arcadia, Wis., in place of Isa Faulds. Incumbent's commission expires December 14, 1912.

W. A. Jones to be postmaster at Oconomowoc, Wis., in place of John G. Gorth, removed.

Fred W. Kubasta to be postmaster at Merrill, Wis., in place of Christian N. Johnson. Incumbent's commission expired June 1, 1910.

George W. Leberman to be postmaster at Sheboygan, Wis., in place of Edward B. Mattoon, deceased.

Judson L. Marvin to be postmaster at Mauston, Wis., in place of Judson L. Marvin. Incumbent's commission expires December 14, 1912.

Margaret J. Perry to be postmaster at Marion, Wis., in place of Stephen L. Perry, deceased.

WYOMING.

Elizabeth W. Kieffer to be postmaster at Fort Russell, Wyo., in place of John F. Crowley, resigned.

HOUSE OF REPRESENTATIVES.

TUESDAY, *December 3, 1912.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Be graciously near to us, O God, our Father, as we thus try to draw near to Thee in spirit and in truth. Help us to seek first Thy kingdom and Thy righteousness, that all things may be added unto us. We are weak, Thou art mighty; impart unto us strength. Our knowledge is limited, Thou knowest all things; impart unto us wisdom that we may direct our knowledge aright. We are selfish, Thou art gracious and kind; make us magnanimous in all our relationships, that Thy kingdom may come in our hearts through Jesus Christ our Lord. Amen.

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

REPORT OF COMMITTEE TO NOTIFY THE PRESIDENT.

Messrs. UNDERWOOD, JOHNSON of Kentucky, and MANN, the committee appointed to wait on the President and inform him that a quorum of the House was present, appeared at the bar of the House.

Mr. UNDERWOOD. Mr. Speaker, I desire to report that the committee appointed by the House on yesterday to wait on the President of the United States, in company with a similar committee on the part of the Senate, have performed that function and the President directs us to say that he will communicate with the House in writing.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. SAMUEL W. SMITH, for four days, on account of important business.

To Mr. BELL of Georgia, for 10 days, on account of sickness.

To Mr. ADAMSON, indefinitely, on account of serious illness in his family.

To Mr. MARTIN of Colorado, indefinitely, on account of sickness.

To Mr. TAYLOR of Colorado, indefinitely, on account of the illness of his wife.

To Mr. HOWARD, indefinitely, on account of sickness in his family.

PROPOSED SIXTEENTH AMENDMENT TO THE CONSTITUTION.

The SPEAKER laid before the House the following communications, which were read:

STATE OF OHIO, EXECUTIVE DEPARTMENT,
Columbus, November 7, 1912.

To the honorable SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Care Clerk of House of Representatives, Washington, D. C.

SIR: By direction of the governor, in accord with the instruction of the senate joint resolution of the Ohio Legislature adopted January 13,

1911. I am herewith inclosing a copy of senate joint resolution No. 6, by Mr. Yount, ratifying the proposed sixteenth amendment to the Constitution of the United States.

Acknowledgment is respectfully requested.

Very truly, yours,

GEO. S. LONG,
Secretary to the Governor.

Seventy-ninth general assembly, regular session. Mr. Yount.

Senate joint resolution 6.

Whereas both Houses of the Sixty-first Congress of the United States of America at its first session by a constitutional majority of two-thirds thereof made the following proposition to amend the Constitution of the United States of America in the following words, to wit:

"A joint resolution proposing an amendment to the Constitution of the United States.

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution, namely:

"'ART. XVI. The Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration.'"

Therefore be it

Resolved by the Senate and House of Representatives of the State of Ohio, That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Ohio; and further be it

Resolved, That the certified copies of this joint resolution be forwarded by the governor of this State to the Secretary of State at Washington and to the Presiding Officers of each House of the National Congress.

I, W. V. Goshorn, clerk of Ohio Senate, certify the above and foregoing is a true and correct copy of original resolution passed by General Assembly of Ohio as shown from the records of both houses.

W. V. GOSHORN,
Clerk of Ohio Senate.

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STATE OF LOUISIANA,
DEPARTMENT OF STATE,
Baton Rouge, La., October 26, 1912.

Hon. CHAMP CLARK,
Speaker of the House of Representatives,
Washington, D. C.

DEAR SIR: I am directed by His Excellency Luther E. Hall, governor of Louisiana, in compliance with act 47 of the General Assembly of the State of Louisiana for the year 1912, to transmit to you a certified copy of said act No. 47 of 1912. I have the honor to be,

Yours, very obediently,

ALVIN E. HEBERT,
Secretary of State.

STATE OF LOUISIANA:

I, the undersigned secretary of state of the State of Louisiana, do hereby certify that the annexed and following one page contains a true and correct transcript of act No. 47 of the session acts of the General Assembly of the State of Louisiana for the year 1912, approved July 1, 1912, as is shown by comparing the same with the original act on file and of record in this office.

Given under my signature, authenticated with the impress of my seal of office, at the city of Baton Rouge, this 26th day of October, A. D. 1912.

[SEAL.]

ALVIN E. HEBERT,
Secretary of State.

Act. No. 47.

House concurrent resolution 8. By Mr. Johnson. Ratifying the sixteenth amendment to the Constitution of the United States.

Whereas the Congress of the United States, on the — day of July, 1909, adopted a joint resolution proposing an amendment to the Constitution of the United States, as follows:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"'ART. XVI. The Congress shall have power to lay and collect taxes on incomes from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.'"

And the foregoing amendment having been laid before the General Assembly of the State of Louisiana for consideration and action: Now therefore be it

Resolved by the General Assembly of the State of Louisiana, That the foregoing amendment to the Constitution of the United States be, and the same is hereby, ratified, to all intents and purposes, as a part of the Constitution of the United States.

(2) That the governor of the State of Louisiana is hereby requested to forward to the President of the United States and to the Secretary of State of the United States an authentic copy of the foregoing joint resolution.

L. E. THOMAS,
Speaker of the House of Representatives.
THOMAS C. BARRET,
Lieutenant Governor and President of the Senate.

Approved, July 1, 1912.

L. E. HALL,
Governor of the State of Louisiana.

A true copy.

ALVIN E. HEBERT,
Secretary of State.

ORDER OF BUSINESS.

The SPEAKER. The Chair desires to make an announcement about the order of business for to-day. As soon as the gentleman from Missouri [Mr. LLOYD] presents some little matters, and the President's message is read, the Chair intends to recognize the gentleman from Tennessee [Mr. SIMS] to call up a bill made privileged by a special order of the House in regard to the physical valuation of railroads.

CLERKS, ETC., TO EXPENDITURES COMMITTEES.

Mr. LLOYD. Mr. Speaker, I ask for the present consideration of the following privileged resolution, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 727 (H. Rept. 1259).

Resolved, That there shall be paid out of the contingent fund of the House, for services of a clerk to each of the following-named committees, compensation at the rate of $125 per month during the third session of the Sixty-second Congress, to wit:

Committee on Expenditures in the State Department;
Committee on Expenditures in the Treasury Department;
Committee on Expenditures in the War Department;
Committee on Expenditures in the Navy Department;
Committee on Expenditures in the Post Office Department;
Committee on Expenditures on Public Buildings;
Committee on Expenditures in the Interior Department;
Committee on Expenditures in the Department of Agriculture;
Committee on Expenditures in the Department of Commerce and Labor; and
Committee on Expenditures in the Department of Justice.

And there shall also be paid out of the contingent fund of the House compensation at the rate of $60 per month each, during the third session of the Sixty-second Congress, for the services of two messengers, to be appointed by the Doorkeeper, who shall perform messenger-janitor duty in the rooms of said committees on expenditures in the several departments.

Mr. LLOYD. Mr. Speaker, this resolution provides for the several clerks who were assigned to these several expenditure committees in the extra session and also in the regular session. It provides for no additional help beyond that which we had in those sessions.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

SESSION CLERKS TO COMMITTEES.

Mr. LLOYD. Mr. Speaker, I ask unanimous consent for the present consideration of the following resolution, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 726 (H. Rept. 1258).

Resolved, That clerks to committees of the House during the session provided for by the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1913, be, and they are hereby, assigned for the present session of Congress to the following committees, to wit:

Committee on Education.
Committee on Mines and Mining.
Committee on Railways and Canals.
Committee on Reform in the Civil Service.
Committee on Alcoholic Liquor Traffic.
Committee on Election of President, Vice President, and Representatives in Congress.
Committee on Disposition of Useless Executive Papers.
Committee on Enrolled Bills.
Committee on Invalid Pensions (assistant clerk).

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Missouri [Mr. LLOYD] whether this is identical with the resolution passed heretofore?

Mr. LLOYD. It is identical with the resolution passed at the last session.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

MESSENGER FOR POSTMASTER OF HOUSE.

Mr. LLOYD. Mr. Speaker, I ask unanimous consent for the present consideration of the following privileged resolution from the Committee on Accounts.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 717 (H. Rept. 1256).

Resolved, That the Postmaster of the House be, and he is hereby, authorized to appoint a messenger who shall be paid out of the contingent fund of the House at the rate of $100 per month during the third session of the Sixty-second Congress.

Mr. LLOYD. Mr. Speaker, this messenger has been heretofore provided, but not provided under the legislative bill, and he has been paid from time to time out of the contingent fund. It does not add anything to the pay roll beyond that which we had in the last session.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

MESSENGER FOR COMMITTEE ON DISPOSITION OF USELESS PAPERS.

Mr. LLOYD. Mr. Speaker, I ask unanimous consent for the present consideration of the following privileged resolution from the Committee on Accounts.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 721 (H. Rept. 1257).

Resolved, That the chairman of the Joint Select Committee on Disposition of Useless Executive Papers be, and he is hereby, authorized to appoint a messenger to said committee, who shall be paid out of the contingent fund of the House at the rate of $60 per month for this session.

Mr. MANN. Is that the same provision which was made before?

Mr. LLOYD. This is the same provision that was made at the last session. This clerk was provided for then.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

MESSENGER TO OFFICIAL REPORTERS OF DEBATES.

Mr. LLOYD. Mr. Speaker, I ask for the present consideration of the following privileged resolution from the Committee on Accounts.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 728.

Resolved, That the official reporters of debates be, and they are hereby, authorized to appoint a messenger, who shall be paid out of the contingent fund of the House at the rate of $60 per month during the third session of the Sixty-second Congress.

Report (No. 1261) to accompany House resolution 728.

The Committee on Accounts has had under consideration the accompanying resolution, providing a messenger for the official reporters of debates. The same provision as made at last session is herein asked, and believing it a necessary provision and the resolution a proper one its adoption is recommended.

Mr. LLOYD. Mr. Speaker, this officer was provided in the last Congress and paid out of the contingent fund. The resolution adds nothing to the expense beyond that authorized by the last session of Congress.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

ADDITIONAL ASSISTANT CLERK, COMMITTEE ON THE JUDICIARY.

Mr. LLOYD. Mr. Speaker, I ask for the present consideration of the following privileged resolution from the Committee on Accounts.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 722.

Resolved, That the Committee on the Judiciary is hereby authorized to employ an additional assistant clerk at the salary of $6 per day.

With an amendment set forth in the report, as follows:

Report (No. 1260) to accompany House resolution 722.

The Committee on Accounts, to whom was referred House resolution No. 722, have had the same under consideration and recommend the following amendment:

After the word "day," in line 3, insert "during the third session of the Sixty-second Congress, to be paid out of the contingent fund of the House."

The additional assistant clerk herein provided for was found to be necessary during the last session, and believing that the necessity still exists, the committee recommends the adoption of the resolution as amended.

Mr. LLOYD. Mr. Speaker, during the last session of Congress there was an extra clerk provided for the Committee on the Judiciary, and this is to provide for an additional clerk to the Committee on the Judiciary during the present session of Congress.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution as amended.

The question was taken, and the resolution as amended was agreed to.

MESSAGES FROM THE PRESIDENT OF THE UNITED STATES.

Sundry messages, in writing, from the President of the United States were communicated to the House of Representatives by Mr. Latta, one of his secretaries.

REPORT OF THE COMMISSION OF FINE ARTS.

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying documents, referred to the Committee on the Library and ordered to be printed:

To the Senate and House of Representatives:

I transmit herewith for the information of the Congress the report of the Commission of Fine Arts for the fiscal year ended June 30, 1912.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

INTERNATIONAL WATERWAYS COMMISSION (S. DOC. NO. 959).

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying documents, referred to the Committee on Rivers and Harbors and ordered to be printed:

To the Senate and House of Representatives:

The act making appropriations for sundry civil expenses of the Government approved August 24, 1912, provided for the International Waterways Commission in the following terms, viz:

For continuing until December 31, 1912, the work of investigation and report by the International Waterways Commission, authorized by section 4 of the river and harbor act approved June 13, 1902, $10,000: *Provided*, That report as to the progress of the work be made by the American commissioners to Congress at the beginning of the next session.

The American commissioners have rendered a full report of all their acts up to this time, which I herewith transmit. It appears from this report that the commission still has two pieces of work to complete before it can properly go out of existence.

One is its final report upon a dam at the outlet of Lake Erie, a difficult and important question, upon which it has expended a vast amount of labor. It should be allowed to finish this work to clear the ground for its successor, the International Joint Commission, which will consider all future questions of this nature. I am informed that the report has been delayed, and may be further delayed, by the illness and absence in Europe of one of the Canadian engineers, but that it can probably be completed within a few months—certainly before the completion of the other piece of unfinished work.

The other is to ascertain and reestablish, to mark upon the ground, and to delineate upon modern charts the location of a portion of the international boundary between the United States and Canada, which work was specifically assigned to the International Waterways Commission by article 4 of the treaty between the United States and Great Britain dated April 11, 1908. This work, the commission states, can not be completed by December 31, 1912, but will require from a year to 15 months' more time beyond that date.

The work of the commission has been of a high order and has been prosecuted with diligence. International courtesy, as well as treaty obligations, require that the commission be allowed to complete its work. I recommend that the items to be found in the estimates for its support during the second half of the current fiscal year and for a part of the next fiscal year receive the favorable consideration of Congress.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

OUR FOREIGN RELATIONS (H. DOC. NO. 927).

The SPEAKER also laid before the House the following message from the President of the United States, which was read and referred to the Committee of the Whole House on the state of the Union and ordered to be printed:

To the Senate and House of Representatives:

The foreign relations of the United States actually and potentially affect the state of the Union to a degree not widely realized and hardly surpassed by any other factor in the welfare of the whole Nation. The position of the United States in the moral, intellectual, and material relations of the family of nations should be a matter of vital interest to every patriotic citizen. The national prosperity and power impose upon us duties which we can not shirk if we are to be true to our ideals. The tremendous growth of the export trade of the United States has already made that trade a very real factor in the industrial and commercial prosperity of the country. With the development of our industries the foreign commerce of the United States must rapidly become a still more essential factor in its economic welfare. Whether we have a farseeing and wise diplomacy and are not recklessly plunged into unnecessary wars, and whether our foreign policies are based upon an intelligent grasp of present-day world conditions and a clear view of the potentialities of the future, or are governed by a temporary and timid expediency or by narrow views befitting an infant nation, are questions in the alternative consideration of which must convince any thoughtful citizen that no department of national polity offers greater opportunity for promoting the interests of the whole people on the one hand, or greater chance on the other of permanent national injury, than that which deals with the foreign relations of the United States.

The fundamental foreign policies of the United States should be raised high above the conflict of partisanship and wholly dissociated from differences as to domestic policy. In its foreign affairs the United States should present to the world a united front. The intellectual, financial, and industrial interests of the country and the publicist, the wage earner, the farmer,

and citizen of whatever occupation must cooperate in a spirit of high patriotism to promote that national solidarity which is indispensable to national efficiency and to the attainment of national ideals.

The relations of the United States with all foreign powers remain upon a sound basis of peace, harmony, and friendship. A greater insistence upon justice to American citizens or interests wherever it may have been denied and a stronger emphasis of the need of mutuality in commercial and other relations have only served to strengthen our friendships with foreign countries by placing those friendships upon a firm foundation of realities as well as aspirations.

Before briefly reviewing the more important events of the last year in our foreign relations, which it is my duty to do as charged with their conduct and because diplomatic affairs are not of a nature to make it appropriate that the Secretary of State make a formal annual report, I desire to touch upon some of the essentials to the safe management of the foreign relations of the United States and to endeavor, also, to define clearly certain concrete policies which are the logical modern corollaries of the undisputed and traditional fundamentals of the foreign policy of the United States.

REORGANIZATION OF THE STATE DEPARTMENT.

At the beginning of the present administration the United States having fully entered upon its position as a world power, with the responsibilities thrust upon it by the results of the Spanish-American War, and already engaged in laying the groundwork of a vast foreign trade upon which it should one day become more and more dependent, found itself without the machinery for giving thorough attention to, and taking effective action upon, a mass of intricate business vital to American interests in every country in the world.

The Department of State was an archaic and inadequate machine lacking most of the attributes of the foreign office of any great modern power. With an appropriation made upon my recommendation by the Congress on August 5, 1909, the Department of State was completely reorganized. There were created Divisions of Latin-American Affairs and of Far Eastern, Near Eastern, and Western European Affairs. To these divisions were called from the foreign service diplomatic and consular officers possessing experience and knowledge gained by actual service in different parts of the world, and thus familiar with political and commercial conditions in the regions concerned. The work was highly specialized. The result is that where previously this Government from time to time would emphasize in its foreign relations one or another policy, now American interests in every quarter of the globe are being cultivated with equal assiduity. This principle of politico-geographical division possesses also the good feature of making possible rotation between the officers of the departmental, the diplomatic, and the consular branches of the foreign service, and thus keeps the whole diplomatic and consular establishments under the Department of State in close touch and equally inspired with the aims and policy of the Government. Through the newly created Division of Information the foreign service is kept fully informed of what transpires from day to day in the international relations of the country, and contemporary foreign comment affecting American interests is promptly brought to the attention of the department. The law offices of the department were greatly strengthened. There were added foreign-trade advisers to cooperate with the diplomatic and consular bureaus and the politico-geographical divisions in the innumerable matters where commercial diplomacy or consular work calls for such special knowledge. The same officers, together with the rest of the new organization, are able at all times to give to American citizens accurate information as to conditions in foreign countries with which they have business and likewise to cooperate more effectively with the Congress and also with the other executive departments.

MERIT SYSTEM IN CONSULAR AND DIPLOMATIC CORPS.

Expert knowledge and professional training must evidently be the essence of this reorganization. Without a trained foreign service there would not be men available for the work in the reorganized Department of State. President Cleveland had taken the first step toward introducing the merit system in the foreign service. That had been followed by the application of the merit principle, with excellent results, to the entire consular branch. Almost nothing, however, had been done in this direction with regard to the Diplomatic Service. In this age of commercial diplomacy it was evidently of the first importance to train an adequate personnel in that branch of the service. Therefore, on November 26, 1909, by an Executive order I placed the Diplomatic Service up to the grade of secretary of embassy, inclusive, upon exactly the same strict nonpartisan basis of the merit system, rigid examination for appointment and promotion only for efficiency, as had been maintained without exception in the Consular Service.

STATISTICS AS TO MERIT AND NONPARTISAN CHARACTER OF APPOINTMENTS.

How faithtful to the merit system and how nonpartisan has been the conduct of the Diplomatic and Consular Services in the last four years may be judged from the following: Three ambassadors now serving held their present rank at the beginning of my administration. Of the 10 ambassadors whom I have appointed, 5 were by promotion from the rank of minister. Nine ministers now serving held their present rank at the beginning of the administration. Of the 30 ministers whom I have appointed, 11 were promoted from the lower grades of the foreign service or from the Department of State. Of the 19 missions in Latin America, where our relations are close and our interest is great, 15 chiefs of mission are service men, 3 having entered the service during this administration. The 37 secretaries of embassy or legation who have received their initial appointments after passing successfully the required examination were chosen for ascertained fitness, without regard to political affiliations. A dearth of candidates from Southern and Western States has alone made it impossible thus far completely to equalize all the States' representations in the foreign service. In the effort to equalize the representation of the various States in the Consular Service I have made 16 of the 29 new appointments as consul which have occurred during my administration from the Southern States. This is 55 per cent. Every other consular appointment made, including the promotion of 11 young men from the consular assistant and student interpreter corps, has been by promotion or transfer, based solely upon efficiency shown in the service.

In order to assure to the business and other interests of the United States a continuance of the resulting benefits of this reform, I earnestly renew my previous recommendations of legislation making it permanent along some such lines as those of the measure now pending in Congress.

LARGER PROVISION FOR EMBASSIES AND LEGATIONS AND FOR OTHER EXPENSES OF OUR FOREIGN REPRESENTATIVES RECOMMENDED.

In connection with legislation for the amelioration of the foreign service, I wish to invite attention to the advisability of placing the salary appropriations upon a better basis. I believe that the best results would be obtained by a moderate scale of salaries, with adequate funds for the expenses of proper representation, based in each case upon the scale and cost of living at each post, controlled by a system of accounting, and under the general direction of the Department of State.

In line with the object which I have sought of placing our foreign service on a basis of permanency, I have at various times advocated provision by Congress for the acquisition of Government-owned buildings for the residence and offices of our diplomatic officers, so as to place them more nearly on an equality with similar officers of other nations and to do away with the discrimination which otherwise must necessarily be made, in some cases, in favor of men having large private fortunes. The act of Congress which I approved on February 17, 1911, was a right step in this direction. The Secretary of State has already made the limited recommendations permitted by the act for any one year, and it is my hope that the bill introduced in the House of Representatives to carry out these recommendations will be favorably acted on by the Congress during its present session.

In some Latin-American countries the expense of Government-owned legations will be less than elsewhere, and it is certainly very urgent that in such countries as some of the Republics of Central America and the Caribbean, where it is peculiarly difficult to rent suitable quarters, the representatives of the United States should be justly and adequately provided with dignified and suitable official residences. Indeed, it is high time that the dignity and power of this great Nation should be fittingly signalized by proper buildings for the occupancy of the Nation's representatives everywhere abroad.

DIPLOMACY A HANDMAID OF COMMERCIAL INTERCOURSE AND PEACE.

The diplomacy of the present administration has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for bullets. It is one that appeals alike to idealistic humanitarian sentiments, to the dictates of sound policy and strategy, and to legitimate commercial aims. It is an effort frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad. How great have been the results of this diplomacy, coupled with the maximum and minimum provision of the tariff law, will be seen by some consideration of the wonderful increase in the export trade of the United States.

Because modern diplomacy is commercial, there has been a disposition in some quarters to attribute to it none but materialistic aims. How strikingly erroneous is such an impression may be seen from a study of the results by which the diplomacy of the United States can be judged.

SUCCESSFUL EFFORTS IN PROMOTION OF PEACE.

In the field of work toward the ideals of peace this Government negotiated, but to my regret was unable to consummate, two arbitration treaties which set the highest mark of the aspiration of nations toward the substitution of arbitration and reason for war in the settlement of international disputes. Through the efforts of American diplomacy several wars have been prevented or ended. I refer to the successful tripartite mediation of the Argentine Republic, Brazil, and the United States between Peru and Ecuador; the bringing of the boundary dispute between Panama and Costa Rica to peaceful arbitration; the staying of warlike preparations when Haiti and the Dominican Republic were on the verge of hostilities; the stopping of a war in Nicaragua; the halting of internecine strife in Honduras. The Government of the United States was thanked for its influence toward the restoration of amicable relations between the Argentine Republic and Bolivia. The diplomacy of the United States is active in seeking to assuage the remaining ill-feeling between this country and the Republic of Colombia. In the recent civil war in China the United States successfully joined with the other interested powers in urging an early cessation of hostilities. An agreement has been reached between the Governments of Chile and Peru whereby the celebrated Tacna-Arica dispute, which has so long embittered international relations on the west coast of South America, has at last been adjusted. Simultaneously came the news that the boundary dispute between Peru and Ecuador had entered upon a stage of amicable settlement. The position of the United States in reference to the Tacna-Arica dispute between Chile and Peru has been one of nonintervention, but one of friendly influence and pacific counsel throughout the period during which the dispute in question has been the subject of interchange of views between this Government and the two Governments immediately concerned. In the general easing of international tension on the west coast of South America the tripartite mediation, to which I have referred, has been a most potent and beneficent factor.

CHINA.

In China the policy of encouraging financial investment to enable that country to help itself has had the result of giving new life and practical application to the open-door policy. The consistent purpose of the present administration has been to encourage the use of American capital in the development of China by the promotion of those essential reforms to which China is pledged by treaties with the United States and other powers. The hypothecation to foreign bankers in connection with certain industrial enterprises, such as the Hukuang railways, of the national revenues upon which these reforms depended, led the Department of State early in the administration to demand for American citizens participation in such enterprises, in order that the United States might have equal rights and an equal voice in all questions pertaining to the disposition of the public revenues concerned. The same policy of promoting international accord among the powers having similar treaty rights as ourselves in the matters of reform, which could not be put into practical effect without the common consent of all, was likewise adopted in the case of the loan desired by China for the reform of its currency. The principle of international cooperation in matters of common interest upon which our policy had already been based in all of the above instances has admittedly been a great factor in that concert of the powers which has been so happily conspicuous during the perilous period of transition through which the great Chinese nation has been passing.

CENTRAL AMERICA NEEDS OUR HELP IN DEBT ADJUSTMENT.

In Central America the aim has been to help such countries as Nicaragua and Honduras to help themselves. They are the immediate beneficiaries. The national benefit to the United States is twofold. First, it is obvious that the Monroe doctrine is more vital in the neighborhood of the Panama Canal and the zone of the Caribbean than anywhere else. There, too, the maintenance of that doctrine falls most heavily upon the United States. It is therefore essential that the countries within that sphere shall be removed from the jeopardy involved by heavy foreign debt and chaotic national finances and from the ever-present danger of international complications due to disorder at home. Hence the United States has been glad to encourage and support American bankers who were willing to lend a helping hand to the financial rehabilitation of such countries, because this financial rehabilitation and the protection of their customhouses from being the prey of would-be dictators would remove at one stroke the menace of foreign creditors and the menace of revolutionary disorder.

The second advantage to the United States is one affecting chiefly all the southern and Gulf ports and the business and industry of the South. The Republics of Central America and the Caribbean possess great natural wealth. They need only a measure of stability and the means of financial regeneration to enter upon an era of peace and prosperity, bringing profit and happiness to themselves, and at the same time creating conditions sure to lead to a flourishing interchange of trade with this country.

I wish to call your especial attention to the recent occurrences in Nicaragua, for I believe the terrible events recorded there during the revolution of the past summer—the useless loss of life, the devastation of property, the bombardment of defenseless cities, the killing and wounding of women and children, the torturing of noncombatants to exact contributions, and the suffering of thousands of human beings—might have been averted had the Department of State, through approval of the loan convention by the Senate, been permitted to carry out its now well-developed policy of encouraging the extending of financial aid to weak Central American States, with the primary objects of avoiding just such revolutions by assisting those Republics to rehabilitate their finances, to establish their currency on a stable basis, to remove the customhouses from the danger of revolutions by arranging for their secure administration, and to establish reliable banks.

During this last revolution in Nicaragua, the Government of that Republic having admitted its inability to protect American life and property against acts of sheer lawlessness on the part of the malcontents, and having requested this Government to assume that office, it became necessary to land over 2,000 marines and bluejackets in Nicaragua. Owing to their presence the constituted Government of Nicaragua was free to devote its attention wholly to its internal troubles, and was thus enabled to stamp out the rebellion in a short space of time. When the Red Cross supplies sent to Granada had been exhausted, 8,000 persons having been given food in one day upon the arrival of the American forces, our men supplied other unfortunate, needy Nicaraguans from their own haversacks. I wish to congratulate the officers and men of the United States Navy and Marine Corps who took part in reestablishing order in Nicaragua upon their splendid conduct, and to record with sorrow the death of seven American marines and bluejackets. Since the reestablishment of peace and order, elections have been held amid conditions of quiet and tranquillity. Nearly all the American marines have now been withdrawn. The country should soon be on the road to recovery. The only apparent danger now threatening Nicaragua arises from the shortage of funds. Although American bankers have already rendered assistance, they may naturally be loath to advance a loan adequate to set the country upon its feet without the support of some such convention as that of June, 1911, upon which the Senate has not yet acted.

ENFORCEMENT OF NEUTRALITY LAWS.

In the general effort to contribute to the enjoyment of peace by those Republics which are near neighbors of the United States, the administration has enforced the so-called neutrality statutes with a new vigor, and those statutes were greatly strengthened in restricting the exportation of arms and munitions by the joint resolution of last March. It is still a regrettable fact that certain American ports are made the rendezvous of professional revolutionists and others engaged in intrigue against the peace of those Republics. It must be admitted that occasionally a revolution in this region is justified as a real popular movement to throw off the shackles of a vicious and tyrannical government. Such was the Nicaraguan revolution against the Zelaya régime. A nation enjoying our liberal institutions can not escape sympathy with a true popular movement, and one so well justified. In very many cases, however, revolutions in the Republics in question have no basis in principle, but are due merely to the machinations of conscienceless and ambitious men, and have no effect but to bring new suffering and fresh burdens to an already oppressed people. The question whether the use of American ports as *foci* of revolutionary intrigue can be best dealt with by a further amendment to the neutrality statutes or whether it would be safer to deal with special cases by special laws is one worthy of the careful consideration of the Congress.

VISIT OF SECRETARY KNOX TO CENTRAL AMERICA AND THE CARIBBEAN.

Impressed with the particular importance of the relations between the United States and the Republics of Central America and the Caribbean region, which of necessity must become still more intimate by reason of the mutual advantages which will be presented by the opening of the Panama Canal, I directed

the Secretary of State last February to visit these Republics for the purpose of giving evidence of the sincere friendship and good will which the Government and people of the United States bear toward them. Ten Republics were visited. Everywhere he was received with a cordiality of welcome and a generosity of hospitality such as to impress me deeply and to merit our warmest thanks. The appreciation of the Governments and peoples of the countries visited, which has been appropriately shown in various ways, leaves me no doubt that his visit will conduce to that closer union and better understanding between the United States and those Republics which I have had it much at heart to promote.

OUR MEXICAN POLICY.

For two years revolution and counter-revolution have distraught the neighboring Republic of Mexico. Brigandage has involved a great deal of depredation upon foreign interests. There have constantly recurred questions of extreme delicacy. On several occasions very difficult situations have arisen on our frontier. Throughout this trying period the policy of the United States has been one of patient nonintervention, steadfast recognition of constituted authority in the neighboring nation, and the exertion of every effort to care for American interests. I profoundly hope that the Mexican nation may soon resume the path of order, prosperity, and progress. To that nation in its sore troubles the sympathetic friendship of the United States has been demonstrated to a high degree. There were in Mexico at the beginning of the revolution some thirty or forty thousand American citizens engaged in enterprises contributing greatly to the prosperity of that Republic and also benefiting the important trade between the two countries. The investment of American capital in Mexico has been estimated at $1,000,000,000. The responsibility of endeavoring to safeguard those interests and the dangers inseparable from propinquity to so turbulent a situation have been great, but I am happy to have been able to adhere to the policy above outlined—a policy which I hope may be soon justified by the complete success of the Mexican people in regaining the blessings of peace and good order.

AGRICULTURAL CREDITS.

A most important work, accomplished in the past year by the American diplomatic officers in Europe, is the investigation of the agricultural credit system in the European countries. Both as a means to afford relief to the consumers of this country through a more thorough development of agricultural resources and as a means of more sufficiently maintaining the agricultural population, the project to establish credit facilities for the farmers is a concern of vital importance to this Nation. No evidence of prosperity among well-established farmers should blind us to the fact that lack of capital is preventing a development of the Nation's agricultural resources and an adequate increase of the land under cultivation; that agricultural production is fast falling behind the increase in population; and that, in fact, although these well-established farmers are maintained in increasing prosperity because of the natural increase in population, we are not developing the industry of agriculture. We are not breeding in proportionate numbers a race of independent and independence-loving landowners, for a lack of which no growth of cities can compensate. Our farmers have been our mainstay in times of crisis, and in future it must still largely be upon their stability and common sense that this democracy must rely to conserve its principles of self-government.

The need of capital which American farmers feel to-day had been experienced by the farmers of Europe, with their centuries-old farms, many years ago. The problem had been successfully solved in the Old World and it was evident that the farmers of this country might profit by a study of their systems. I therefore ordered, through the Department of State, an investigation to be made by the diplomatic officers in Europe, and I have laid the results of this investigation before the governors of the various States with the hope that they will be used to advantage in their forthcoming meeting.

INCREASE OF FOREIGN TRADE.

In my last annual message I said that the fiscal year ended June 30, 1911, was noteworthy as marking the highest record of exports of American products to foreign countries. The fiscal year 1912 shows that this rate of advance has been maintained, the total domestic exports having a valuation approximately of $2,200,000,000, as compared with a fraction over $2,000,000,000 the previous year. It is also significant that manufactured and partly manufactured articles continue to be the chief commodities forming the volume of our augmented exports, the demands of our own people for consumption requiring that an increasing proportion of our abundant agricultural products be kept at home. In the fiscal year 1911 the exports of articles in the various stages of manufacture, not including foodstuffs partly or wholly manufactured, amounted approximately to $907,500,000. In the fiscal year 1912 the total was nearly $1,022,000,000, a gain of $114,000,000.

ADVANTAGE OF MAXIMUM AND MINIMUM TARIFF PROVISION.

The importance which our manufactures have assumed in the commerce of the world in competition with the manufactures of other countries again draws attention to the duty of this Government to use its utmost endeavors to secure impartial treatment for American products in all markets. Healthy commercial rivalry in international intercourse is best assured by the possession of proper means for protecting and promoting our foreign trade. It is natural that competitive countries should view with some concern this steady expansion of our commerce. If in some instances the measure taken by them to meet it are not entirely equitable, a remedy should be found. In former messages I have described the negotiations of the Department of State with foreign Governments for the adjustment of the maximum and minimum tariff as provided in section 2 of the tariff law of 1909. The advantages secured by the adjustment of our trade relations under this law have continued during the last year, and some additional cases of discriminatory treatment of which we had reason to complain have been removed. The Department of State has for the first time in the history of this country obtained substantial most-favored-nation treatment from all the countries of the world. There are, however, other instances which, while apparently not constituting undue discrimination in the sense of section 2, are nevertheless exceptions to the complete equity of tariff treatment for American products that the Department of State consistently has sought to obtain for American commerce abroad.

NECESSITY FOR SUPPLEMENTARY LEGISLATION.

These developments confirm the opinion conveyed to you in my annual message of 1911, that while the maximum and minimum provision of the tariff law of 1909 has been fully justified by the success achieved in removing previously existing undue discriminations against American products, yet experience has shown that this feature of the law should be amended in such way as to provide a fully effective means of meeting the varying degrees of discriminatory treatment of American commerce in foreign countries still encountered, as well as to protect against injurious treatment on the part of foreign Governments, through either legislative or administrative measures, the financial interests abroad of American citizens whose enterprises enlarge the market for American commodities.

I can not too strongly recommend to the Congress the passage of some such enabling measure as the bill which was recommended by the Secretary of State in his letter of December 13, 1911. The object of the proposed legislation is, in brief, to enable the Executive to apply, as the case may require, to any or all commodities, whether or not on the free list from a country which discriminates against the United States, a graduated scale of duties up to the maximum of 25 per cent ad valorem provided in the present law. Flat tariffs are out of date. Nations no longer accord equal tariff treatment to all other nations irrespective of the treatment from them received. Such a flexible power at the command of the Executive would serve to moderate any unfavorable tendencies on the part of those countries from which the importations into the United States are substantially confined to articles on the free list as well as of the countries which find a lucrative market in the United States for their products under existing customs rates. It is very necessary that the American Government should be equipped with weapons of negotiation adapted to modern economic conditions, in order that we may at all times be in a position to gain not only technically just but actually equitable treatment for our trade, and also for American enterprise and vested interests abroad.

BUSINESS SECURED TO OUR COUNTRY BY DIRECT OFFICIAL EFFORT.

As illustrating the commercial benefits to the Nation derived from the new diplomacy and its effectiveness upon the material as well as the more ideal side, it may be remarked that through direct official efforts alone there have been obtained in the course of this administration, contracts from foreign Governments involving an expenditure of $50,000,000 in the factories of the United States. Consideration of this fact and some reflection upon the necessary effects of a scientific tariff system and a foreign service alert and equipped to cooperate with the business men of America carry the conviction that the gratifying increase in the export trade of this country is, in substantial amount, due to our improved governmental methods of protecting and stimulating it. It is germane to these observations

to remark that in the two years that have elapsed since the successful negotiation of our new treaty with Japan, which at the time seemed to present so many practical difficulties, our export trade to that country has increased at the rate of over $1,000,000 a month. Our exports to Japan for the year ended June 30, 1910, were $21,959,310, while for the year ended June 30, 1912, the exports were $53,478,046, a net increase in the sale of American products of nearly 150 per cent.

SPECIAL CLAIMS ARBITRATION WITH GREAT BRITAIN.

Under the special agreement entered into between the United States and Great Britain on August 18, 1910, for the arbitration of outstanding pecuniary claims, a schedule of claims and the terms of submission have been agreed upon by the two Governments, and together with the special agreement were approved by the Senate on July 19, 1911, but in accordance with the terms of the agreement they did not go into effect until confirmed by the two Governments by an exchange of notes, which was done on April 26 last. Negotiations are still in progress for a supplemental schedule of claims to be submitted to arbitration under this agreement, and meanwhile the necessary preparations for the arbitration of the claims included in the first schedule have been undertaken and are being carried on under the authority of an appropriation made for that purpose at the last session of Congress. It is anticipated that the two Governments will be prepared to call upon the arbitration tribunal, established under this agreement, to meet at Washington early next year to proceed with this arbitration.

FUR SEAL TREATY AND NEED FOR AMENDMENT OF OUR STATUTE.

The act adopted at the last session of Congress to give effect to the fur-seal convention of July 7, 1911, between Great Britain, Japan, Russia, and the United States provided for the suspension of all land killing of seals on the Pribilof Islands for a period of five years, and an objection has now been presented to this provision by the other parties in interest, which raises the issue as to whether or not this prohibition of land killing is inconsistent with the spirit, if not the letter, of the treaty stipulations. The justification for establishing this close season depends, under the terms of the convention, upon how far, if at all, it is necessary for protecting and preserving the American fur-seal herd and for increasing its number. This is a question requiring examination of the present condition of the herd and the treatment which it needs in the light of actual experience and scientific investigation. A careful examination of the subject is now being made, and this Government will soon be in possession of a considerable amount of new information about the American seal herd, which has been secured during the past season and will be of great value in determining this question; and if it should appear that there is any uncertainty as to the real necessity for imposing a close season at this time I shall take an early opportunity to address a special message to Congress on this subject, in the belief that this Government should yield on this point rather than give the slightest ground for the charge that we have been in any way remiss in observing our treaty obligations.

FINAL SETTLEMENT OF NORTH ATLANTIC FISHERIES DISPUTE.

On the 20th of July last an agreement was concluded between the United States and Great Britain adopting, with certain modifications, the rules and method of procedure recommended in the award rendered by the North Atlantic Coast Fisheries Arbitration Tribunal on September 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of questions arising with reference to the exercise of the American fishing liberties under article 1 of the treaty of October 20, 1818, between the United States and Great Britain. This agreement received the approval of the Senate on August 1 and was formally ratified by the two Governments on November 15 last. The rules and a method of procedure embodied in the award provided for determining by an impartial tribunal the reasonableness of any new fishery regulations on the treaty coasts of Newfoundland and Canada before such regulations could be enforced against American fishermen exercising their treaty liberties on those coasts, and also for determining the delimitation of bays on such coasts more than 10 miles wide, in accordance with the definition adopted by the tribunal of the meaning of the word "bays" as used in the treaty. In the subsequent negotiations between the two Governments, undertaken for the purpose of giving practical effect to these rules and methods of procedure, it was found that certain modifications therein were desirable from the point of view of both Governments, and these negotiations have finally resulted in the agreement above mentioned by which the award recommendations as modified by mutual consent of the two Governments are finally adopted and made effective, thus bringing this century-old controversy to a final conclusion, which is equally beneficial and satisfactory to both Governments.

IMPERIAL VALLEY AND MEXICO.

In order to make possible the more effective performance of the work necessary for the confinement in their present channel of the waters of the lower Colorado River, and thus to protect the people of the Imperial Valley, as well as in order to reach with the Government of Mexico an understanding regarding the distribution of the waters of the Colorado River, in which both Governments are much interested, negotiations are going forward with a view to the establishment of a preliminary Colorado River commission, which shall have the powers necessary to enable it to do the needful work and with authority to study the question of the equitable distribution of the waters. There is every reason to believe that an understanding upon this point will be reached and that an agreement will be signed in the near future.

CHAMIZAL DISPUTE.

In the interest of the people and city of El Paso this Government has been assiduous in its efforts to bring to an early settlement the long-standing Chamizal dispute with Mexico. Much has been accomplished, and while the final solution of the dispute is not immediate, the favorable attitude lately assumed by the Mexican Government encourages the hope that this troublesome question will be satisfactorily and definitely settled at an early day.

INTERNATIONAL COMMISSION OF JURISTS.

In pursuance of the convention of August 23, 1906, signed at the Third Pan American Conference, held at Rio de Janeiro, the International Commission of Jurists met at that capital during the month of last June. At this meeting 16 American Republics were represented, including the United States, and comprehensive plans for the future work of the commission were adopted. At the next meeting, fixed for June, 1914, committees already appointed are instructed to report regarding topics assigned to them.

OPIUM CONFERENCE—UNFORTUNATE FAILURE OF OUR GOVERNMENT TO ENACT RECOMMENDED LEGISLATION.

In my message on foreign relations communicated to the two Houses of Congress December 7, 1911, I called especial attention to the assembling of the Opium Conference at The Hague, to the fact that that conference was to review all pertinent municipal laws relating to the opium and allied evils, and certainly all international rules regarding these evils, and to the fact that it seemed to me most essential that the Congress should take immediate action on the antinarcotic legislation before the Congress, to which I had previously called attention by a special message.

The international convention adopted by the conference conforms almost entirely to the principles contained in the proposed antinarcotic legislation which has been before the last two Congresses. It was most unfortunate that this Government, having taken the initiative in the international action which eventuated in the important international opium convention, failed to do its share in the great work by neglecting to pass the necessary legislation to correct the deplorable narcotic evil in the United States as well as to redeem international pledges upon which it entered by virtue of the above-mentioned convention. The Congress at its present session should enact into law those bills now before it which have been so carefully drawn up in collaboration between the Department of State and the other executive departments, and which have behind them not only the moral sentiment of the country but the practical support of all the legitimate trade interests likely to be affected. Since the international convention was signed, adherence to it has been made by several European States not represented at the conference at The Hague and also by 17 Latin-American Republics.

EUROPE AND THE NEAR EAST.

The war between Italy and Turkey came to a close in October last by the signature of a treaty of peace, subsequently to which the Ottoman Empire renounced sovereignty over Cyrenaica and Tripolitania in favor of Italy. During the past year the Near East has unfortunately been the theater of constant hostilities. Almost simultaneously with the conclusion of peace between Italy and Turkey and their arrival at an adjustment of the complex questions at issue between them, war broke out between Turkey on the one hand and Bulgaria, Greece, Montenegro, and Servia on the other. The United States has happily been involved neither directly nor indirectly with the causes or questions incident to any of these hostilities and has maintained in regard to them an attitude of absolute neutrality and of complete political disinterestedness. In the second war in which the Ottoman Empire has been engaged the loss of life and the consequent distress on both sides have been appalling, and the United States has found occasion, in the interest of humanity, to carry out the charitable desires of the American people, to extend a measure of relief to the sufferers on either side through

the impartial medium of the Red Cross. Beyond this the chief care of the Government of the United States has been to make due provision for the protection of its nationals resident in belligerent territory. In the exercise of my duty in this matter I have dispatched to Turkish waters a special-service squadron, consisting of two armored cruisers, in order that this Government may if need be bear its part in such measures as it may be necessary for the interested nations to adopt for the safeguarding of foreign lives and property in the Ottoman Empire in the event that a dangerous situation should develop. In the meanwhile the several interested European powers have promised to extend to American citizens the benefit of such precautionary or protective measures as they might adopt, in the same manner in which it has been the practice of this Government to extend its protection to all foreigners resident in those countries of the Western Hemisphere in which it has from time to time been the task of the United States to act in the interest of peace and good order. The early appearance of a large fleet of European warships in the Bosphorus apparently assured the protection of foreigners in that quarter, where the presence of the American stationnaire the U. S. S. *Scorpion* sufficed, under the circumstances, to represent the United States. Our cruisers were thus left free to act if need be along the Mediterranean coasts should any unexpected contingency arise affecting the numerous American interests in the neighborhood of Smyrna and Beirut.

SPITZBERGEN.

The great preponderance of American material interests in the subarctic island of Spitzbergen, which has always been regarded politically as "no man's land," impels this Government to a continued and lively interest in the international dispositions to be made for the political goverance and administration of that region. The conflict of certain claims of American citizens and others is in a fair way to adjustment, while the settlement of matters of administration, whether by international conference of the interested powers or otherwise, continues to be the subject of exchange of views between the Governments concerned.

LIBERIA.

As a result of the efforts of this Government to place the Government of Liberia in position to pay its outstanding indebtedness and to maintain a stable and efficient government, negotiations for a loan of $1,700,000 have been successfully concluded, and it is anticipated that the payment of the old loan and the issuance of the bonds of the 1912 loan for the rehabilitation of the finances of Liberia will follow at an early date, when the new receivership will go into active operation. The new receivership will consist of a general receiver of customs designated by the Government of the United States and three receivers of customs designated by the Governments of Germany, France, and Great Britain, which countries have commercial interests in the Republic of Liberia.

In carrying out the understanding between the Government of Liberia and that of the United States, and in fulfilling the terms of the agreement between the former Government and the American bankers, three competent ex-army officers are now effectively employed by the Liberian Government in reorganizing the police force of the Republic, not only to keep in order the native tribes in the hinterland but to serve as a necessary police force along the frontier. It is hoped that these measures will assure not only the continued existence but the prosperity and welfare of the Republic of Liberia. Liberia possesses fertility of soil and natural resources which should insure to its people a reasonable prosperity. It was the duty of the United States to assist the Republic of Liberia in accordance with our historical interest and moral guardianship of a community founded by American citizens, as it was also the duty of the American Government to attempt to assure permanence to a country of much sentimental and perhaps future real interest to a large body of our citizens.

MOROCCO.

The legation at Tangier is now in charge of our consul general, who is acting as chargé d'affaires, as well as caring for our commercial interests in that country. In view of the fact that many of the foreign powers are now represented by chargés d'affaires it has not been deemed necessary to appoint at the present time a minister to fill a vacancy occurring in that post.

THE FAR EAST.

The political disturbances in China in the autumn and winter of 1911–12 resulted in the abdication of the Manchu rulers on February 12, followed by the formation of a provisional republican government empowered to conduct the affairs of the nation until a permanent government might be regularly established. The natural sympathy of the American people with the assumption of republican principles by the Chinese people was appropriately expressed in a concurrent resolution of Congress on April 17, 1912. A constituent assembly, composed of representatives duly chosen by the people of China in the elections that are now being held, has been called to meet in January next to adopt a permanent constitution and organize the Government of the nascent Republic. During the formative constitutional stage and pending definitive action by the assembly, as expressive of the popular will, and the hoped-for establishment of a stable republican form of government, capable of fulfilling its international obligations, the United States is, according to precedent, maintaining full and friendly de facto relations with the provisional Government.

The new condition of affairs thus created has presented many serious and complicated problems, both of internal rehabilitation and of international relations, whose solution it was realized would necessarily require much time and patience. From the beginning of the upheaval last autumn it was felt by the United States, in common with the other powers having large interests in China, that independent action by the foreign Governments in their own individual interests would add further confusion to a situation already complicated. A policy of international cooperation was accordingly adopted in an understanding, reached early in the disturbances, to act together for the protection of the lives and property of foreigners if menaced, to maintain an attitude of strict impartiality as between the contending factions, and to abstain from any endeavor to influence the Chinese in their organization of a new form of government. In view of the seriousness of the disturbances and their general character, the American minister at Peking was instructed at his discretion to advise our nationals in the affected districts to concentrate at such centers as were easily accessible to foreign troops or men of war. Nineteen of our naval vessels were stationed at various Chinese ports, and other measures were promptly taken for the adequate protection of American interests.

It was further mutually agreed, in the hope of hastening an end to hostilities, that none of the interested powers would approve the making of loans by its nationals to either side. As soon, however, as a united provisional Government of China was assured, the United States joined in a favorable consideration of that Government's request for advances needed for immediate administrative necessities and later for a loan to effect a permanent national reorganization. The interested Governments had already, by common consent, adopted, in respect to the purposes, expenditure, and security of any loans to China made by their nationals, certain conditions which were held to be essential, not only to secure reasonable protection for the foreign investors, but also to safeguard and strengthen China's credit by discouraging indiscriminate borrowing and by insuring the application of the funds toward the establishment of the stable and effective government necessary to China's welfare. In June last representative banking groups of the United States, France, Germany, Great Britain, Japan, and Russia formulated, with the general sanction of their respective Governments, the guaranties that would be expected in relation to the expenditure and security of the large reorganization loan desired by China, which, however, have thus far proved unacceptable to the provisional Government.

SPECIAL MISSION OF CONDOLENCE TO JAPAN.

In August last I accredited the Secretary of State as special ambassador to Japan, charged with the mission of bearing to the imperial family, the Government, and the people of that Empire the sympathetic message of the American Commonwealth on the sad occasion of the death of His Majesty the Emperor Mutsuhito, whose long and benevolent reign was the greater part of Japan's modern history. The kindly reception everywhere accorded to Secretary Knox showed that his mission was deeply appreciated by the Japanese nation and emphasized strongly the friendly relations that have for so many years existed between the two peoples.

SOUTH AMERICA.

Our relations with the Argentine Republic are most friendly and cordial. So, also, are our relations with Brazil, whose Government has accepted the invitation of the United States to send two army officers to study at the Coast Artillery School at Fort Monroe. The long-standing Alsop claim, which had been the only hindrance to the healthy growth of the most friendly relations between the United States and Chile, having been eliminated through the submission of the question to His Britannic Majesty King George V as "amiable compositeur," it is a cause of much gratification to me that our relations with Chile are now established upon a firm basis of growing friendship. The Chilean Government has placed an officer of the

United States Coast Artillery in charge of the Chilean Coast Artillery School, and has shown appreciation of American methods by confiding to an American firm important work for the Chilean coast defenses.

Last year a revolution against the established Government of Ecuador broke out at the principal port of that Republic. Previous to this occurrence the chief American interest in Ecuador, represented by the Guayaquil & Quito Railway Co., incorporated in the United States, had rendered extensive transportation and other services on account to the Ecuadorian Government, the amount of which ran into a sum which was steadily increasing and which the Ecuadorian Government had made no provision to pay, thereby threatening to crush out the very existence of this American enterprise. When tranquillity had been restored to Ecuador as a result of the triumphant progress of the Government forces from Quito, this Government interposed its good offices to the end that the American interests in Ecuador might be saved from complete extinction. As a part of the arrangement which was reached between the parties, and at the request of the Government of Ecuador, I have consented to name an arbitrator, who, acting under the terms of the railroad contract, with an arbitrator named by the Ecuadorian Government, will pass upon the claims that have arisen since the arrangement reached through the action of a similar arbitral tribunal in 1908.

In pursuance of a request made some time ago by the Ecuadorian Government, the Department of State has given much attention to the problem of the proper sanitation of Guayaquil. As a result a detail of officers of the Canal Zone will be sent to Guayaquil to recommend measures that will lead to the complete permanent sanitation of this plague and fever infected region of that Republic, which has for so long constituted a menace to health conditions on the Canal Zone. It is hoped that the report which this mission will furnish will point out a way whereby the modicum of assistance which the United States may properly lend the Ecuadorian Government may be made effective in ridding the west coast of South America of a focus of contagion to the future commercial current passing through the Panama Canal.

In the matter of the claim of John Celestine Landreau against the Government of Peru, which claim arises out of certain contracts and transactions in connection with the discovery and exploitation of guano, and which has been under discussion between the two Governments since 1874, I am glad to report that as the result of prolonged negotiations, which have been characterized by the utmost friendliness and good will on both sides, the Department of State has succeeded in securing the consent of Peru to the arbitration of the claim, and that the negotiations attending the drafting and signature of a protocol submitting the claim to an arbitral tribunal are proceeding with due celerity.

An officer of the American Public Health Service and an American sanitary engineer are now on the way to Iquitos, in the employ of the Peruvian Government, to take charge of the sanitation of that river port. Peru is building a number of submarines in this country and continues to show every desire to have American capital invested in the Republic.

In July the United States sent undergraduate delegates to the Third International Students' Congress held at Lima, American students having been for the first time invited to one of these meetings.

The Republic of Uruguay has shown its appreciation of American agricultural and other methods by sending a large commission to this country and by employing many American experts to assist in building up agricultural and allied industries in Uruguay.

Venezuela is paying off the last of the claims the settlement of which was provided for by the Washington protocols, including those of American citizens. Our relations with Venezuela are most cordial, and the trade of that Republic with the United States is now greater than with any other country.

CENTRAL AMERICA AND THE CARIBBEAN.

During the past summer the revolution against the administration which followed the assassination of President Caceres a year ago last November brought the Dominican Republic to the verge of administrative chaos, without offering any guaranties of eventual stability in the ultimate success of either party. In pursuance of the treaty relations of the United States with the Dominican Republic, which were threatened by the necessity of suspending the operation under American administration of the customhouses on the Haitian frontier, it was found necessary to dispatch special commissioners to the island to reestablish the customhouses and with a guard sufficient to insure needed protection to the customs administration. The efforts which have been made appear to have resulted in the restoration of normal conditions throughout the Republic. The good offices which the commissioners were able to exercise were instrumental in bringing the contending parties together and in furnishing a basis of adjustment which it is hoped will result in permanent benefit to the Dominican people.

Mindful of its treaty relations, and owing to the position of the Government of the United States as mediator between the Dominican Republic and Haiti in their boundary dispute, and because of the further fact that the revolutionary activities on the Haitian-Dominican frontier had become so active as practically to obliterate the line of demarcation that had been heretofore recognized pending the definitive settlement of the boundary in controversy, it was found necessary to indicate to the two island Governments a provisional de facto boundary line. This was done without prejudice to the rights or obligations of either country in a final settlement to be reached by arbitration. The tentative line chosen was one which, under the circumstances brought to the knowledge of this Government, seemed to conform to the best interests of the disputants. The border patrol which it had been found necessary to reestablish for customs purposes between the two countries was instructed provisionally to observe this line.

The Republic of Cuba last May was in the throes of a lawless uprising that for a time threatened the destruction of a great deal of valuable property—much of it owned by Americans and other foreigners—as well as the existence of the Government itself. The armed forces of Cuba being inadequate to guard property from attack and at the same time properly to operate against the rebels, a force of American marines was dispatched from our naval station at Guantanamo into the Province of Oriente for the protection of American and other foreign life and property. The Cuban Government was thus able to use all its forces in putting down the outbreak, which it succeeded in doing in a period of six weeks. The presence of two American warships in the harbor of Habana during the most critical period of this disturbance contributed in great measure to allay the fears of the inhabitants, including a large foreign colony.

There has been under discussion with the Government of Cuba for some time the question of the release by this Government of its leasehold rights at Bahia Honda, on the northern coast of Cuba, and the enlargement, in exchange therefor, of the naval station which has been established at Guantanamo Bay, on the south. As the result of the negotiations thus carried on an agreement has been reached between the two Governments providing for the suitable enlargement of the Guantanamo Bay station upon terms which are entirely fair and equitable to all parties concerned.

At the request alike of the Government and both political parties in Panama, an American commission undertook supervision of the recent presidential election in that Republic, where our treaty relations, and, indeed, every geographical consideration, make the maintenance of order and satisfactory conditions of peculiar interest to the Government of the United States. The elections passed without disorder, and the new administration has entered upon its functions.

The Government of Great Britain has asked the support of the United States for the protection of the interests of British holders of the foreign bonded debt of Guatemala. While this Government is hopeful of an arrangement equitable to the British bondholders, it is naturally unable to view the question apart from its relation to the broad subject of financial stability in Central America, in which the policy of the United States does not permit it to escape a vital interest. Through a renewal of negotiations between the Government of Guatemala and American bankers, the aim of which is a loan for the rehabilitation of Guatemalan finances, a way appears to be open by which the Government of Guatemala could promptly satisfy any equitable and just British claims, and at the same time so improve its whole financial position as to contribute greatly to the increased prosperity of the Republic and to redound to the benefit of foreign investments and foreign trade with that country. Failing such an arrangement, it may become impossible for the Government of the United States to escape its obligations in connection with such measures as may become necessary to exact justice to legitimate foreign claims.

In the recent revolution in Nicaragua which, it was generally admitted, might well have resulted in a general Central American conflict but for the intervention of the United States, the Government of Honduras was especially menaced; but fortunately peaceful conditions were maintained within the borders of that Republic. The financial condition of that country remains unchanged, no means having been found for the final adjustment of pressing outstanding foreign claims. This makes it the more regrettable that the financial convention between the United States and Honduras has thus far failed of ratifica-

tion. The Government of the United States continues to hold itself ready to cooperate with the Government of Honduras, which, it is believed, can not much longer delay the meeting of of its foreign obligations, and it is hoped at the proper time American bankers will be willing to cooperate for this purpose.

NECESSITY FOR GREATER GOVERNMENTAL EFFORT IN RETENTION AND EXPANSION OF OUR FOREIGN TRADE.

It is not possible to make to the Congress a communication upon the present foreign relations of the United States so detailed as to convey an adequate impression of the enormous increase in the importance and activities of those relations. If this Government is really to preserve to the American people that free opportunity in foreign markets which will soon be indispensable to our prosperity, even greater efforts must be made. Otherwise the American merchant, manufacturer, and exporter will find many a field in which American trade should logically predominate preempted through the more energetic efforts of other governments and other commercial nations.

There are many ways in which through hearty cooperation the legislative and executive branches of this Government can do much. The absolute essential is the spirit of united effort and singleness of purpose. I will allude only to a very few specific examples of action which ought then to result. America can not take its proper place in the most important fields for its commercial activity and enterprise unless we have a merchant marine. American commerce and enterprise can not be effectively fostered in those fields unless we have good American banks in the countries referred to. We need American newspapers in those countries and proper means for public information about them. We need to assure the permanency of a trained foreign service. We need legislation enabling the members of the foreign service to be systematically brought in direct contact with the industrial, manufacturing, and exporting interests of this country in order that American business men may enter the foreign field with a clear perception of the exact conditions to be dealt with and the officers themselves may prosecute their work with a clear idea of what American industrial and manufacturing interests require.

CONCLUSION.

Congress should fully realize the conditions which obtain in the world as we find ourselves at the threshold of our middle age as a Nation. We have emerged full grown as a peer in the great concourse of nations. We have passed through various formative periods. We have been self-centered in the struggle to develop our domestic resources and deal with our domestic questions. The Nation is now too mature to continue in its foreign relations those temporary expedients natural to a people to whom domestic affairs are the sole concern. In the past our diplomacy has often consisted, in normal times, in a mere assertion of the right to international existence. We are now in a larger relation with broader rights of our own and obligations to others than ourselves. A number of great guiding principles were laid down early in the history of this Government. The recent task of our diplomacy has been to adjust those principles to the conditions of to-day, to develop their corollaries, to find practical applications of the old principles expanded to meet new situations. Thus are being evolved bases upon which can rest the superstructure of policies which must grow with the destined progress of this Nation. The successful conduct of our foreign relations demands a broad and a modern view. We can not meet new questions nor build for the future if we confine ourselves to outworn dogmas of the past and to the perspective appropriate at our emergence from colonial times and conditions. The opening of the Panama Canal will mark a new era in our international life and create new and world-wide conditions which, with their vast correlations and consequences, will obtain for hundreds of years to come. We must not wait for events to overtake us unawares. With continuity of purpose we must deal with the problems of our external relations by a diplomacy modern, resourceful, magnanimous, and fittingly expressive of the high ideals of a great nation.

WM. H. TAFT.

THE WHITE HOUSE, *December 3, 1912.*

PHYSICAL VALUATION OF RAILROADS.

Mr. SIMS. Mr. Speaker, I call up House bill 22593, to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, by providing for physical valuation of the property of carriers subject thereto and securing information concerning their stocks and bonds and boards of directors, made privileged under a special order of the House, and ask for its present consideration.

The SPEAKER. This bill is on the Union Calendar.

Mr. SIMS. Then, Mr. Speaker, I move to go into Committee of the Whole House on the state of the Union for the consideration of the bill mentioned, and, pending that motion, I wish to ask if there can not be some arrangement made as to general debate. I believe the gentleman from Minnesota [Mr. STEVENS] desires time.

The SPEAKER. The gentleman from Tennessee [Mr. SIMS] moves that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 22593, for the physical valuation of railroads, and, pending that, he desires to make some arrangement about the length of time to be consumed in debate.

Mr. SIMS. About how much time does the gentleman from Minnesota desire for general debate?

Mr. STEVENS of Minnesota. I think, Mr. Speaker, that this side would like about two hours.

Mr. SIMS. Does the gentleman mean two hours for that side?

Mr. STEVENS of Minnesota. Yes. The time that has been asked for will consume nearly two hours. It is a very important subject, and quite a number of bills have been presented to the committee, and quite a number of gentlemen desire to discuss their measures.

Mr. SIMS. I am anxious, under the request of the Chair, to try and get the bill passed this afternoon.

Mr. STEVENS of Minnesota. Mr. Speaker, I have half a dozen bills here, and the authors of those bills desire time in which to discuss this very important matter.

Mr. SIMS. Does the gentleman think we can complete the consideration of the bill this afternoon under the five-minute rule?

Mr. STEVENS of Minnesota. There are some amendments to be offered. I have some amendments, and I understand others have some which they desire to offer under the five-minute rule, but the consideration of those amendments ought not to consume very much time. They are for the correction of obvious defects in the bill.

Mr. SIMS. If we conclude the general debate in less than four hours, the gentleman will have no objection to taking up the bill under the five-minute rule?

Mr. STEVENS of Minnesota. Not at all. We desire to expedite the passage of the bill. We have no objection whatever to the general features of it.

Mr. SIMS. Then, Mr. Speaker, I ask unanimous consent that the general debate on this bill be limited to four hours, the gentleman from Minnesota [Mr. STEVENS] to control one half of that time and myself to control the other half.

The SPEAKER. The gentleman from Tennessee [Mr. SIMS] asks that the general debate on this bill be limited to four hours, two hours on a side, one-half the time to be controlled by himself and the other half by the gentleman from Minnesota [Mr. STEVENS].

Mr. SIMS. With the understanding that if we consume less time than that, we may enter upon the consideration of the bill under the five-minute rule at the conclusion of the general debate.

The SPEAKER. And with the further understanding that the general debate will not necessarily have to run four hours, but that if it runs out in less time, then the bill may be taken up under the five-minute rule. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Tennessee that the House resolve itself into the Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 22593) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, by providing for physical valuation of the property of carriers subject thereto and securing information concerning their stocks and bonds and boards of directors, with Mr. RAINEY in the chair.

Mr. SIMS. Mr. Chairman, I ask that the bill be read.

The CHAIRMAN. The Clerk will read the bill.

The Clerk began the reading of the bill.

Mr. SIMS. Mr. Chairman, I ask unanimous consent that the further first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. SIMS. Mr. Chairman, this is a very important bill, as its title indicates. It was introduced by the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Georgia [Mr. ADAMSON], and was reported by him. It was his intention to call up the bill this morning under the special

rule which authorizes it to be called up, and he had intended to take charge of it himself. As the gentleman from Georgia [Mr. ADAMSON] reported the bill, some members of the committee, I for one, did not give to its details that attention that would have been given had I expected to have charge of it on the floor of the House.

The gentleman from Georgia [Mr. ADAMSON] was called home this morning by a telegram announcing the serious and dangerous illness of Mrs. Adamson. In view of the fact that he is so familiar with this subject, and that he wrote the report, I ask that the report be read in my time as a part of my remarks.

The CHAIRMAN. If there be no objection, the Clerk will read the report in the time of the gentleman from Tennessee.

There was no objection.

The Clerk read as follows:

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 22593) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, by providing for physical valuation of the property of carriers subject thereto and securing information concerning their stocks and bonds and boards of directors, having considered the same, report thereon with a recommendation that it pass.

The Interstate Commerce Commission in its annual reports has often set forth the importance of an official valuation of the property of the carriers subject to the act to regulate commerce. The difficulties encountered in the effort to correct rates through the claims as to valuation of property have been described. The opinions of the courts likewise have laid great stress upon the element of valuation as a factor in determining rates. The people not only acquiesce in those views but they desire accurate information on the subject. Perhaps at one time or another every Member of the House of Representatives who has served more than one term has voted to authorize such official valuation. It seems to be universally favored regardless of partisan lines. Not less important is the matter of information as to the stocks and bonds of the carrier corporations, the manipulation of the finances which control those carriers, and the boards of directors, stockholders, and bondholders themselves, who really give direction to all their affairs. The anomaly has grown up, gradually and unconsciously as it were, grown up in the courts themselves as well as the commission, that public carriers are to be allowed to charge an income on what they owe as well as on what they own. Nobody else in the world with whom we are acquainted is allowed that privilege. First, there is a claim set up of the investment, actual or watered, and an income is allowed for that. Then, as a part of the fixed charges—annual burden of doing business—the interest on the bonds is considered and allowance made for that, whether the bonds sold at par or at a liberal discount, or whatever the circumstances may have been. Furthermore, financial institutions and sources either identical or more or less related secure control of the issues of stock and the boards of directors and thereby easily control the issues of bonds. Then it is not surprising that common stockholders and common directors in different corporations manage to place the bonds in the hands of common bondholders.

Whatever the evils or advantages of such financial manipulation and consolidation may be it is unnecessary in this report to discuss. The complaints of millions of shippers attest the dissatisfaction of the people. They are entitled to have the truth known. Full information, full publicity as to the true conditions of the issues of stocks and bonds, the cost to the holder, the price realized by the carriers, the disposition of the money, the facts as to the manipulations, will all shed light upon the question of correcting rates by the commission and their revision by the courts, and the information of all those things will help the people to a correct understanding thereof. If the wrongs complained of have been exaggerated, the people will be satisfied when they know the truth. If, on the other hand, the alleged wrongs or any considerable part of them are shown by the investigation really to exist, in the light of the truth they can be corrected. It is our intention in reporting this bill that when the proposed investigation shall have revealed the truth as to the matters involved, the light shall continue to shine on all future transactions and operations as to physical property, stocks, bonds, boards of directors, and financial control. To that end the bill provides that the commission shall continue to keep itself informed by continuing the investigation as to all extensions and new constructions and improvements and all increases in physical value, so as to keep such official valuation up to date all the time. Existing law, in section 20 of the act to regulate commerce, already provides for similar work and information as to stocks and bonds, so that if this bill passes it will not only result in securing information as to present conditions but also in continuing the work so as to show forth the full truth and exact facts as to future transactions as they occur, so as to show the true condition at all times.

We hope that the bill herewith reported may meet with the approval of Congress and speedily become a law.

Mr. SIMS. Mr. Chairman, the very able and clear report which has just been read, and which was prepared by the chairman of the committee, Mr. ADAMSON, explains the objects and purposes of the bill. This is not a new subject. This matter has been before the committee many years, as I am informed by Members who have served longer than I have on the committee. The question of the physical valuation of the property of common carriers is made necessary in every question in which the reasonableness of a rate is involved in the courts and before the Interstate Commerce Commission and before the various State commissions. I am informed by those who have served longer than I have on the committee that this bill, or similar bills, have been favorably reported frequently by the committee. This is a unanimous report from the committee. There is no objection to the bill that I know of coming from any member of the committee, and for the present, not knowing what objections, if any, there may be to the bill, I will reserve the balance of my time.

Mr. MANN. Will the gentleman from Tennessee yield?

Mr. SIMS. Certainly.

Mr. MANN. Would not the gentleman be willing to inform the House what the bill does do?

Mr. SIMS. The bill speaks for itself. The report analyzes the bill and states the objects and purposes of the bill, I expect, with more clearness and precision than I am prepared to do.

Mr. MANN. Oh, the gentleman from Tennessee always speaks with clearness of definition in the House, and I am sure he will be able to explain what this bill will accomplish.

Mr. SIMS. Does the gentleman from Illinois mean what the effect of the bill will be?

Mr. MANN. What will be done under the provisions of the bill.

Mr. SIMS. The bill states what ought to be done, what is expected, and what will be done.

Mr. MANN. If we should proceed on that theory we never would have any speeches explaining a measure, but only the reading of the bill. The bill always speaks for itself. Still, it seems to me, the gentleman from Tennessee ought to explain the provisions of the bill so that it will be in the RECORD.

Mr. SIMS. At present, Mr. Chairman, while I would like very much to grant the gentleman's request, but inasmuch as this is a unanimous report of the committee, put in shape by the chairman of the committee, it seems to me that any statement of mine would be a mere repetition at least in substance, and at present I hope the gentleman from Illinois will excuse me from taking further time of the committee in explaining the bill.

Mr. MANN. I would like to ask the gentleman from Tennessee a question in reference to the provisions of the bill, as he is familiar with it. I notice, next to the last paragraph of the bill, on page 6, there is a penalty provision which provides that in case of failure or refusal on the part of any carrier, receiver, or trustee to comply with all the requirements of this act, and so forth, he shall forfeit $500 for each such offense. The language "this act" there means, as I understand it, the interstate-commerce act, because this is a new section of the interstate-commerce act. Here is a penalty provision relating to the failure to comply with all the requirements of the interstate-commerce act, but there are now many penalty provisions in the interstate-commerce act itself. The question I want to ask the gentleman is, Would not this operate as a repeal, this being a new provision relating to penalty, assuming that you can not have two penalties for the same violation of the law?

Mr. SIMS. Mr. Chairman, I think this amendment which has just been read, which is an amendment to the interstate-commerce law, has reference to the penalty that will be applied to the violation of the provisions of this amendment and will not apply to the entire interstate-commerce act. That is my opinion.

Mr. SABATH. I think it is quite clear, Mr. Chairman, that the language of this section applies to the refusal of the carrier, receiver, or trustee in this section alone.

Mr. MANN. I think my colleague from Illinois did not hear what I read from the bill. Immediately following the provision which my colleague refers to is a provision relating to the requirements of the act. The act is the interstate-commerce act, and it is so treated in all amendments of the interstate-commerce act.

Mr. SABATH. I notice what the gentleman has in mind.

Mr. MANN. I think that ought to be made the provisions of the section, because some of the penalties provided in the interstate-commerce act are much more onerous than the penalties provided in this section. I did not know whether there was any reason for it or not.

Mr. SIMS. Of course it is not the purpose of the committee to relax, reduce, or minimize any penalty now in the law with reference to other matters.

Mr. MANN. I am quite sure that is not the desire of the committee.

Mr. SIMS. And the words "this act," I feel, were intended to apply only to this section. I think that would be a fair construction, especially in penal cases.

Mr. MANN. I think that would not be the construction given by the act, because in all the amendments to the interstate-commerce act, and there are many of them, wherever the term "this act" is used in any of the amended sections it means the entire interstate-commerce act and not the act making the amendment.

Mr. SIMS. And if it should be thought by the committee that the word "act" should be stricken out and the word

"section" inserted in lieu thereof, of course that can be done when we consider the bill under the five-minute rule. As I stated before, I did not prepare this bill.

Mr. MANN. I thought possibly it would be easier to arrive at an understanding now than it would be when we had exhausted the general debate.

Mr. SIMS. I would not be willing myself to say what the committee would be willing to do without consulting the other members of the committee.

I reserve the balance of my time.

Mr. BUTLER. Mr. Chairman, before the gentleman sits down I desire to ask him a question. It is stated in the report here that a measure similar to this has been voted for by the Members of the House who have attended more than one session of Congress. No such bill as this has ever passed the House, has it?

Mr. SIMS. I can not state from my own knowledge. I have been a member of this committee only one Congress prior to this Congress.

Mr. MANN. Mr. Chairman, if the gentleman will pardon me, I think I can answer the gentleman from Pennsylvania.

Mr. SIMS. Certainly.

Mr. MANN. When there was up for consideration in the last Congress a bill to amend the interstate-commerce law, on the floor of the House my colleague from Illinois [Mr. MADDEN] offered an amendment very similar to the provisions of this bill, providing for the physical valuation of railroads, which amendment was agreed to. In conference I tried to have that provision retained, but was unable to do so. It was not in the law when it was enacted. The provision went out in conference.

Mr. SIMS. Mr. Chairman, I reserve the balance of my time, and ask that the gentleman from Minnesota now use some of his time.

[Mr. STEVENS of Minnesota addressed the committee. See Appendix.]

Mr. SIMS. Mr. Chairman, I yield to the gentleman from Indiana [Mr. CULLOP], a member of the committee, such time as he may desire to use.

Mr. CULLOP. Mr. Chairman, the purpose of this measure is to ascertain the physical valuation of the railroads, for the purpose of preventing impositions on the public, in the sale of capital stock, bonds, and the fixing of transportation charges.

There can be no question that there is a demand for such legislation, and the object of this bill is to satisfy that demand.

Railroad rates are to-day fixed in a manner which is absolutely unjust to the ultimate consumers and the shippers of the country. Transportation rates are fixed on three items of consideration as the basis, first, to pay operating expenses and improvement charges; second, to pay interest on the bonded indebtedness; and, third, to pay a reasonable dividend upon the capital stock. The first basis is just. The second is absolutely wrong, and if the second and third are both employed, as is now done, they constitute a double charge upon the shipping public, which must be paid by the ultimate consumers of the country and thereby constitutes a burden on them. It is not fair to charge a rate that will make a sufficient earning to pay the interest on the bonded indebtedness and a dividend on the capital stock. Either the money raised by the bonded indebtedness went into the pockets of the owners of the railroad as a net profit, or it was invested in the construction and equipment of the road. If, therefore, a rate is charged which will create earnings to pay the interest on the bonded indebtedness and also a dividend on the capital stock—which more than covers every dollar of bonded indebtedness—such a basis necessarily constitutes a double charge. For that reason the present basis of fixing railroad rates in this country is absolutely erroneous, and gives the owners an unjust advantage over other business enterprises.

I call attention to the fact that the ultimate consumer necessarily pays every dollar of freight rates imposed in this country. Those freight rates are a charge upon the products which are shipped, and are added to the cost price, which the ultimate consumer must inevitably pay. He suffers the unjust consequences of such a method and bears the burden of the intolerable system.

Again it is a well-known fact that there is an overcapitalization of nearly every railroad in the country. The capital stock, as a usual thing, is more than double the actual cost of the building and equipping of the railroad. In many instances not only is the capital stock double the amount of the bonded indebtedness, but sometimes three or four times the value of the road, and in many instances the bonded indebtedness, the mortgage indebtedness, of the railroad is greater than the actual cost of the building and equipping of the road itself. So that, therefore, to charge a freight rate and fix it on the basis now employed enough to pay the interest on the bonded indebtedness and a dividend on the capital stock is an outrage against the ultimate consumers of the country. It is this manner of fixing rates as now employed in this country, this manner of fixing transportation charges by the great common carriers of the country, which retards the development of the country and prevents the full realization on investments in other industrial enterprises.

Many things are produced on the farm and in the factories for which there is a demand in the congested centers of population, but because the cost of the conveyance of these things from the point of production to the point of consumption is so expensive such articles can not enter the commerce of the country and are valueless to the producer. The manner in which these rates are fixed does injury to the investment of the people in other lines of business as well as to the ultimate consumers of the country. Producers and consumers are affected alike.

That is why a new policy and a new system for the levying of transportation rates should be adopted by every line of common carriers throughout the country. This is why the demand for this legislation is so universal and is hailed as a relief.

Some objection has been made to this measure because of its cost. On this subject I wish to call the attention of the committee to what the institution of this system of ascertaining the physical valuation of railroads would cost the country. I want to read from the testimony of Judge Clements, a member of the Interstate Commerce Commission, upon this subject. On page 4 of the hearings before the committee he said:

> Speaking of the probable cost, it is, of course, very difficult even to make an estimate that would be at all reliable. Prof. Adams, who was our former statistician, and who was employed as a special agent of the commission to aid us in putting in practice the operation of a system of bookkeeping and accounting of reports under the twentieth section of the Hepburn Act, considered this matter when he was with us a few years ago, and his final estimate was, as well as he could judge, that it would probably take $3,000,000 for valuation. He had previously made a smaller estimate than that, but on account of increased mileage and a review of what would probably be necessary in the way of employing a sufficient corps of engineers and experts to do this work, and do it accurately and satisfactorily, he revised his estimate and, in the year 1908, when this subject was up, expressed the view, in connection with a bill that was pending before the Senate committee and some correspondence we had with President Roosevelt, that it would probably take $3,000,000. Mr. Adams had aided in making the valuation in Michigan of the railroads in that State some years ago, which I understand was made for taxation purposes.

Now, it may be further added that it will probably take from three to five years' time to do this work properly, thoroughly, and well. This demand made for the revision of the method of levying rates now requires early action in order to afford the facilities necessary to aid the public in seeking lower rates for transportation and relief from unjust burdens which bear heavily on the business of the entire country.

There is another thing about this bill that ought to be considered, and that is that it will to a large degree, if not altogether, stop the overcapitalization of railroads and the overbonding of them. It will stop the imposition which to-day and for years has been practiced, the abuse of selling watered stocks and inflated bonds to innocent purchasers. I am aware of one argument that will be made against it, and that is that these stocks have passed into the hands of widows and orphans of the country and superannuated preachers. I take it that that argument is not sufficient in the mind of any gentleman upon this floor to oppose the passage of such a measure as this. If such people have been unfortunate in their investments, they must stand upon the same basis with other people who have been likewise unfortunate. But it is not fair to 90,000,000 of people that they should be required to pay unjust and enormous transportation tolls and have the development of our country restricted in order that the investments of a few may be made safe and good. Better it would be that Congress would appropriate the money to make restitution to them than to impose upon 90,000,000 of people, as is being done now in the fixing of transportation rates in this country, and retarding the commerce of a great country. It would be cheaper to the people in the end.

Mr. COX of Indiana. Will the gentleman yield?

Mr. CULLOP. I will.

Mr. COX of Indiana. In that connection I want to ask this question, if I can make myself plain to the gentleman. I do not remember the total bonded indebtedness of the railroads, but it is several billion dollars.

Mr. CULLOP. And then some.

Mr. COX of Indiana. I do not remember the total capitalization; but the gentleman stated a moment ago, and I think truthfully, that now railroads charge freight rates with the view of paying the interest on fixed charges, and some of the

fixed charges are the bonded indebtedness of the railroads. Suppose this bill becomes a law, and then suppose the commission finds that certain railroads in this country are overcapitalized—that they have more bonds issued which are making fixed charges against the railroad than are really necessary. Does not the gentleman believe that still the railroads will have the right to fix their freight rates with a view to meeting those fixed charges?

Mr. CULLOP. Mr. Chairman, I will answer the gentleman in this way. It is the object of this bill, according to my understanding, that the capital stock and bonded indebtedness should have nothing whatever to do with the fixing of the railroad rates in this country. It should be the policy of the Government that private business is never to be guaranteed; and if the owners of railroads make bad investments in their business methods, make extravagant purchases, and the construction of the roads is imprudently done, then the innocent public should never, as a matter of common justice, be taxed to make up for the errors of any man's business judgment. It is not right as a public policy, and it is not the intention, I will say to the gentleman, to let the bonded indebtedness or the overcapitalization, the creation of great financiers, those engaged in high finance, be the subjects for the plunder of the innocent people of the country or to retard the development of the greatest country on earth, as is now being done. In every line of business men suffer for their own mistakes in judgment and not the public.

Mr. COX of Indiana. Will the gentleman permit me further?

Mr. CULLOP. Certainly.

Mr. COX of Indiana. Right in that connection, that may all be true, but does the gentleman believe that the Supreme Court of the United States would stand for the Interstate Commerce Commission or any other power fixing freight rates to the extent that the freight rates thus fixed would become confiscatory of the bonded indebtedness or capitalization of the railroads of the country?

Mr. CULLOP. Mr. Chairman, the term "confiscation" has been used as a scarecrow in this country for more than a quarter of a century. It has been made do overtime. Why should the Government guarantee anybody's private investment? It has no more right to do that than to guarantee the investment of a man in his farm, in a store, or in a factory.

Yet it is proposed by some that when a man undertakes to build a public utility, building it for making profit, for earning money on his investment, the Government ought to step in and permit him to fleece the public in order to make his business successful. Such a proposition is indefensible, and whenever presented it should be rebuked. Governments were instituted for the benefit of the governed and not the governed for the benefit of governments. Courts should uphold, if it can reasonably be done, the will of the people as expressed by their law-making powers, and the principle involved in this measure is not repugnant to the rule of our courts so far expressed on similar questions.

To-day, under the method in which railroad rates are levied, the basis employed, there is not a railroad in the country that can lose money if it employs intelligent business methods. If it does not earn profits, it is because of its bad business management. Against this no legislation could safely be enacted which would assure good business management.

Mr. COX of Indiana. Will the gentleman yield for one other question?

Mr. CULLOP. Certainly.

Mr. COX of Indiana. Let me ask the gentleman this question: Does he believe it would be just and equitable to any person, innocent or otherwise, who is the holder of railroad stock or bonds, for any commission or power to fix freight rates to the extent that the railroad company that had issued the bonds or the stock would be unable to meet those obligations when they fell due?

Mr. CULLOP. Which side does the gentleman mean to be fair and just to? There are two sides. I want to be fair and just to both; but that question implies to be fair to only one side, and that is the railroad side of the question. The public, which bears the burdens, have some rights which should not be ignored.

Mr. COX of Indiana. Oh, I beg the gentleman's pardon. I mean the investors in the stock.

Mr. CULLOP. But it was the duty of the investor in the stock to examine before he invested. If he was careless, he must suffer the consequences.

Mr. COX of Indiana. Suppose he did examine before he invested and satisfied himself that he was safe in investing his money?

Mr. CULLOP. Then he stands upon the same basis as every other investor in this country. He can ask no more and should expect no less.

Mr. COX of Indiana. He stands upon the basis, then, of an innocent purchaser for value.

Mr. CULLOP. No; he took his chances. He was not an innocent purchaser if he knew there was more capital stock than the property was worth. If he purchased inflated stock he, rather than the public, should suffer.

Mr. COX of Indiana. But suppose he did not know that?

Mr. CULLOP. But it was his duty to examine and see. He was not an innocent purchaser if he knew or by vigilance could have known there were more bonds or stock issued than the railroad was worth.

Mr. COX of Indiana. But perhaps the fault might have been in Congress or in some other legislative body.

Mr. CULLOP. Then his duty was to examine more carefully before he put his money into the project, and if he did not he would be estopped from complaining.

Mr. COX of Indiana. Suppose he exhausted his ability in examination? Then, does the gentleman believe that man should be cut out?

Mr. CULLOP. Then he made a bad business venture, and, like many others have done, must suffer the consequences. Suppose the same arguments were made as to the reduction of the tariff? Then revision downward could never be made—and here is a greater source of fleecing the public as now employed than ever existed by virtue of any protective tariff in this country, because where the protective tariff takes one dollar out of the pockets of the ultimate consumers the railroad companies take five every day in the year.

Now, if some man, in his zeal to buy cheap stock and earn large dividends or large interest on his investment, steps in and takes his chance with the rest of the world, he can not come to Congress and demand legislation to make it good at the expense of the public. The many who are made to suffer by it have as much right to be protected in the fruits of their toil as does the man who buys railroad stock or railroad bonds or any other speculative security.

Mr. SABATH. There is nothing in this bill that would prevent anyone from disposing of any of his stocks or bonds?

Mr. CULLOP. Nothing whatever. Every holder is at liberty to sell when he pleases.

Mr. SABATH. And anyone could easily dispose of his holdings.

Mr. CULLOP. Certainly he could. Now, let us look at the origin of the present system employed. Fifteen years ago there started in a movement for legislation to make just such a thing as we have now constructed the basis upon which rates should be levied. Railroad companies increased their capital stock three, four, and five hundred per cent without adding values. Why? Because it was to be taken as the basis for earning dividends for them on the amount of capitalization. It was a well-directed and well-conceived plan to get exorbitant rates—dividends on watered stocks, on fictitious values. There was a well-directed plan to get at the basis which is now employed, and with that purpose in view the railroad companies began to increase their capital stock without additional investment of any consequence until they increased it in many instances more than three hundredfold. What was the result? Then they began to bond, and many of the best railroads of the country to-day are bonded for more than enough to build and equip them. What was the object in all of this? The object was to increase earnings, and not to improve facilities. It is the only institution so far known which earns a profit on its indebtedness. Indebtedness is always loss, but here is an instance in which indebtedness is a great profit to the transportation companies. Such has been the method all along the line in the regulation of this great business.

Mr. HARDY. Will the gentleman yield just for a question or suggestion?

Mr. CULLOP. Yes.

Mr. HARDY. It seems to me by way of answer to what the gentleman from Indiana [Mr. Cox] asked, or the proposition he has suggested, that the supreme courts themselves have already held that the standard of rate or measure of rate is not to be determined by the capitalization of the road.

Mr. CULLOP. Certainly.

Mr. HARDY. And that the capitalization is only to be considered by the court, if at all, as one of the elements of evidence as to what is the real capital upon which the companies are entitled to earn a dividend, and they are entitled to earn a dividend upon nothing more than their real capital. I think that is the holding of the courts.

Mr. CULLOP. The gentleman is correct. Now, I will call the attention of the gentleman from Indiana [Mr. Cox] to the cases collated in the hearings in which the doctrine is laid down in a number of them, in which the very basis that the gentleman from Indiana incorporated in his question is denied by the court and the opposite contention is sustained.

Mr. COX of Indiana. I beg the gentleman's pardon, I am not assuming any position; I was simply seeking information.

Mr. CULLOP. Well, the one involved in your question.

Mr. COX of Indiana. I was trying to get at the gentleman's views, taking it for granted that the gentleman, being a member of the committee, has given it a lot of study. I have not.

Mr. CULLOP. The courts all over the country have held, as I recall the cases, that the proper basis of levying of rates for transportation is not by taking into consideration alone the capital stock and the bonded indebtedness, but it is the real investment as the true basis. The actual investment is the proper basis, and that is a fair way to look at it; that is an equitable basis that the courts ought to and do assume and which individuals ought to assume in adjusting this matter by legislation. This question has become a public matter—one of the greatest importance. Its proper solution requires the serious consideration of every lover of our country who has its welfare at heart. Every year upon the farm go to waste great values in products, cheap products, because the cost of conveyance to market is too expensive. In the congested centers of population hungry mouths are pleading for them, but the cost of transportation between the points of production and the points of consumption is so great that the people can not afford to have these products; neither the producer nor the consumer can afford to pay the cost charged for conveying them to points of consumption. Now, that is the situation which confronts us. Go to your coal mines, and to-day coal rates in the best part of the coal-mining districts of the great Mississippi Valley are so high that it hampers this great industry and retards its development. Cost of transportation eats up the profits and retards the industry.

It is the cost of transporting the coal from the mines to the places of consumption which is holding back in our country one of the greatest industries ever developed in it. It is reducing the amount of production in the manufactories. It is holding back industrial pursuits, because the cost of putting the goods upon the market is so great. The cheaper you make an article to the ultimate consumer the more of it is consumed. The higher you make it the less of it is consumed. And the cost of transportation to-day is doing more to affect the high cost of living than perhaps any other one item which enters into it at this time. Products which are going to waste on the farms, for which the farmer ought to realize profits on his investment, on his labor, could be, if properly regulated, transported for less money to the places where there are demands for them and thereby be of value to the country and the people who desire them and a profit to the men who produce them. But this is prevented because of the cost of transportation as levied upon the basis fixed at the present time.

It is not fair to the public that it be taxed to earn dividends on watered stock; that freight rates be fixed at such price as to pay dividends upon watered stock that cost the railroads nothing. When such a procedure is permitted nothing is turned into value, and millions are made by such a policy which have never been earned. Such a policy is unjust and unfair. This bill will in a very large measure eliminate that system and will to a certain extent wipe out the system of high financing in this country by which the innocent public is exploited so often. That is one of the objects of it, and the country will approve it.

Mr. BUCHANAN. Will the gentleman yield?

Mr. CULLOP. Certainly.

Mr. BUCHANAN. I am aware that there is a great difference between the price of products at the farm and the price in the cities, but I do not know that it is all due to the high freight rates. For example, I have known potatoes to sell for 30 cents a bushel on the farm and probably sell for 40 or 50 cents a peck in the cities. I am not certain that the railroad rates has all to do with that. I think commission merchants and stock exchanges have often something to do with this great difference in the cost of the price to the producer and the price to the consumer. Can the gentleman give any information in regard to that? Has there been any explanation given in the hearing?

Mr. CULLOP. I will be pleased to answer the gentleman so far as I can. I do not claim, and never have claimed, that the cost of transportation was the sole cause of the high cost of living. But I do claim it is an element which enters into it.

Mr. BUCHANAN. If the gentleman will please permit——

Mr. CULLOP. Let me answer the gentleman's question.

Mr. BUCHANAN. I would like to get at just one thing. Is that due to the fact that the farmer can not often ship his produce because of not being able to get a market for it and abnormal high price for the product that the producer can not market?

Mr. CULLOP. In part, yes. What I do claim is that one of the items which enters into the high cost of living is the high cost of transporting the products to market. There are other items which enter into it. This bill will not eliminate all of them. We are not claiming that for it. But we must eliminate those, if we can, one by one. You will not eliminate all of them with one great legislative swoop, because there is a combination of circumstances which brings about that result, and this is one of them. Now, it is true that sometimes the want of transportation facilities does have something to do with it. The scarcity of cars, bad roads, and a number of things may enter into it which prevent producers from putting products on the market.

Why is wheat higher in the district of the gentleman from Illinois [Mr. CANNON] than it is in my district? Is it because he is nearer the initial market than the people of my district? The difference in transportation alone makes the difference in the price of wheat between my city and his city.

Why is wheat higher in Indiana than it is in Oklahoma? Because of the difference in the cost of the difference in distance from the initial market. Chicago is the initial wheat market for all the Mississippi Valley. Why is wheat higher in Chicago than it is in St. Louis? Because Chicago is the initial market and the cost of transportation from St. Louis to Chicago is the difference. Now, just as long as the present system prevails that long will the public have to bear this unjust burden. Just as soon as it is eliminated the burden it imposes will be removed and the producer and consumer alike will be benefited thereby.

It is unfair to the public that the Government should guarantee the investment in stocks and bonds, and yet that is the effect of the present system. If the stock and bond speculator wants to go on the market and speculate, the Government ought not to guarantee his investments. Who ought the Government to protect? The producers and consumers, and not alone the speculator who thrives by the manipulation of the stock market. The speculator is taking his chances in the mad race of speculation. Should the Government throw its strong arm around him and protect his chance speculation at the expense of the innocent producer and the helpless ultimate consumer of the country, or should it protect the one who earns his living by the employment of his muscle and mind? That is the proposition involved here. For me, I want to stand by the producer; I want to help the helpless consumer of this country, and not the stock speculator who takes his chances on the opportunities of trade of this country, because he is not so deserving as the other, whoever he may be. It would give a great impetus to every manufacturing industry, to every mining industry, to every farmer in this country, and it would multiply the productions of the farm, factory, and mine, and the cheaper products which now go to waste could be put into the markets of the world where there is a demand by the ultimate consumer, and it would thereby help all.

Now, Mr. Chairman——

Mr. FOSTER. Mr. Chairman, I would like to ask the gentleman from Indiana a question.

The CHAIRMAN. Does the gentleman yield?

Mr. CULLOP. With pleasure.

Mr. FOSTER. Is there anything in this bill which excludes watered stock in railroads, or which in the future would prevent the issuance of watered stocks, or which makes the investment secure in stocks where the railroads do not go out and sell watered stocks?

Mr. CULLOP. I may state to the gentleman from Illinois that the theory of this bill is that the physical valuation of the properties shall be determined irrespective of their capitalization and their bonded indebtedness, and the rates fixed upon that, so that there will be no inducements to the overzealous speculator of the country to rush in and buy watered stock or inflated bonds.

Mr. FOSTER. Well, is there anything in this bill to prevent that?

Mr. CULLOP. No, there is nothing to prevent it; but the basis for regulation, if adopted, will of itself prevent it. It is to ascertain what is watered stock, how much is overbonded indebtedness, and get at the genuine or real value of the property, and fix the transportation rates upon what the real values are. That is the purpose and object of the bill. Then it takes away, when fixed on that basis, the inducement to persons to buy watered stocks, because the opportunity to earn dividends

on such stocks by the operation of the properties will be destroyed, and hence there will be no demand on the market for them.

I can say further to the gentleman, here is the trouble about that proposition in Federal legislation: These corporations, as a rule, get their charters from States and not from the National Government, and that regulation necessarily belongs to the several States of the Union. But when you fix the rate on the basis contemplated by this bill, there will be no inducement for overcapitalization or excessive bonded indebtedness.

Mr. FOSTER. Well, does the gentleman think that when this valuation is made that will prevent the issuance of watered stock by common carriers?

Mr. CULLOP. Yes; I think there would be no inducement, and if there is no inducement to issue watered stocks, then none would be issued. Such stock is issued only upon the inducement that it can be sold, and if you will eliminate the inducement entirely, then you will have removed the evil from the public.

Mr. ADAIR. Mr. Chairman, will the gentleman yield for a moment?

The CHAIRMAN. Does the gentleman yield?

Mr. CULLOP. Yes; certainly.

Mr. ADAIR. Would not the very fact that the valuation of these roads is known make it impossible to unload watered stock on the public, because the public would know the value?

Mr. CULLOP. Exactly. That is it exactly.

There is another proposition which I want to call to the attention of the committee. These companies give one valuation for purposes of taxation, to raise public revenues, and then an altogether different valuation of the property to the Interstate Commerce Commission for the basis of charging the public for service to earn revenues from the public, which all, I take it, will concede to be unfair to the public. If the roads fix one value for taxation, why should they not be bound by the same valuation for the fixing of service charges. If it is fair that they should be taxed upon a certain valuation, then it is also fair that the public should be taxed on the same valuation for the transportation services performed. I do not believe any man will deny that proposition.

The question involved in this legislation is of vast importance to the public and upon the result depends much the conditions which shall follow, whether it shall retard or accelerate the development of our country and inspire the prosperity of the people. Common carriers render public service and should be regulated to the end that the country should be benefited thereby.

We are living in an age of wonderful progress and the evolution of the times produces marvelous strides in the development of every human activity. More is being done daily and more is required to be done to aid every agency human ingenuity can employ to facilitate the progress of the times so essential to secure the contentment and happiness of the people and to inspire and accelerate the prosperity of our country. Legislation to this end is demanded in order that the requirements of public weal may be assisted and public wants supplied for the promotion of the common welfare and the general benefit of the entire public.

Mr. STEVENS of Minnesota. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. ESCH] 10 minutes.

[Mr. ESCH addressed the committee. See Appendix.]

Mr. STEVENS of Minnesota. Mr. Chairman, I now yield 10 minutes to the gentleman from Wisconsin [Mr. LENROOT].

Mr. LENROOT. Mr. Chairman, I shall vote very cheerfully for this bill, although I am not wholly in favor of certain provisions of it. My chief criticism is found in the first paragraph, which is a mandate to the commission to find the value of the property of every common carrier subject to the provisions of the act and used by it for the convenience of the public. That is a mandate to the commission to find the value of the property, and the value so found is to be taken as the value for rate-making purposes.

Now I believe, Mr. Chairman, that that is a mistake, for the question is far from being settled in this country, either by judicial interpretation or legislation, as to what elements go to make up the value of the property of the railroad for rate-making purposes. No hard and fast rule has ever been declared by any court; but the courts are unanimous upon one proposition, and that is that the physical valuation of the railroads is an indispensable element to be taken into consideration in the making of rates, and for that reason I wish, instead of a mandate to the commission to find what the value of the property is, that this bill had been limited, as far as value is concerned, to finding the physical value of the property, and then leaving to the commission to determine the question of value in each particular case as it comes up.

Now, Mr. Chairman, there are a great many questions that remain to be settled with reference to this question of value. For instance, take this great passenger station of the Pennsylvania Railroad here in this city, their station in New York, and the North Western Station in Chicago. Under this bill I take it the commission in finding the value of the property of the Pennsylvania Railroad used for the convenience of the public, will include the value of this station, running into many millions of dollars, and I take it that the policy of this bill is that that shall be included as a basis of rate-making purposes. Mr. Chairman, it is not at all certain that that is the correct basis for rate-making purposes, especially for freight rates.

It is certainly a doubtful question whether those who ship freight upon the Pennsylvania Railroad should be compelled to pay in freight rates for these expensive passenger stations, erected exclusively for the use of passenger traffic. That is one of the questions; and yet if we have the commission in an ex parte way find the value of these properties as an entity, I take it that the railroads will claim that Congress has declared the policy that they shall be entitled to exact such rates as will pay a fair return upon the total value of the property so found.

And so, Mr. Chairman, I wish that the very first paragraph might be limited to ascertaining the value of the physical property of the railroads, leaving the question entirely open, to be decided in each given case, as to what the value of the property is when used in that particular case for the purpose of rate making. If the commission had the value of the physical property—and that is the difficult thing to ascertain always—and kept it corrected and revised and changed from time to time as is provided in this bill, there would be no difficulty for the commission to apply the other elements as the cases may arise.

Further, Mr. Chairman, we have now a case pending in the Supreme Court, which will shortly be decided, namely, the Minnesota case, which will no doubt settle many of these questions and may indeed form a new basis, or at least a somewhat different basis, for the fixing of valuations for the purposes of rate making. Let me say here, Mr. Chairman, that the value of the property of a common carrier for purposes of taxation or for commercial purposes may be and very often is—yes, usually is—a very different one than a valuation used for rate-making purposes. If we are fixing the value of a railway for taxation purposes we look at the market value of that property, and the market value of that property depends almost wholly upon the earnings that the property makes.

The earnings depend upon the rates that the railroad charges, and if the railroad is permitted to charge rates 50 per cent higher than it ought to charge, 50 per cent greater than are reasonable, that is immediately reflected in the market value of the road; and the very purpose of regulation is to get a reasonable rate, and with a reasonable rate the market value of the road would be very much less than it is, of course, with an unreasonable rate.

I should seriously object to, and in fact feel compelled to vote against, this bill if it rested with the first paragraph as to the value of property; but there is another section later on that permits the commission to revise its valuations from time to time and change and correct them, so that I do not know that any great harm will come; but when this bill comes up for amendment I shall offer an amendment limiting the valuation of the property to a physical valuation. If we have the physical valuation, if we have the other information that is provided for in the bill, which I am heartily in favor of, then I see no occasion for the commission at this time in an ex parte proceeding going any further. I doubt if the railroads will be heard in this proceeding, because they will have an opportunity, a constitutional right, to be heard upon the question when the matter gets into the courts, for, after all, we make this valuation only prima facie evidence of the value and that is all we can do. I shall offer an amendment limiting the finding to the physical valuation, and then we will have all of the elements; but so far as the final conclusion of the commission is concerned, in fixing the value of a particular road, we can well leave that until the question comes before the commission with reference to the rates of that carrier. [Applause.]

Mr. FOWLER. Mr. Chairman, before the gentleman takes his seat I desire to ask him a question. On what does he base the physical valuation of the property?

Mr. LENROOT. Just what the term implies—the value of the right of way, the value of the rolling stock, the rails, the equipment, and everything that is physical that is used for the convenience of the public.

Mr. FOWLER. The gentleman means the cost value of these articles?

Mr. LENROOT. I do not. The value of the physical property in a railway is derived in this way: First, one consideration is the original cost both of equipment and right of way. Another is the present value. That is readily ascertainable. The cost of reproduction is another element, and from those elements we arrive at the present value of the physical property of the railway company.

Mr. HARDY. Is not that just the standard this bill prescribes?

Mr. LENROOT. It does when you go into detail, but the commission is required to ascertain the valuation of the property.

Mr. HARDY. And the gentleman would add the word "physical"?

Mr. LENROOT. Yes.

Mr. HARDY. And the gentleman would define it——

Mr. LENROOT. Exactly.

Mr. HARDY. So that there is no real substantial difference?

Mr. LENROOT. No; except that I do not think it is confined, so far as the final conclusion of the commission is concerned, to the physical property.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SIMS. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. BORLAND].

Mr. BORLAND. Mr. Chairman, waiving any criticism as to the details or language of this particular bill, it seems to me that there is a very unanimous sentiment in this House in favor of it. I am heartily in favor of the measure and substantially in accord with the language in which the bill is drawn. There is no problem now before the people of the great interior sections of this country so serious, so constant, or so pressing as the problem of railway transportation. Many of the Members of this House come from districts the whole commercial and economic advancement of which depends entirely upon railroad transportation, and most of us come from districts where that is substantially true. In a great extent of the interior country such as we have, a great productive area removed from the seaboard, railroad rates are a general tax upon the entire consuming and producing public. I would not undertake to set up as an authority on economics and say who ultimately pays the cost of transportation, whether it be the producer or the consumer. I have always believed that as to the foreign transportation, as to export goods, the producer in this country pays the cost of transportation. When we export a bushel of wheat we must sell it upon a free-trade market in competition with the strongest competitive forces in the world, the wheat of South America, of Australia, of Russia, of India, of Canada, and of every wheat-producing area on the globe. The advantage we have over them is in the quality of our wheat and the cheapness of getting that wheat to the seaboard, for in water transportation distance is rarely the main factor. The great cost of putting our wheat on the foreign market is ordinarily the cost between the farm and the seaboard, and every penny saved in the cost of transportation from the farm to the seaboard is a penny left in the pocket of the producer of the wheat to enter into the channels of legitimate trade in that community.

As to domestic commerce, so much of our products as were consumed here in our own country, I have always believed that the consumer must ultimately pay the cost of everything that went upon his table or upon his back. No matter how much the cost of transportation was, he must ultimately pay a price sufficient to cover it all. Regarding, therefore, the two great elements of the transportation business, the export and the domestic consumption, as to one it has occurred to me we were in competition with the nations of the world where every facility and improvement of transportation was a direct economic gain and growth to the wealth of this country in placing our products on the foreign markets, cheaper, quicker, and better than our competitor; and as to the other, the feeding of our own home people, it is a factor in the cost of living of the man who earns a daily wage to take home on Saturday night and hand over to his wife for the necessities of his family. So there is no class of the public that is free from this universal tax of railroad rates. We have come to a time when the question of the physical valuation of railroad properties is an absolute pressing necessity. We have come to a time when the conditions are ripe for such a physical valuation. The speculative age of railroad building is probably at an end in this country. A generation or a generation and a half ago all the great West was eagerly bidding for railroads. Land grants, aid bonds, public subscription of stock, anything on earth was offered to get a railroad out there in a country that could not produce the business that justified a railroad when it was first built. Now all of those railroads have been built. They were cheaply built; many of them built entirely out of land grants or aid bonds, and yet stocks and bonds were put upon the market based upon such properties. In 1893 came a period which was a clearing house of all these western railroads. Almost without exception they went through a period of receivership and all scaled down their indebtedness and all wiped out public stocks and bonds and all control the public had over the management, and they all consolidated great systems. Then they began to rebuild out of the earnings and capitalization of that property an entirely new and adequate system of transportation throughout the West. But now the period of railroad speculation is almost at an end and a period of railroad operation has come when the roads are putting in heavier rails, straighter roadbeds, broader ties, better bridges, double tracking in most cases, running bigger trains, heavier engines, and fewer men to the train crew.

So they have more opportunity now to operate upon a purely operative basis than they ever did during the speculative age. Railroads were built to sell originally, like the jackanapes razors which are mentioned in the old poem. Now they are built to operate, like any other business property on the market. The great question we have had to confront is what is a fair rate between the shipper and the railroad. In this question the railroad has universally had the advantage of the shipper, for the railroad would not disclose the value of the property upon which it operated. It never undertook to disclose that fact. Much has been said about the difficulty of getting at the value of railroads. Unquestionably there is a practical difficulty in getting at the value of anything. Even 10 feet of ground necessary to open a public alley will cause a great deal of controversy. Value is a question of opinion, but the difficulty in getting at the value is not insurmountable, and great as it may be it is necessary to be met and met just as early as possible.

I believe, with the gentleman who last spoke, that we should confine this investigation to the physical valuation of the railroads. I do not believe we ought to value a railroad as a going concern, for the minute that you do that you add something to it besides the physical valuation of the property itself for taxation or sale purposes. Now, what do you add to it in valuing it as a going concern? You must add one of two things, either good will or franchise. Which of those belongs to the railroad—the good will or the franchise? The franchise does not. It is not the franchise of the railroad, but of the public. Did not the railroad seek the franchise on the ground that it would invest its capital in a business productive to the public and that the public might have the right of control by reason of the franchise that was given to the railroad? The railroad does not own the franchise, and I have never believed in the capitalization of the franchise of public utilities. There never has been a more vicious principle in this country than the capitalization of the value of a franchise, for the franchise is the free gift of the country upon consideration by which the railroad invests its property.

Mr. HOBSON. Does not the gentleman recognize the same principle as in the capitalization of monopolies?

Mr. BORLAND. Unquestionably it is the same principle as capitalization of monopolies. We give the railroad a right to do a certain business a private individual can not do, and then they undertake to capitalize that right, which is practically a monopoly, because no person can invest a similar amount of money without the proper franchise and compete under the same terms.

Mr. OLMSTED. Will the gentleman yield to me?

Mr. BORLAND. I will.

Mr. OLMSTED. The gentleman is discussing the matter from an intelligent standpoint, and it has occurred to me to ask him a question which has troubled me a great deal, namely, What would be the physical valuation of a railroad that had no freight or passengers to carry?

Mr. BORLAND. I will answer that question.

Mr. OLMSTED. And then I follow that by asking what would be its physical valuation if it had no franchise to carry freight or passengers? And, after all, does the physical valuation of a railroad have anything to do with what would be a proper rate of transportation over it?

Mr. BORLAND. The physical valuation of a railroad that had no freight or passengers to carry would be only, of course, the value of the rails when they were torn up and the value of the land when it was turned back for some other purpose. Of course, there would be no question about the physical valuation of a railroad with no freight or passengers to carry.

Mr. OLMSTED. Ordinarily that would be a mere right of way, which, when the rails were torn up, would go back to the original owner.

Mr. BORLAND. And the terminal facilities in the city. The physical valuation of a railroad which had no freight or passengers to carry would not be a hard thing to determine. As to the second question, I would say the physical valuation of a railroad with no franchise would not be conceivable.

Mr. OLMSTED. Which would be permitted in any State if built on private ground.

Mr. BORLAND. But a railroad without a franchise could not be a carrier. The difficulty which the gentleman from Pennsylvania [Mr. OLMSTED] has not touched upon in his question, but which I thought he might touch upon, is the physical valuation of a railroad which is operated at a loss. There is some difficulty connected with that proposition. Some branch-line railroads operated in connection or under the control of trunk lines are operated at a loss, but whether that is due to the management of the company or the conditions of the community is a matter of dispute. Ordinarily it is due to the policy of the company which owns the road.

Mr. OLMSTED. I can name several independent railroads that are operated at a loss, that never have paid a dividend, and probably never will, and yet they are railroads which cost several millions of dollars.

Mr. BORLAND. That is true. It sometimes happens, frequently happens, that money is improvidently invested in railroad enterprises that do not pay a dividend and never will pay a dividend. But it has been universally true also that all money invested in railroad enterprises was unprofitable at the first investment and only grew into profit as the community grew and the business of that road increased.

Mr. OLMSTED. I do not wish to take up the gentleman's time, but I have only another instance to present. It is a matter of history that one of the steam railroads from here to Baltimore cost a great deal more to construct and to establish than the other one, because the first road interfered with the second one in getting a franchise into Baltimore and the second one had to take an expensive route. You will see it every time you go over to Baltimore. It has to go through long and costly tunnels. Now, does the fact that one road cost possibly twice as much as the other increase its physical value, or would that physical valuation have any bearing at all on the ascertainment of what would be a proper rate for the transportation of freight or passengers from here to Baltimore?

Mr. BORLAND. That is a very important question, and I may say to the gentleman that instances of that may be multiplied all over the country, where one railroad has cost more to build, competing with another one, than the original line by reason of the cost of terminals, or the scarcity of terminals, or the difficulty of entering into a city, or whatever the reason may be.

Mr. OLMSTED. One road secures a right of way through a canyon or narrow defile and another company, to build a competitive line, may have to tunnel through a mountain.

Mr. BORLAND. Unquestionably.

Mr. OLMSTED. How, then, are you going to determine the physical valuation of the railroads under such circumstances?

Mr. BORLAND. This bill takes care of that by providing for the ascertainment of the original cost of the property for railroad purposes. Whether that would result in a uniform standard of physical valuation for all railroads that were competitive on the question of rates is another question that has not yet been reached by this bill. This bill, as I understand it, is to get at the original cost of the railroad and the present value of it, and ascertain how much of that present value is due to added improvements. If that is done in the case of each railroad, then whether or not it will serve as a basis for the fixing of rates is a matter for the court and the commission to decide as the question arises.

Mr. OLMSTED. Would we not get at it more effectively and readily by a bill regulating the issuance of stocks and bonds, so that there could be no fictitious increase of either?

Mr. BORLAND. No; I do not think there can be any possibility of regulating the issuance of stocks and bonds except on the basis of the known physical valuation of the property.

Mr. OLMSTED. Well, we have it in New York. They have an excellent public utilities commission there. No increase of stock or bonds can be made except by its permission, and other States have similar commissions.

Mr. BORLAND. It is possible to provide limits and safeguards to the issuance of stocks and bonds, but I do not think there could be any real and effective limitation on the issuance of stocks and bonds short of a physical valuation of the property upon which the stocks and bonds are issued. Now, it certainly is an evil in the transportation business that bonded indebtedness and fixed charges to pay interest on bonded indebtedness are figured into the rate making. If I guarantee a mortgage for a man who has mortgaged his house for $5,000 when it is worth only $4,000, and he has sold to your client the mortgage for $5,000, he can not sell it for any greater sum or rent it for more than it is worth any more readily than he could have done before I gave him the guaranty.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BORLAND. I would like to have five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LENROOT. Mr. Chairman, I would like to ask the gentleman from Missouri a question.

The CHAIRMAN. Does the gentleman yield?

Mr. BORLAND. Certainly.

Mr. LENROOT. As the bill now stands, would it not compel the commission to decide the very question that has been raised by the gentleman from Pennsylvania [Mr. OLMSTED], as to two roads doing the same line of business, one costing very much more than the other, whereas if it were limited to the valuation of the physical property that question would remain to be decided in each particular case?

Mr. BORLAND. It might in this respect, that the bill provides that the commission shall report the present value of the property for railroad purposes, which might raise the cheaper and earlier railroad to the value of the competitive railroad that was afterwards put in.

But those are simply questions of information and enlightenment for this House which I regard as absolutely essential that we should have. We can not have too much of this information. The use we make of it afterwards will be such as occasion may require, but I think the bill itself is right in theory. We ought to know the cost of the physical property in the first instance. We ought to know the cost of the added improvements, and we ought to have the commission's estimate of the present value for railroad purposes. We ought to have at least those three items.

Mr. LENROOT. If I am correct in assuming that the bill is a mandate to find out the ultimate value, then is it not beyond the power of the commission itself to fix rates other than on that basis afterwards?

Mr. BORLAND. It probably would be. Now, I wanted to say this—that I believe the time has come when a physical valuation of railroads can be made on a fairer basis than ever before in the history of the railroads of this country, fairer to the railroads themselves and fairer to the shippers. I believe that railroading has gotten down to a legitimate basis. I believe that 90 per cent of the railroads of this country are entirely out of the realm of speculation and are being operated as closely and cheaply as any other large business can be operated.

Mr. HARDY. Mr. Chairman, I have not studied this bill thoroughly. I wish to ask if there is anything in it which requires that when this value is ascertained that shall be the standard upon which rates shall be fixed.

Mr. BORLAND. No; there is no requirement of that kind.

Mr. SIMS. The physical value would only be prima facie evidence.

Mr. BORLAND. It would only be prima facie evidence on which the commission could act.

Mr. HARDY. As I understand, it would just be one element to be taken into consideration in passing on rates.

Mr. BORLAND. It would be one element.

But I wanted to say this further, that we have now had about 25 years of railroad legislation, and I do not hesitate to say that all of it has redounded to the profit of the railroads themselves more than to the profit of the shipping public. The railroads have put an end to discriminations between shippers by wiping out rebates to favored shippers. There was a time, a few years ago, when no large dealer ever expected to ship a carload of stuff on the published tariff. He went to the soliciting agent of the railroad company or the soliciting agents chased him around town to get him to ship his carload of watermelons over their road at a special rate. Every railroad had a commercial agency, consisting of a number of young men of pleasing appearance, who went about town soliciting every pound of freight shipped in that community, to get it carried over that line at a special secret rate. Now the railroads have abolished all that, and they are getting full rates. Nobody is getting any rebate. Who is getting the benefit of that? Ultimately and directly the railroads themselves. The railroads used to give a pass to every respectable man in the community. There was hardly an exception. The man who did not ride on

a pass felt himself to be beneath the social standing of other persons in that community. Now every man pays his fare. Even some of the members of the lordly State legislatures pay their railroad fares.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. SIMS. I yield to the gentleman from Missouri five minutes more.

Mr. BORLAND. The railroads used to take all the baggage you wanted to send, even theatrical and traveling men's baggage, and ship it all over the country on a passenger ticket. Now you can not even take a collar box without paying excess baggage. I have never made the trip from Kansas City to Washington without paying from $4 to $9 excess baggage.

Mr. CAMPBELL. The gentleman carries too many clothes.

Mr. HAMILTON of Michigan. The gentleman has too many collars.

Mr. BORLAND. I do like a clean collar, but beyond that I do not plead guilty to being a dude. The railroads are getting more money for their business to-day than ever before in the history of transportation, and the regulation in which we have been indulging has not been reflected in cheaper rates to the consumer or to the producer or to the shipper in any single, solitary instance.

Now, the railroads claim that they are paying more for material and more for labor. I have no doubt that in many cases they are paying more for material, but my judgment is they are paying less in the aggregate for labor. We find that they have raised the labor cost 15 to 18 per cent on the average, but I think they have raised their rates much more than that. They have cut down the number of men employed on the railroads very materially. The consolidation of terminals, the consolidation of switching facilities, the running of heavier trains, the cutting out of a flagman here and a shopman there, the cutting out of little repair shops have reduced the labor roll very materially, and I doubt very much whether any portion of the increase of the rates of the railroad are justified by an increased pay roll, although there may be an increase in the rates of individual employees.

But, Mr. Chairman, the time has come now when some of this railroad regulation should be reflected in cheaper and more uniform rates for the shipping public, and I hope that that will be the outcome of this bill.

Mr. BUCHANAN. Will the gentleman yield?

Mr. BORLAND. I will.

Mr. BUCHANAN. Is it not a fact that the labor cost on a tonnage basis over the railroads is very much less than what it was?

Mr. BORLAND. It is very much less than what it was, and that is the only true test of the labor cost, and it is smaller now than it has ever been in the history of the railroads and is getting smaller every day.

The railroads have no reason to complain of the physical valuation of their property as a basis for making rates. If this Minnesota case is confirmed, there will be practically no power left in a State to regulate railroad rates. In that Minnesota case the court said that the making of an intrastate rate so directly affected the interstate rate that the intrastate rate could not be reduced without affecting the transcontinental rate. This is true. Any man who has studied railroading knows that the change of a rate from a point to a point in Minnesota will affect every rate between Chicago and Puget Sound. There is no doubt about it, and so there is but one agency through which the regulation of rates can effectively be made and but one basis upon which they can make that rate, and that is cutting out the value of the franchises, the value of the good will which the shipper has created, and give them a fair and just return on the property they have invested. [Applause.]

Mr. SIMS. I now yield 10 minutes to the gentleman from Alabama [Mr. HOBSON].

Mr. HOBSON. Mr. Chairman, this bill is in the interest of truth and honesty in offering a way to establish the facts in the various controversies arising between the public carriers and the public. The bill is in the interest of promoting an orderly evolution of our social system. The transportation system of a nation is closely analogous to the circulatory system of a living being. It is first in evolution in passing from a lower order to a higher order, and upon the development of the circulatory system depends in large measure the development of the organism. The Interstate Commerce Commission is closely analogous to the vasa motor center of a human being. The world is passing from a cold-blooded creature to a warm-blooded creature, and nations are evolving centers which can systematically regulate transportation for the whole nation as the vasa motor center regulates circulation for the whole body.

Now, our Interstate Commerce Commission itself may be likened to the vasa motor center, but the evolution of the Interstate Commerce Commission is still in its early stages.

This bill removes the obstacle in the path of its next stage of development. The references made here in the remarks of various gentlemen who have preceded me will convince anyone that the time is fully ripe for this whole question to be systematized. We are a warm-blooded creature now, and the circulation is the very life of our development. We can not proceed in an orderly system of development unless we can have transportation properly systematized and regulated.

To illustrate, take the conditions now found in my State of Alabama. One system of railroads in our State maintains that the 2½-cent passenger rate fixed by statute is confiscatory, while the other railroads accept that rate and have not been going into bankruptcy on account of it.

But this particular system has had the matter referred to the Federal judge of the district, and that judge has decided that the rate is confiscatory; and, Mr. Chairman, the search for evidence on the part of the State to present its case was met by insuperable barriers and obstacles; so that it was decided substantially, as all such cases must be decided, from one statement—the statement of one side—ex parte evidence. This bill if enacted would enable us to get recourse and relief.

Mr. CULLOP. Mr. Chairman, will the gentleman yield?

Mr. HOBSON. Certainly.

Mr. CULLOP. What was the passenger rate on the railroads before you passed your statute in Alabama?

Mr. HOBSON. It was variable. It was usually 3 cents on the larger railroads.

Mr. CULLOP. Is it not true that the railroads which have accepted the 2½ cents a mile statute rate are carrying more passengers and making more money out of the passenger traffic than ever before?

Mr. HOBSON. It certainly is a fact that whenever a passenger can travel by one of those other roads he always chooses it, and whenever a shipper can ship by one of those roads he always ships by it; but there are many localities where there is no choice. The railroads charging the rate in violation of the statute have been issuing coupons, in which they agree to return the difference in the rates if they are not sustained in the higher court. Nobody can keep those coupons, and the railroads know it, and they will not allow those coupons to be bought and sold, so as to insure their being lost. In some cases they make you sign your own name and announce that only the original purchaser will be reimbursed. This is the case in Oklahoma. They pretend that they will abide by the decision of the superior court, but they make the conditions such that when the time comes it will be a physical impossibility for the refund to be collected, showing a clear intent to hold the increase, whether lawful or unlawful.

Mr. CULLOP. I will ask the gentleman if the courts have not made this proposition of confiscatory rates do overtime in the last few years?

Mr. HOBSON. Unquestionably. Where reduced rates have been fixed by law and accepted, I find no evidenec of the railroads going out of business or of any great decline in profits. I cite these as instances of the obstacles still remaining in the path of proper regulation. I travel a good deal between States. I find now many railroads, most of the roads passing through the gentleman's State [Mr. CULLOP] and the other States of the Middle West, charge more because of the simple act of crossing the State line; so that in effect the rate in both States violates the State law. In other words, they charge a rate that, separated in two parts, is illegal in both States.

Mr. CULLOP. I will say to the gentleman from Alabama that there is now pending before the Committee on Interstate and Foreign Commerce a bill introduced by myself to correct that practice on the part of the railroads.

Mr. HOBSON. I will say to the gentleman that I am surprised that the great self-governing people of the Central West, who have passed the 2-cent rate bills in their States and have found that they are fair and just, have submitted all these years to the common carriers between the States charging illegal rates under the cloak of the Interstate Commerce Commission.

Mr. CULLOP. It is not an illegal rate, I will say to the gentleman.

Mr. HOBSON. Only because it is interstate. The rates charged within the States have not been declared unreasonable, nor in practice have they proved unreasonable.

Mr. CULLOP. Yes; the Interstate Commerce Commission is opposing the proposed remedy on that subject, I will say to the gentleman. I want, furthermore, to say that in my State we have a 2-cent fare bill, passed some years ago, and the railroads have been carrying more passengers and have been making more

money out of the passenger business since that was passed than they ever did before, when they charged a 3-cent rate.

Mr. HOBSON. Showing that there was no warrant whatsoever, in fact, for them to charge a larger rate in passing from Indiana to Illinois. Each of those States has a 2-cent rate, and yet if you pass from one State to the other you are charged 2½ cents.

Mr. FOSTER. Three.

Mr. HOBSON. Some of them charge three, but most of them, I think, charge two and a half, though many times they do charge three. I have been traveling recently, and the question arises in my mind, Why are we confronted by such a situation? Is there no recourse for the people of those States? Is the Interstate Commerce Commission to be an intrenchment for recalcitrant roads to defy the just laws of the States? As long as the physical valuation of the roads is not made the Interstate Commerce Commission is thwarted in its best intentions to relieve this condition, and State authorities are thwarted in their legal processes for relief. Is this to continue forever? Of course the railroads go to the Interstate Commerce Commission and actually put up what looks like a reasonable argument that the lower rate between those States would be confiscatory. I can not understand any other reason why the Interstate Commerce Commission should submit to it. At this point I wish to bring out another point where the railroads are unreasonable. We have declared that the Pullman Co. is a public carrier, and yet if you buy mileage to Pittsburgh on one of the roads from here to Pittsburgh, having a mileage book from Pittsburgh west, say on the C. P. A., and have both mileages in your pocket, the Pullman Co. will not sell you a berth to Chicago or a point beyond Pittsburgh; it will not sell you a berth across the point where you change your mileage books. Going west you pass through Pittsburgh usually about 2 o'clock in the morning and do not want to get out of your berth to go down to get mileage exchanged for a ticket. They will not let the conductor or porter get it done, and you either have to buy two berths, one to Pittsburgh and one from Pittsburgh on, or you just have to pay the full fare of 2½-cent through rate from the starting point instead of the 2-cent rate. Those two public carriers are cooperating to practically interfere with the reasonableness of rates both on the Pullman and in transportation. I made complaint to a railroad and they announced the authority of the Interstate Commerce Commission for their unreasonable practice. I simply state this not to make a case out here, but with large experience in traveling throughout the country I find great irregularities, and I believe that this bill will be a most effective means of finally getting a basis upon which our transportation can be systematized, which will be for the best interests of the public carriers as well as for the traveling and shipping public. [Applause.]

Mr. SIMS. Will the gentleman from Minnesota use some of his time?

Mr. STEVENS of Minnesota. Mr. Chairman, how much time has the gentleman from Tennessee used?

The CHAIRMAN. One hour and twenty-six minutes.

Mr. STEVENS of Minnesota. How much time have I used?

The CHAIRMAN. Forty minutes.

Mr. STEVENS of Minnesota. I yield 10 minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, the power to make a rate involves the power to levy a tax. The people all over the United States are always solicitous that taxes are not levied too high, and if we should be able to get the correct values of railroad properties and those values were made one of the elements in rate making we would have a more intelligent conception than we have now of whether we were having a just and reasonable tax for railroad transportation. The taxes levied by railroads in the United States every year for the transportation of freight and passengers amounts now to about $3,000,000,000, so that the railroad-transportation revenues in the United States are nearly three times as much as the revenues derived from taxation by the Treasury of the United States. The people all over the country are looking forward to the time when everybody will understand whether a rate is reasonable or unreasonable. Up to the present time there has been no sufficient information given to the public to enable the public to understand whether the rates are right or wrong. Everybody believes they are wrong in most cases. The railroad companies' representatives throughout the United States are constantly arguing for power to levy higher rates on the theory that the wages of the men employed by the railroad companies are much higher now than they used to be and the volume of work done by each man employed is much less, and that the total aggregate cost per ton of freight carried by the railroads of the country is greater than it ever was before, and that the dividends paid on the capitalization of the roads are much less than they ever were before. The question arises whether railroad rates should be based upon the amount of money to be earned to be applied to the payment of dividends or whether the rate should be made upon the basis of the actual value of the property of the railroads, regardless of whether the property is considered in a going concern or not. My own judgment is that where a railroad claims to be running at a loss and its capitalization is more than twice what it ought to be the question of gain or loss in such case ought not to be taken into account. If the railroad rates are fixed on the basis of valuation provided by the first section of this bill, it looks to me that in some cases they will be fixed at much higher rates than they ought to be fixed at, because this bill provides that the commission shall ascertain the value of the property for railroad purposes or for rate-making purposes, and then in the case of the railroad referred to by my friend from Pennsylvania [Mr. OLMSTED], where it was required to construct expensive tunnels to get into Baltimore, if the rate were made on the basis of cost to that road in order that it might be able to earn dividends the earning power of the railroad running in competition with it would be twice as much as it ought to be.

I believe that in many cases the values of railroad properties will be found to be greater than the actual capitalization of the railroad. But, on the other hand, I believe that in many other cases the values of the railroad properties will be found to be materially less. At any rate, whether it is higher or lower, the public is entitled to the information which this bill will enable the commission to obtain, and I am very glad that the time has come when Congress feels that the legislation demanded for so long a time by the people ought to be enacted into law.

I am fully committed to the policy of the bill, and have a bill for the same purpose pending before the committee reporting this bill, the Committee on Interstate and Foreign Commerce. But while I may give my vote for the principle at stake, my views as to what ought to be done in the form of legislation do not fully conform to that of the committee and members of the Interstate Commerce Commission on this subject. Indeed, our views will be found widely divergent.

I have advocated the appraisement or valuation of railroad properties in every Congress of which I have been a Member. In the last Congress I introduced, and the House adopted, an amendment to the Mann bill providing for a valuation. The amendment was stricken out in the Senate and not restored in conference. Immediately thereafter I introduced the bill to which I have already referred and addressed the House at some length upon its subject matter and provisions.

Before taking up the provisions of the bill which has been reported I shall address myself to the history of Government regulation of rates, and the situation surrounding a valuation essential to be thoroughly understood before there can be any effective regulation.

This bill provides that the Interstate Commerce Commission "shall investigate and ascertain the value of the property of every common carrier subject to the provisions of this act and used by it for the convenience of the public." It then directs how and through what instrumentalities the duty shall be performed. I will now, for a text, state a definite proposition, namely, that this imposes, or seeks to impose, upon the commission an impossible and a useless task.

Ignoring for all present purposes telegraph, water, and pipe lines, and express companies, all common carriers subject to the act, there are over a thousand railroad corporations in the country hardly one of which is not in some respect or to some extent engaged in interstate commerce. I would be surprised if shown a single little road anywhere that did not connect in some way either with a longer line or a water carrier whose business extended directly or indirectly across a State line. And to the extent at least of the business done by virtue of such connection the corporations owning these short lines, though wholly within particular States, are subject to the interstate-commerce act.

It is safe to say that not one line of railway wholly within a State is distinct, independent, and free from the control of some more important carrier with respect to rates on traffic going beyond or coming from beyond the State boundary. In fixing the proportion of a joint or through rate which each shall receive or retain, the value of the investment in or the entire value of the shorter line, if ever an element at all, is one of the simplest propositions imaginable. But not one time in a hundred that such a rate might come before the commission would the value of the properties of one of these lesser and subordinate carriers become an essential fact. If it ever did become necessary in any particular case, that could then be done by

the commission for that particular case without difficulty and without any provision for it in this bill. In fact, however, a controlling interest in the stocks of the intrastate and of many short interstate lines is held by great railway systems, which are comparatively few in number.

I now advance another proposition. It is neither expedient, just, nor economical to ascertain the values of all the railroad properties devoted to interstate commerce, and it will best subserve public as well as private interests if the investigation and valuation be by entire organized railway systems and limited to the important and dominating even among these. With all the light obtainable from every source, with a force of engineers, experts, and other helpers equal in number to the Standing Army of the United States at work all the time gathering and tabulating data, even if when assembled any finite mind could grasp it all, the question of what is a reasonable rate or a just and reasonable schedule of rates would still remain a matter of opinion and judgment. Compromise and the arbitrary striking of averages are an incident of all rate fixing. It is as impossible now to fix rates which in the future will pay all outlays and leave a definite sum for dividends as it would be to fix next year's prices for eggs or potatoes, and for almost *identically* the same reasons. All those railway economists, whether holding professorships in colleges or seats in Congress or on the Interstate Commerce Commission, who expect to make or to see made of rate fixing an exact science or even susceptible of becoming subject to any definite rules or standards are doomed to disappointment. Nevertheless it is possible to fall into habits of thought and accept principles and standards which being conformed to in practice destroy public justice and deeply wrong the freight-paying public.

I am about to discuss and expose some of the mischievious dicta of commissioners and others, but lest I forget it I will, with the permission of the House, here insert without reading my amendment in the form of a substitute bill:

SECTION 1. Section 11 of the act to regulate commerce approved February 4, 1887, is hereby amended to read as follows:

"SEC. 11. That a commission is hereby created and established to be known as the Interstate Commerce Commission, which shall be composed of 1 chief commissioner and 14 commissioners to be appointed by the President, by and with the advice of the Senate: *Provided*, That any commissioners holding offices as such at the taking effect of this act shall continue in office until the expiration of their respective terms, and for all the purposes of this act such incumbents shall participate in the organization of the commission hereby created with the same rights as if appointed and confirmed by the Senate, as is herein provided for new appointees. Said commission shall be constituted by the appointment of a chief commissioner to hold office for the term of four years and to receive a salary of $11,000 annually, and 7 additional commissioners to hold office four years and receive salaries of $10,000 each annually; and their successors in office shall have the same tenures of office and receive the same salaries, except when appointed to fill a vacancy caused by death, resignation, removal, or other cause, in which case the appointee shall only hold office until the expiration of the term for which his predecessor was appointed. The commissioners now in office shall hold office until the expiration of their respective terms, except in cases of death, resignation, or removal, in which case their successors shall hold office only until the expiration of the terms of their respective predecessors: *Provided, however*, That no appointment shall hereafter be made, whether to fill a vacancy or otherwise, for a longer period than four years. Any commissioner may be impeached or removed by the Senate for inefficiency, neglect of duty, or official malfeasance, upon articles of impeachment preferred and prosecuted as in other cases. Counting the chief commissioner to be appointed as herein provided as 1, not more than 4 of such new appointees shall be members of the same political party, and no appointment shall be made at any time which shall give to any party a membership in said commission of more than 8. No person owning stocks or bonds, or who is in any way pecuniarily interested therein, shall be eligible for appointment to the office of chief commissioner or commissioner; nor shall the chief commissioner or any commissioner engage in any other than official business or employment. No vacancy or number of vacancies less than of a majority shall impair the right of the remaining commissioners to exercise the powers of the commission. It shall be the duty of the chief commissioner to preside at all meetings of the entire commission (hereinafter designated as meetings in bank), to divide and distribute the work of the commission among the departments herein provided for, to supervise and direct the business and affairs of the commission generally, including the employment and discharge of employees. Within 30 days after the taking effect of this act said additional appointments shall be made by the President, and within 10 days thereafter the chief commissioner, in addition to his other duties, shall constitute five departments of said commission, each of which shall have all the powers of the whole commission, and its decisions shall be entered of record as the decision, order, or ruling, as the case may be, of the commission, subject to the right of any party to any proceeding to a rehearing upon satisfactory cause shown by verified petition to the commission in bank. Not less than three commissioners shall participate in any decision in a department: *Provided*, That where the chief commissioner joins in a decision as one of the requisite number the hearing or examination in a department may be had by two commissioners."

SEC. 2. That section 13 of said act to regulate commerce approved February 4, 1887, is hereby amended by adding thereto and at the end of said section 13 the following:

"The Interstate Commerce Commission shall have, and is hereby, given power and authority to revise and reconstruct schedules of rates, fares, and charges previously established and put in force by carriers in interstate commerce, or such as shall be hereafter established and put in force by the commission, and to formulate and put in force entire new schedules of rates, fares, and charges in lieu of those previously formulated and put in force by the carriers themselves or by the commission, either when an increase of rates, fares, or charge is proposed or attempted by any carrier or by several carriers acting conjointly or contemporaneously, or at any time, upon the motion or initiative of the commission, or upon a procedure instituted by any party authorized and empowered by this act to present a complaint against a carrier concerning a rate, fare, charge, or practice. And whenever the commission shall deem it necessary or shall find it convenient, in order to prevent discrimination in rates between commodities, kinds or descriptions of traffic, persons, or localities, or to equitably equalize rates, or properly and fairly formulate and put in force new schedules, it may increase as well as reduce a rate or rates, fare or fares, charge or charges, and may rearrange and newly create classifications, as well as transfer commodities from one class to another, or may transfer a commodity from a special class, where a special rate is charged, to an ordinary established class, or from the latter to the former.

"At any hearing or examination, whether in departments or in banc, rules of evidence shall, as far as is possible, be observed and applied as in the courts of the United States; and in determining the reasonable and just rates of service by corporations subject to the jurisdiction of the commission the test of reasonableness and justness shall be in conformity to the requirements declared and so established by the Supreme Court of the United States in Covington & Lexington Turnpike Co. *v.* Sanford (164 U. S., 578).

"And in order that said commission may have constantly before it for emergencies, available to all interested parties, the means for satisfying an important test of just and reasonable rates for the transportation by rail of persons and property it is hereby made the duty of the said commission, and it is hereby required, to proceed forthwith to the appraisement and valuation of the properties of at least 10 of the leading and dominating railroad systems engaged in whole or in part in the carriage of passengers and freight in interstate and foreign commerce, or in interstate commerce, the commission to make the valuation according to its best judgment, with a view to most effectually accomplish said object. The word 'system' as here used means any lawful business organization of lines of transportation, whether all rail or partly rail and partly water route, under one management and control, whatever the form, whether by lease, stock ownership, or otherwise, where the management, operation, or rates of a subsidiary railroad company or connecting company engaged in transportation by rail or water is rightfully controlled by another. The valuation in any such case shall be only of the property used in transportation. In making such valuation the commission shall reject any value or claim of value for franchises or good will, but shall include all accessions of value derivable from improvement of the vicinage, whether such value resulted from the construction of railroads to the place or places of location or otherwise. In the case of terminals and stations the land and improvements thereon shall be separately ascertained. The presence in the town or city of the particular railway and the additional value given to land by its presence and by general transportation facilities shall be considered and such value given to the land as if it were available for residential or business uses. The original cost of structures after a deduction for depreciation shall constitute their valuation. Rights of way, as land, shall be valued according to the use to which they might be devoted if not occupied for railroad purposes, and such proportional value may be given to narrow strips of land so occupied as if they were parts of bodies of land large enough for convenient use in the prevailing industry of the vicinage.

"In addition to the foregoing the commission may adopt and adhere to other convenient rules not in conflict with law for such appraisement or valuation. And for the purposes of such appraisement or valuation the commission is hereby authorized to employ engineers and other assistants upon such terms as to it shall appear just and reasonable, and to provide all such other facilities, agents, or instrumentalities and incur such expenditures therefor as may be necessary, and to pay for services and the cost of such facilities and such expenses out of any funds at its disposal or which may be appropriated by law specially for the purpose."

SEC. 3. Section 24 of the said act to regulate commerce (as amended) and all acts and parts of acts in conflict with the provisions of this act are hereby repealed.

SEC. 4. This act shall take effect and be in force from and after its passage.

Before discussing its provisions I will combat and endeavor to overthrow some of the errors and fallacious views before alluded to.

First, I fear that we do not sufficiently and at all times appreciate the importance of transportation. It is the one thing under human control that is essential to every human being in the world under modern conditions and not living in the most primitive and simple condition. Those uncivilized nations not dependent upon some form of transportation are so few in number or so obscure as not to be factors in present-day affairs. It is not only a universal necessity but one of common public interest. That may be one reason why so few outside the comparatively small class profitably engaged in conducting transportation devote special and persistent study to it. Few give more than a transient thought to the atmosphere so essential to life or to the water supply for domestic use until it is vitiated or its supply is reduced to the danger point. So with respect to transportation, especially that by rail. Not only have we heretofore and do we now leave the management, the character of the service, and the rates to the care and keeping of the private corporations engaged in it, but we have allowed them almost exclusively to educate the people and their official representatives as to the rules and economic principles to govern herein.

We are living in a haze or glare of illumination, but without much steady, instructive light. There was, at a former period, a proper conception of the true relation of organized society to public-service agencies, but new ideas and strange doctrines—doctrines which are totally destructive of public justice and private right—have been sprung and industriously inculcated

during the last two decades. They have found lodgment not only in the minds of the representatives of shippers' associations, boards of trade, and other commercial bodies, but of judges, Interstate Commerce Commissioners, Senators, and Representatives. The most dangerous and far-reaching of these is the economic view that, at any rate and aside from all other considerations, the corporation conducting business as a common carrier is entitled as of right to a fair return, usually asserted to be equal to the prevailing rate of interest, upon the value of the property devoted to the public service. Sometimes the expression varies, and it is said that the carrier is entitled to some such measure of return as the prevailing rate of interest on its investment. But the whole question of what is or what should be the proper basis or measure of rates is encumbered and befogged with inconsistencies and conflicting theories, the result of which is seen in the adoption by the committee and report of the pending bill, which provides for an investigation and report by the commission upon numerous incongruous and, as I insist, nonessential matters.

Transportation has been a matter of common as well as of vital interest from the dawn of civilization. Carters, charioteers, draymen, and cabmen for hire were, by ancient law as well as by the common law of England, subject to regulation as distinct classes, and strict rules and principles of law were applied to them for the protection of the public. So when I say that the earlier decisions of our courts in cases involving corporations employed as carriers and in other public services, before interests in transportation became so vastly valuable and inextricably interwoven with all commercial and industrial activities, and prior to the organizations for the propagation of error and confusion, are entitled to the greatest respect. The heresy that it is the duty of government to safeguard the earnings of any particular class of business men up to the point of realizing a reasonable, or, indeed, any, profit upon their ventures is a most vicious form of paternalism which finds no sanction or encouragement in the decisions of the courts or otherwise until within the last few years, during which serious attempts were made to regulate the rates for service by carriers in interstate commerce.

I shall not encumber my remarks with citations to the extent of making it resemble a lawyer's brief, but will call attention to such decisions as are necessary to prove my point. In 1896 the case of Covington & Lexington Turnpike Road Co. *v.* Sandford (164 U. S., 578), involving rates or tolls to be charged over a turnpike, was decided. We see, upon a moment's reflection, that the question there was exactly the same as that raised in any case involving a railroad rate. In that case successive acts of the Legislature of Kentucky had greatly reduced the tolls until in 1896 the company sought to prevent the final reduction by suit in court on the ground that the rate fixed by it was confiscatory, but in the proofs it failed to show that the rate did not yield some small profit or even if it did not that insolvency would not be attributable to competition and loss of business rather than to the reduction of rates.

Here are some of the principles stated by the Supreme Court of the United States, after stating the facts and quoting literally from the complaint:

> It is proper to say that if the answer had not alleged, in substance, that the tolls prescribed by the act of 1890 were wholly inadequate for keeping the road in proper repair and for earning dividends, we could not say that the act was unconstitutional merely because the company (as was alleged and as the demurrer admitted) could not earn more than 4 per cent on its capital stock. It can not be said that a corporation is entitled, as of right, and without reference to the interests of the public, to realize a given per cent upon its capital stock. When the question arises whether the legislature has exceeded its constitutional power in prescribing rates to be charged by a corporation controlling a public highway, stockholders are not the only persons whose rights or interests are to be considered. The rights of the public are not to be ignored. It is alleged here that the rates prescribed are unreasonable and unjust to the company and its stockholders. But that involves an inquiry as to what is reasonable and just for the public. If the establishing of new lines of transportation should cause a diminution in the number of those who need to use a turnpike road and, consequently, a diminution in the tolls collected, that is not, in itself, a sufficient reason why the corporation operating the road should be allowed to maintain rates that would be unjust to those who must or do use its property. The public can not properly be subjected to unreasonable rates in order simply that stockholders may earn dividends. The legislature has the authority, in every case, where its power has not been restrained by contract, to proceed upon the ground that the public may not rightfully be required to submit to unreasonable exactions for the use of a public highway established and maintained under legislative authority. If a corporation can not maintain such a highway and earn dividends for stockholders, it is a misfortune for it and them which the Constitution does not require to be remedied by imposing unjust burdens upon the public.

The court here plainly said in effect that the matter of first importance was the interest of the public in having reasonable rates, and that that should outweigh all other considerations so long as any profit whatsoever was in sight for the company and its stockholders. The court refused to hold an act of the legislature fixing rates to be confiscatory until a point of reduction of rates was reached at which business could only be done at a loss. The court did not deem it necessary to set forth the reasoning underlying this rule in that case, but did state them in a subsequent case, Cotting *v.* Kansas City Stock-yards Co. (183 U. S., 79), as follows:

> If in such a case an individual is willing to undertake the work of the State, may it not be urged that he in a measure subjects himself to the same rules of action, and that if the body which expresses the judgment of the State believes that the particular services should be rendered without profit he is not at liberty to complain? While we have said again and again that one volunteering to do such services can not be compelled to expose his property to confiscation, that he can not be compelled to submit its use to such rates as do not pay the expenses of the work, and therefore create a constantly increasing debt which ultimately works its appropriation, still is there not force in the suggestion that as the State may do the work without profit, if he voluntarily undertakes to act for the State he must submit to a like determination as to the paramount interests of the public? * * * The authority of the legislature to interfere by a regulation of rates is not an authority to destroy the principles of these decisions, but simply to enforce them. Its prescription of rates is prima facie evidence of their reasonableness. In other words, it is a legislative declaration that such charges are reasonable compensation for the services rendered, but it does not follow therefrom that the legislature has power to reduce any reasonable charges because by reason of the volume of business done by the party he is making more profit than others in the same or other business. The question is always not what does he make as the aggregate of his profits, but what is the value of the services which he renders to the one seeking and receiving such services.

The latter was not a railroad case, but like principles apply to it. The gist of these decisions is that it is for Congress or the Interstate Commerce Commission in its place or stead to fix the rates, which the courts should presume to be just and reasonable until the carriers affected thereby show them to be confiscatory; that it is not sufficient merely to show that the rates are low or even unreasonably low, which being a matter of opinion is not susceptible of exact proof; that a public-service corporation assumes duties pertaining to government, such duties as the Government might, except for the interposition of the individual or corporation, itself perform for the people to be served; and finally that so long as the governmental authority fixing the rate stops short of a deprivation of all profit, or of any whatever, the party affected can not complain, since he may at any time abandon the service and allow it to be resumed by the Government. So the proper question in all such cases is, not whether the rate is reasonable in point of profit-yielding power, but reasonable from the standpoint of the man who pays it; and this consideration ought to control the case, notwithstanding that the rate may be low, or even unreasonably low, until the actual confiscatory point is reached.

But the Covington Turnpike case was the last of a long line of decisions beginning with Munn *v.* Illinois. The railroad economists had, by 1897, when Smyth *v.* Ames (169 U. S., 466) was decided, succeeded in creating a hesitating state of judicial mind and a reluctance to carry forward into cases involving railroad rates the principles which they had previously established and adhered to. The decision in the last-mentioned case was, we might say, rather hazy. It was what in chemistry would be called a blend, rather than a compound. The sound views in prior cases were ingenuously mixed with the self-serving views of the railroad lawyers and economists. In one part of the opinion it was said that the sole criterion was the value of the property devoted to the public use, while in another several other matters were mentioned to be properly considered, and, among them, the market value of stocks and bonds. It was said (p. 546):

> We hold, however, that the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public. And in order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property. What the company is entitled to ask is a fair return upon the value of that which it employs for the public convenience. On the other hand, what the public is entitled to demand is that no more be exacted from it for the use of a public highway than the services rendered by it are reasonably worth.

There may be those blessed with sufficient mental skill or subtlety to state how all the matters here mentioned can be brought together, with other matters intimated but not specified, as a basis of fixing a rate. But I must confess myself unequal to the task. If the value of the property is to receive principal consideration, as the court asserts, then what consideration should or can the market value of stocks and bonds receive?

We need not dwell upon one or two decisions of the Supreme Court and several by the Interstate Commerce Commission and the Federal courts intermediary between those above referred

to and that in Wilcox *v.* Consolidated Gas Co. (212 U. S., 19). The latter case evidences progressive strides in false and vicious economic education. Now, the Consolidated Gas case presented exactly the same issue as that presented in any railroad rate case. The body of gas consumers answer to the whole body of transportation consumers on the lines of a railway system anywhere, and the relation of the gas company to the public is in all essentials similar to that of the railroad company. While the action of the court was not conclusive of the ultimate rights of the parties, yet the views of the court, expressed in the course of its opinion, are significant of its changed economic attitude since the decisions in the turnpike and stockyards cases.

There must—

Says the court—

be a fair return upon the reasonable value of the property at the time it is being used for the public.

The word "must," inserted by the court in lieu of the words "may, on condition that the rates to consumers are just and reasonable," contained in earlier opinions, marks the great change wrought by the schools for the propagation of economic error maintained in this country. They are maintained out of the vast profits realized on exploitation of the public through exorbitant rates. But the court declared that the franchises of the company, which it was admitted did not cost it a penny and represented merely the voluntary abdication by the State of New York of a particle of its sovereignty, should also be valued as part of the aggregate upon which the consumers should be compelled to pay rates. The court said:

It can not be disputed that franchises of this nature are property and can not be taken or used by others without compensation.

We do not fully comprehend the significance of this declaration, principle, or dogma of rate fixing unless we reflect that the Consolidated Gas Co. is an absolute monopoly, with the usual history of such monopolies of which flagrant dealings with municipal authorities and scandalous stock inflations were prominent incidents, and that the so-called franchises simply stand for monopolistic power acquired through practices which I would not care to properly designate unless willing, which I am not, to take up your time to insert the proofs. But that gas company, like all such, and like all railroad companies, possesses real taxing powers within and throughout the territory in which it operates. The folly and injustice of placing a valuation upon the monopolistic sovereign power after valuing all tangible assets is readily seen. But that is a right or privilege that municipal monopolies and railroad companies now insist upon, and what, I regret to say, the courts and Interstate Commerce Commission now concede.

That the assets of the Consolidated Gas Co. represented little, if any, original investment but what Thomas Lawson would call "made" dollars, is shown by another part of the opinion, where it said:

The evidence shows that from their creation down to the consolidation in 1884, these companies had been free from legislative regulation upon the amount of the rates to be charged for gas. They had been most prosperous and had divided very large earnings in the shape of dividends to their stockholders, dividends which are characterized by the Senate committee appointed in 1885 to investigate the facts surrounding the consolidation as enormous. The report of that committee shows that several of the companies had averaged, from their creation, dividends over 16 per cent, and six companies in the year 1884 paid a dividend upon capital which had been increased by earnings, as in the case of the Manhattan and the New York, of 18 per cent, and, had it been upon the money actually paid in, it would have been nearly 25 per cent.

It is these views and similar views of the courts and their echo and repetition by interstate commerce commissioners which have led me to offer the substitute amendments already inserted in the record. The true theory is that the Government shall regulate and control rates. But the views which I have quoted and intend to quote would make the Government the guarantor and underwriter of profits, and the vice of such views is but slightly alleviated, if at all, by the use of the qualifying word "fair." The Government has no better authority from the people or from the laws of the land to insure fair profits to a particular class of business men than to insure to them the receipt of an unfair or exorbitant profit. The one rule makes of public-service corporations the servants of the public, which was the original and is the proper conception of them. The other rule makes of them the unbridled masters of the people. The proper view is that the citizens of the Republic are freeholders in their relation to common carriers and that the latter are their agents. The perverted view adopted by judges and commissioners makes every ratepayer a taxpayer to each and all of so many little sovereignties or municipalities within their own domain and hewers of wood and drawers of water under sublords ruling them in the name and right of private corporations clothed with sovereign powers of taxation and exploitation. In the report of the commission for 1908 on the question of what constitutes the reasonable rate we find this language:

When, however, all has been said along these lines that may properly be said it nevertheless remains as a fundamental proposition that the actual investment in an enterprise needed for giving the public adequate transportation facilities is entitled to and should have a reasonable return, and no more than a reasonable return, in the form of a constant profit; and a reasonable schedule of rates is one that will produce such a result.

So, here we see the words "constant profit" used; so, here the commission declares its policy to be to fix its eyes constantly and exclusively upon railroad interests until they are secure in receipt of a "constant profit." And the same in some form is to be found in each subsequent annual report. The statement is on its face plausible and well calculated to deceive one who is simple-minded or indiscriminating in thought and expression.

The true rule is that if the public be well served at fair and reasonable rates, or rates fixed under really competition conditions, then there should be no reduction of rates so long as they produce only a reasonable return on the property. This rule of rate making compels the rate-fixing authority to begin at the shipper's side of the question and to only take up the carrier's side if that becomes necessary; that is to say, when it is alleged that fair and reasonable rates for the shipper are confiscatory of the carrier's property. It is no valid objection to rates which are only fair and reasonable from the shipper's standpoint that they are unreasonably low from the carrier's standpoint, because even unreasonably low rates may yield some profit, however small, and be therefore nonconfiscatory. What the courts and commissioners have done in recent years was to start the consideration of each question from the carrier's side; to start with this heresy that at all events, aside from all other considerations and regardless of the effect upon the fortunes of shippers, the carrier was entitled not merely to protection against a confiscatory rate, but to a return, usually placed at or a little above the rate of interest on mortgage loans. To give such a rule universal application is to guarantee not only the solvency but the financial success of the most recklessly, dishonestly, and wastefully managed roads in the country, or those which but for the Government sanction thus given to exploitation of the public would have to go into liquidation and reorganize on a sound and honest basis. An exemplification of the practical application of this modern theory is seen in the Spokane rate case, where the commissioners decided that rates which satisfied the financial needs of the Northern Pacific and gave the holders of its enormously inflated stocks the dividends which they demanded were just and reasonable, though the same rates in the case of its competitor, the Great Northern, yielded nearly twice the same dividend rate in addition to enabling it to pile up a large surplus for extensions and outside investments.

It was in view of the earlier decisions of the courts that the words "fairly remunerative" in the provision requiring the commission to ascertain and enforce reasonable rates were stricken out of the Hepburn bill in the Senate in 1906, as the record of debates shows. But, contrary to congressional intent, as thus expressed, these words were, by the commission, in the Spokane case and in other cases, interpolated by construction as part of the statute, and the real purpose of the law nullified. Another proposition, well established by former decisions, has been completely ignored or overlooked by the commission, as well as the courts, in recent years; that is, that no loss, whatever its form or extent, is protected by the rule against confiscatory rates unless resulting directly from the action of a legislative or official body, though such loss might be so great as to end in insolvency. If in fixing reasonable rates on one road another in competition with it finds its rates so reduced that it can not do business except at a loss, that should be attributed to the operation of competition and only indirectly, if at all, to the action of the commission.

The decision of the commission in such a case would be unassailable and invulnerable as against any constitutional objection. The disastrous and far-reaching effects of the nonobservance of this principle can scarcely be exaggerated. The counter proposition that the weaker, worse managed, more injudiciously located or constructed facility, or the one whose mechanical form has been antiquated and superseded must nevertheless be secured and safeguarded against loss and the possibility of destruction from competition has found favor in the official minds of the commissioner. Outside the commission there is no help and but little sympathy for one who has been struck down by the wheels of progress; but with carriers in interstate commerce, under the interstate-commerce act as paternally administered by the commission, it is very different. The

whole situation is best shown and illustrated by a discussion of the history of some of the trunk lines, and a statement of the relations between the carriers between the Atlantic seaboard and Chicago and other cities of the Central West. I deem it unnecessary, however, to encumber the record with the details of that history which must be already well known to many Representatives.

But in the case of what are known as the trunk lines, there is presented a striking and important illustration of results flowing from the adoption by the commission of the "constant-profit" theory of rate making. The rates of the Pennsylvania and New York Central, whose lines reach all the important business centers of the West, have been fixed exclusively by the railroad managements themselves, with no limitations whatever except with reference to what the traffic would bear. Their rates have never been examined or investigated by the commission as to their reasonableness or unreasonableness. It appears to have been considered entirely proper that the public should pay these companies considerably more for a given passenger service than is paid for the same service to the Baltimore & Ohio, the Erie, and certain other trunk lines. Now, it is undeniably true, a fact admitted by the railway managers at the rate-advance hearings in 1910, that a hard and fast agreement exists between all the trunk lines, and that they maintain a central association, or bureau, in New York City. Their combination would, however, be powerless to maintain unreasonable rates without the recognition given by the commission to the "constant-profit" theory. But with that recognition and adherence to their established practices, the associated trunk lines are able to exactly reverse the natural order and substitute self-interest for the interest and welfare of the public. If the economic law of competition were allowed to operate in trunk line territory the lowest rates between the East and West would be those over the most natural and direct and the best equipped routes—that is to say, over the New York Central and Pennsylvania. They have eliminated all difficult grades and curves, duplicated trackage, acquired terminal facilities, and provided themselves with superior motive power and rolling stock until they can move a given tonnage over a long distance at less than one-half what the same would cost over other and inferior roads.

By acting secretly in concert and by constant readjustment and classifications of rates, thus working them up from one level to another, they have escaped entirely the regulative powers of the commission and become a law unto themselves. The commission could not now, under existing law, even if so inclined, examine and pass upon the rate question in its application to the whole trunk-line situation and establish in trunk-line territory a system of rates. Indeed, Congress has heretofore, unwisely I think, withheld from the commission any such power. Without it it is idle to talk about any general rule for ascertaining the reasonable rate, and the rule of a constant profit for the carriers, in addition to being destructive of all other interests, is a pure invention to serve the selfish purposes of the railroads.

The difficulty of fixing reasonable rates for a single railroad lies in the great differences between conditions affecting railroads which under normal conditions would be in competition. In this same trunk-line territory are lines of varying financial strength and condition with reference to the cost of operation and volume and profitableness of traffic. For instance, there is in trunk-line territory the Pennsylvania and the Erie. The financial condition of the Pennsylvania is such that it can refund its bonds at 3 and 3½ per cent, and its stocks, though inflated and consisting largely of duplications through absorption of subsidiary lines, is far above par, and the company could continue its 6 per cent dividend rate with even lower rates than it now charges and still accumulate large annual surpluses. The Erie, according to testimony given by its vice president in the rate-advance cases, has the most pressing financial needs, paying no dividends on its common stock and being under an immediate necessity of raising $13,000,000 for general improvements. He also stated that $35,000,000 was required to put it in effective condition of construction and equipment. Now, the rates which are necessary to keep so weak an enterprise as that in a competitive position as against the stronger trunk lines must necessarily render the same rates on the business of the latter exorbitant. To reduce their rates on through traffic without a reduction also of the Erie's rates, or to increase the Erie's rates without also increasing theirs, would do the Erie no good, because the immediate effect would be to divert to them most or all of the Erie's through business. So, in order to make a practical application of the theory of a constant profit to all carriers and keep water-logged enterprises afloat, the public must pay annual bounties amounting in the aggregate to hundreds of millions of dollars over and above what the shippers consider just and reasonable rates.

The uniformity and stability of rates required by the business interests of the country can never be secured through the commission so long as its functions and powers are limited as at present by the interstate-commerce act. It must have power to revise and readjust entire schedules, and not only entire schedules of particular roads, but of whole systems and by large areas, thereby producing uniformity, justice, and reasonableness on all lines; for instance, on all the lines in trunk-line territory, on all lines in central, western, and southwestern territory, simultaneously, and from time to time, as often as is necessary to maintain justice, reasonableness, and equal treatment of shippers. The commission must be authorized to harmonize inconsistent rates, to equalize discriminating rates, and to reduce high rates wherever found. These powers it can not exercise without the enlarged powers which would be conferred by the adoption of my amendments. The only uniformity provided for in the interstate-commerce act is uniformity in the treatment by each railroad of its own patrons. The second section of the interstate-commerce act prohibits a common carrier from charging one person more than another for the same service, but it does not prohibit a carrier from charging one person more or less than another railroad charges the same person or another for an equal service.

The third section of the interstate-commerce act forbids a carrier giving any undue preference or advantage to any person or locality, or kind of traffic, over another. But this only applies to the action of a railroad toward the people or places served by it. It does not protect them from monopolistic and exorbitant rates when no competition is at hand, and so, too, with reference to the long-and-short haul provision in the fourth section.

To enable the commission to fully perform its duties, it should have power, as contemplated by my amendments, to increase, as well as to reduce, a rate. Without this additional power it can not effectively harmonize and equalize rates or deal with entire schedules.

Two principal reasons have been heretofore urged against conferring the power upon the commission to formulate or revise schedules. The first was presented by the railroads. They claimed the right to initiate all rates themselves. They urged that to confer so broad a power upon a governmental agency was to take from them the only power which rendered their properties of any value. The second objection was constitutional, though probably originating in the same fertile brains of counsel for the railroads. It was argued that if the commission could adopt and put in force rates by wholesale for one company, it could do so for all at once, which was not merely applying a statute to facts, but the exercise of outright legislative functions. The constitutional objection was not clearly, if at all, distinguishable from that based upon policy. Without turning aside to debate the issue, I venture to pronounce both objections untenable. The Supreme Court in the Southern Pacific Lumber rate case, decided last year, limited the construction of the powers of the commission under the present law as I have just stated.

We are disadvantaged by our environment in the very midst of events constantly transpiring all around us in the world of railroad construction, finance, and operation. Transportation of persons and property are interwoven with our every-day affairs and our very existence, so that we have failed to see the trend and drift of the matter, or to discern the final solution of the problems presented to us. The figures representing the present financial status of the railroads mystify us by their magnitudes. We can only understand their significance by comparisons.

The present capitalization upon which we are paying interest and dividends by way of rates and fares is, according to the latest report of the Interstate Commerce Commission, eighteen billions of dollars. In so far as this vast sum represents actual investment, it is for the most part investment made by the people who use—and who have no choice in the matter—the facilities provided, comparatively few of whom own any of the stocks or bonds. Yet the holders of these are constantly referred to as investors whose investments must be safeguarded against any diminution of returns which have gone on increasing proportionately as their property has been added to by accretions from collections which their patrons had no option but to pay.

My theory, and that upon which my substitute is based, is that existing rates on the strong and dominating lines in each group of railways are kept too high in order that their weaker competitors may enjoy, as of right, this constant profit; that this ignores the right and interest in the subject of the public; that the commission should be constrained by law to take up

the rates on each of these stronger lines as a schedule or body of rates and reduce them to the point of reasonableness and justice to the shippers, ignoring the claims of the stockholders until in the course of the reduction the confiscatory point is reached. The rates of the weaker lines are now regulated by their stronger competitors, the rates of the latter not being regulated at all. If the commissioners be given power to take up the schedules of the strong roads upon their own initiative and without having to wait for complaints, and to regulate them, by which I mean reduce their rates, the rates of the weaker lines will be thus indirectly and automatically regulated, without attention and labor on the part of the commission. That is what I have in mind in confining the physical valuation to selected systems and dealing with all the lines and subsidiaries constituting such systems in their entireties. My purpose is to have regulation assume a direct, practical, and effective form, to be more economical, and not to continue as a mere farcical but costly pretense, as it has been thus far.

There is nothing, either in the law or in what is popularly known as equity, as applied to matters of public concern, to warrant the commission in giving consideration to the alleged financial necessities of any corporation. A railroad corporation is not a public institution, nor public in any other sense which would place its affairs under the care of the Government or make it the duty of the commission to provide for its safe deliverance from the inconvenience of scant revenues, or even from insolvency. The railroads are not of public concern in any such sense and their managers do not so consider them, when discussing their legal relation, except when insisting upon being safeguarded by the Government through high rates against the results of each other's competition. No matter how important any single railroad company may be to a particular city or section, not one of them is of common interest to all the people of the Nation. The transportation business of the whole country, which practically resolves itself into what may be designated as "the railroad business," is of general, or, rather, of universal interest; and it is that business rather than any particular railroad corporation which Congress has been empowered by the Constitution to regulate. This is the view thus far taken by Congress; and the proposition that the financial welfare or the financial affairs of any particular railroad ought to be considered by the commission as the subject matter or part of the subject matter of any rate case or question before them, or otherwise than as a limitation to be pleaded in a proper case by the particular carrier involved, was never within the purview of any legislation thus far enacted, but was a pure invention by commissioners unwilling to perform their full official duties.

The services and the rates are the only matters pertaining to common carriers with which the public have to deal or with which they come in contact. They have nothing to do with internal management, nor should their interest in just and reasonable rates be confounded or complicated with those of stock and bond holders. The commission would have plenty to do if they looked carefully after the rates and service.

The provision of the committee bill injecting the subject of stock and bond issues into the scheme of valuation is one, which in my judgment, is fraught with mischief. It imposes upon the commission a useless, if not in fact an impossible task. But the strongest argument against it is that it carries with it an assumption that the Government is under some sort of obligation to the carriers with respect to their internal finances and private relations to the holders of stocks and bonds. An inquiry, such as is provided for in the bill, as to the minute history of every issue of railroad stocks and bonds is one from which a commission composed of many members and provided with unlimited revenues might well wish to be excused. It appears to me as impossible as it is useless; and if the expenditures by the commission during recent fiscal years when it was engaged in only its routine duties may be accepted as an indication of the cost of the work directed by the bill to be done, we would do well to give that phase of the subject our most serious consideration. The estimates of cost given by the commissioners are mere guesses and not very shrewd guesses at that. It will take several years to obtain the data, and at the end of that time it will be fit only for the junk heap. So many changes will have occurred that the data would afford no satisfactory light on any question properly before the commission, even if it could ever be placed in manageable form. None of the commissioners nor any member of the committee was able at the hearings or is able now to suggest any definite use for the outcome of all this labor and expense. I do not deny the power of Congress to obtain all the information specified in the bill and to spend all the money necessary to obtain it. But I look upon the theory of rate making underlying it as peculiarly and stupendously vicious. I favor a fair valuation of the properties of not more than 10 great dominating railway systems, not with a view to making the values found a basis of rates, but in order that when the commission undertakes to establish a rate or a schedule of rates in any particular instance, it may have at hand a minimum standard below which it can not go. That is not any standard prescribed by Congress, but that already fixed in the Constitution. The rule given by Congress to the commission that all rates shall be just and reasonable is the equivalent to no rule at all and leaves with the commission unlimited arbitrary power anywhere and everywhere above the confiscatory point. With the transfer of this great discretionary power I find no fault. It is the best that Congress could do under all the circumstances.

But I am interested in having the power justly and wisely executed in the public interest. And inasmuch as I know that the commission has been controlled in the exercise of power by theories which were subversive of public interests and of great practical and unfair advantage to special interests, I have provided in the substitute bill for a complete reorganization of the commission. The substitute contains a comprehensive new grant of powers to the commission, as heretofore explained, and the people are entitled to have these broad and far-reaching powers exercised by men who are untrammeled by their records and unfettered by their preconceptions of duty under the law. It is provided that the terms of office of the present incumbents shall end upon the appointment of their respective successors, but the present incumbents are not disqualified for reappointment. The membership of the commission is increased from 7 to 15, a provision which is obviously proper and necessary if these important and comprehensive new powers and duties are conferred. But I do not care to go into the details of procedure.

The revision of a vast schedule of rates for one of our great systems, affecting directly the salability and market price of thousands of articles of commerce, consulting and conserving the material interests of all the people of large sections of the country, are of equal importance with a revision of one, and if the power conferred upon Congress herein is not to remain a dead letter, or its exercise not to be purely farcical and perfunctory, this great power must be lodged somewhere. The policy of vesting it in a commission is too firmly established to be reversed; and the time has come when the work of regulation must be begun in earnest. The matter can not longer be trifled with on any shallow pretext or false theory whatever. It is a work having the practical effects of legislation, though the unquestionably constitutional form will be administrative.

There are those, and their number is not small nor are they without influence, who will object to the giving of such large discretionary powers to a commission. But to continue the methods pursued thus far is to make a mere pretense of regulating the rates and service of the railroads. Congress, after illegalizing all except just and reasonable rates, has left the determination of the question of what rates are just and reasonable entirely to the commission with the due process of law clause of the Constitution, forbidding confiscation, as an irreducible minimum, with all the traffic will bear as the maximum limit. The policy and practice of the present commissioners has, as a general rule, allowed the railroads to reach, practice, and maintain the maximum. As to what constitutes a just and resonable rate is, and under any plan of regulation through a commission that can be devised must ever remain, largely a matter of opinion, and yet it should be understood by the present commission and by any commission that may be appointed hereafter that the freight-paying public will consider any rate too high which gives the carrier too much of the margin of profit between production and sale, a margin which is represented in the selling price and must be divided between producer, carrier, and one or more intermediaries, and that any schedule or system of rates is too high which produces in any one year a large surplus to pay dividends on watered stock, or to be laid out in the same year in additions and permanent improvements. To merely say that rates on a given kind or class of goods, or on a given commodity, are too low, or that they do not yield enough revenue to suitably compensate for the service performed in their transportation proves nothing. Nor would the fact that the service actually cost more than the rate charged necessarily justify an increase of the rate, since many services of carriers are performed at rates which do not equal the cost. Nor would evidence that any single rate produced less revenue than the outlay to have the service performed be accepted as satisfactory proof that such rate was confiscatory or even uneconomical.

These points have been decided and settled from time to time by the courts and by the commission itself, and by such deci-

sions have conclusively established the necessity for the consideration by the commission of the relation of rates and of the combined effect of entire schedules of rates. The commission has in fact, and necessarily, exercised the power to consider such relation, to make comparison of particular rates in issue with rates not in issue—in short, to consider correlated rates in order to reach anything like intelligent conclusions, notwithstanding that the courts have, as before shown, denied to the commission the exercise of any such ample and essential powers.

The railroad managers and representatives earnestly and even persistently cultivate in the people those hopes and fears which make for corporate enrichment and popular loss. To them and their activities more than to aught else is due that morbid appetite for commercial conquest which has led to a wasteful exploitation of our diminishing natural resources. If a few square miles are found remote from railroad lines, the residents of that area are soon convinced of their complete isolation from the balance of the world and made to believe that the only thing needed to insure them plenteous prosperity and content is the advent of a railroad. And urban populations are in divers ways and through various channels and instrumentalities of false construction convinced that any legislative interference with railroad extension is a dire menace to progress, and that the financial condition of the railroads, reflected in earnings and dividends, is the true barometer of general business, and that a showing therein of a large balance in favor of the railroads constitutes the mainspring of universal as well as individual prosperity. Much that is promulgated on this subject begs the question and ignores not only the presence in the statute books of the interstate-commerce act but also the public duties of the carriers.

With a view to promoting general prosperity the carriers would compel large contributions from the purses of rate payers to those who in the opinion of the railroad economists are best qualified to bring about and maintain it by the circulation of money that such extensions would require. The railroad corporations dominate all other business, in addition to having absolute dominion over their own, and often rob particular sections of the country of the advantages which would naturally belong to them by reason of water transportation or otherwise, and the brazen claim is now made that their demand for high rates should be sustained in order that the shortest through route to general prosperity is by way of increased employment for labor by them, to be paid from large surpluses, only possible if high rates be charged and collected.

There was recently published an article by a leading railway president and publicist containing a eulogistic passage concerning the tendency of present freight adjustments to give to purchasers the choice of supply from various producing regions, inducing and compelling competition to hold down prices and give them uniformity. Thus we see that the railroads, while claiming and receiving exemption from each other's competition and clamoring at the doors of Congress to have legalized their practice of eliminating competition by combination, yet claim and exercise the prerogative of promoting and intensifying it among persons engaged in the production and sale of commodities.

The Interstate Commerce Commission made a report in 1904 showing that the railroads were then realizing dividends on their outstanding stocks of 5½ per cent. They also showed that at least one-half of the stocks did not represent any original investment. So the equitable owners of the railroads were then enjoying at least 11 per cent net profits on investments. Since that report was made there have been vast issues of stocks, estimated by competent authorities at $5,000,000,000. That means upon this new doctrine of "a constant profit" a vast inflation of the mortgages held by the railroad financiers ostensibly upon the properties, but in reality upon the Nation's commerce and industries. Nevertheless, the average dividend rate has increased until, according to the 1910 report of the commission, it averaged 6.43 per cent, and according to the latest report is nearer 7 per cent. And the railway overlords and those who officially favor them now claim that a guaranty of this, or at any rate some fixed income, should become a settled policy of the Government.

As a further illustration of the view taken by railroad managers the testimony of Vice President Gardiner, of the Chicago & North Western, in his testimony taken at Chicago by the Interstate Commerce Commission, in 1910, is interesting. His opinion coincides with that of the commissioners thus far expressed, that the railroads should collect rates high enough to safeguard them against embarrassment and enable them to accumulate surpluses in anticipation of all possible contingencies and periods of general depression, without reference to the nature or cause of its effect upon other interests. Speaking of the size of this surplus, he said:

> It should be large enough, however, as an insurance against the loss of crops for two or three years, or a calamity, or something of that sort. It would take a wise man to say even how much surplus the North Western should have. The directors would be the only body I know of who could say that finally.

I would like to know what Vice President Gardiner and others would say to a proposition coming from the merchants, farmers, and shippers generally of the Northwest that the balance of the people of the country should be compelled to pay them for what they have to sell prices sufficiently above the competitive market price to enable them to carry their indebtedness, pay wages to their employees, profits equivalent to the dividends paid by the railroads, and still enough more for large bank balances to meet all reverses and misfortunes, including those resulting from bad management. And the company for which Mr. Gardiner spoke has carried out his theory in practice. In the past 10 years not only has it paid out of its surplus $56,000,000 as dividends on $85,000,000 of capital stock, but accumulated an unappropriated surplus of $30,000,000, constituting in the aggregate a net return to its stockholders of more than 10 per cent per annum.

In view of the fact that consideration of the pending bills and of my substitute in comparison therewith renders proper, or rather necessary, an examination of the whole subject of railroad finance, I will call attention to the railroad returns for 1910, the latest available which are complete as shown by the report of the commission. It will be remembered that in that year there was a concerted and preconcerted increase of rates, which was checked by timely action on the part of Congress authorizing the commission to suspend the increases and placing on the carriers the burden of proof to show necessity for the increases. The figures for that year are a study by themselves and an object lesson of the limitless greed and rapacity of railroad managers when left without legal check or control. The total net operating revenues—that is, the profits of operation—were $938,121,000, or an increase over 1909 of $110,306,000. One significant fact about the figures is that the gross revenues or collections for 1910 were $335,934,000 more than for the preceding year. For 1909 they were $2,443,312,000, and for 1910 $2,799,246,000. At the same rate of increase they will soon reach and pass, if indeed they have not already reached and passed, the three-billion mark, while if the increase in net revenues is maintained, these will soon reach and exceed the billion mark. Another significant fact is that the increase of net, despite all that was then said about increased cost of operation, almost exactly kept pace with the gross increase, being 13½ per cent. It was a substantial increase not only of aggregates and per unit of service but per mile of railroad.

Here are the figures:

	Total average mileage.	Operating revenue per mile.	Operating expense per mile.	Net income per mile.
1909	233,002	$10,486	$6,933	$3,553
1910	236,690	11,742	7,778	3,964

The ordinary business man may, out of the profits of one year's business, buy an adjoining lot and enlarge his store or otherwise invest money to make it more convenient and attractive. He does not thereby acquire any claim, based on right, to increase the price of his goods, even if not prevented by competitive conditions. He enlarges his plant by investing more money. If he has the capital, so much the better. If he has it not, it may be expedient to borrow it in order to meet the demands of a growing business. In the latter case he must pay interest. In either case he must take the risk and determine at his peril whether the enlargement or addition will result in profit or loss. He never attempts to add the cost of enlargement or the interest on the indebtedness so increased to the price of what he has to sell, but looks to an increased volume of sales at the usual and normal profit. But the railroads object to any such view being taken of their business. Not content to await the growth of business and the rise of normal demand for the utilization of their improved facilities of transportation to restore their cash or meet their obligations, they are constantly insisting upon increases in the price for the service which they furnish and increased profits. Nor is there anything in the bill reported by the committee to prevent or check this tendency and practice of the railroads, but its inevitable effect will be to sanction, aid, and perpetuate it.

There is an important phase of railroad finance which has thus far received very little public attention, but which becomes important in any thorough consideration of the issue presented by the committee bill. Notwithstanding that the railroad corporations have worked up their net revenues from operation to the billion dollar mark, they are in receipt of additional large incomes from investments in what is really a banking or money-lending business. This refers to the large holdings of some of the principal companies in the stocks and bonds of other companies. According to the latest report of the commission on the subject the aggregate of all issues of stocks and bonds is eighteen billions of dollars, of which about four and a half billions are duplications. Most of these duplications consist of "trusteed" stocks, upon which interest-bearing bonds have been issued, constituting two distinct capitalizations, the one concealed beneath the other, upon both of which profits, to wit, dividends on the stocks and interest on the bonds are received by the holding company. But as I went into this phase of the subject at some length on a former occasion I will not now dwell upon it.

The indifference of large shippers with reference to increases of rates by changes of classification is remarkable. This remark is especially applicable to the big eastern shipper. His goods are sold "free on board," and he has no interest in the movement and but little in the rates. He leaves the classification exclusively to the railroads as a matter of no personal concern, and without even noting the changes through which the carriers gradually and almost imperceptibly work up the rates until they are actually unjust and unreasonable, without anybody being able to prove it otherwise than by comparing them with the rates made years ago, the burden being shifted to the West and South. But though we may be unable to trace out and describe the minute steps and processes by which rates have been increased, or the dates and methods, except in particular instances of litigation before the commission, yet we are able to demonstrate from general statistics that there has been a general increase in the cost of transportation. The aggregates of increased earnings and profits are no doubt due in part to increased volume of business, but that falls short of accounting for all of it. If all or nearly all of it were assignable to that cause it would involve the assumption that there had been an abnormal increase in railroad traffic during the last decade, an increase out of due proportion to that shown in the preceding decade, and we know that there was no such disproportion. Nor can it be, except in some small part, attributed to the increased capacity and effectiveness of railroad mechanism, because locomotives and cars had almost reached their maximum capacity and roadbeds had already been placed in good condition 10 years ago. Whether attributable, however, to increased rates or not, this increased and constantly increasing profitableness of railroad operation has its origin in the rates paid by shippers, rates which should be reduced, especially in view of the fact that net earnings have reached a glaring disproportion to the average returns to persons engaged in other occupations.

We all know that this question, presently and prospectively, is one of greatest concern. The question of transportation finance is scarcely less important nationally than that of government finance. The establishment by legislation of an incorrect principle or policy for dealing with the railroads may be as fatal to general prosperity as would be a vital change in our form of government. It is much to be deplored that we can not fully understand the effects of a new economic power until it has grown to gigantic proportions, and even then by long and painful experience. With respect to the railroad-system policy and practices we are now far into, but not near the end of, the educational and experimental stage. We are now in that stage of mental unpreparedness where we are liable to make huge mistakes, to be much regretted afterwards. To pass the committee bill in its present form will in my opinion be such a mistake. We have already endured many of the evils of our almost fatal optimism on this subject. We could not believe that the predicted and threatened abuses of power that we recklessly surrendered to the railroads would occur until after they had occurred in an aggravated form. We feared at first that they would displace labor and in various ways disturb our peace, but we could not foresee that they would turn the advantages we gave them to the complete domination of all other kind of business.

I would not care to go into an analysis of the meaning of railroad finance during the past 35 years. But it should not be overlooked that more than half of the $8,000,000,000 going into railroad property as the basis for the huge capitalization consisted in profits on profits. That is to say, large surpluses collected from rate payers were used in betterments, extensions, and other improvements and then more money was obtained from money lenders on these as additional security. Bonds were issued to them and a further drain on the pockets of rate payers thus instituted to keep down the interest as fixed charges. So the people were taxed in the first instance to pay for the improvements, and the same people are now being taxed to pay interest on investments in what might be equitably considered the proceeds from, or profits upon, their own investments. Legally, of course, all these new constructions belong to the railroads, in addition to being a basis for the interest charges, and also operated to earn dividends for the stockholders. But I can not detain you to explain all the intricacies of railroad finance. When, however, we begin to discuss fixed charges and dividends we should fully understand what we are discussing. If any man could exchange eighteen billion quarter dollars, hand them over to the Federal Government, and the Government should hand over in return its perpetual obligations to pay eighteen billion 100-cent dollars, bearing interest at 7 per cent, that would be a fair illustration of what is contemplated in the constant-profit scheme of rate regulation. The man who received and held these obligations would bankrupt the Nation in 50 years. And that is what the railroads will do, if we do not right about face in our views of duty to the people in this matter. We must not permit ourselves to be won over or misled as to the meaning of this self-serving doctrine which seems to have found acceptance by the Interstate Commerce Commission. The rate of interest here specified, waiving the point that part of the investment was of surplus and not original, is really 14 per cent, or nearly five times the rate at which the Government can refund its bonds. What would be thought of us if we authorized and the executive department sanctioned and carried out such a funding scheme with some powerful syndicate enjoying a monopoly of favor just as the railroads enjoy their power in the absence of legal control?

The impossibility of dealing with rate increases and inequalities in detail, or with any such purpose as that of reducing or equalizing them or more equitably distributing them among the 8,000 and more commodities and between the many thousands of shipping points, without conferring additional powers upon the commission must be so clear as to require no elucidation. The equalization, adjustment, and distribution of the increases and changes of rates is being constantly referred to as a science by itself, and one of great difficulty. All writers on the railroad question emphasize the delicacy of the existing rate adjustment and strive to show why the change of a single rate between any two important points necessitates thousands of changes so as to prevent widespread market disturbances, notwithstanding that the carriers have never hesitated to make many rate changes arbitrarily and by sweeping decrees of councils of traffic managers without reference to any rule or scientific basis or knowledge of or regard for the effect of such changes upon producing, shipping, and trading interests. How can the commission ever reach the ends of justice in all these matters without the possession of the broadest and most searching powers?

The fact had better be given recognition now than later, that any effective Government regulation of railroads partakes of the imperialistic, but should never be allowed to become paternalistic. The right to regulate grows out of the interstate-commerce clause of the Constitution and the close connection between interstate carriers and interstate commerce itself, and the regulation itself is the exercise of a power which is to some extent arbitrary. But this attitude toward the carriers should never be held to impose upon the Government an obligation to safeguard the interests of that particular class of persons and corporations engaged in transportation any more than if they were engaged in any other line of business—any more than where the law of the land is enforced against the private citizen. All business is subject and subjected to legal restrictions, regulations, and penal provisions. And in addition to the many laws which encompass the ordinary business man, he is always in contact with the law of competition, from which the railroads find ways to exempt themselves. Any Government going into the insurance business and guaranteeing constant profits in all lines of business would be proclaimed a failure and disappointment, and by none more promptly than by the prudent and conservative business men, the manufacturers, merchants, miners, and farmers of the country.

Much has been said about a claim of great and prosperous lines to enjoy, in form of greater profits, the rewards of superior engineering foresight and managerial ability. It is said that such a great institution should be conceded an organization value in the establishment of rates. Those who make that claim will regard as presumptious any attempt to answer this plausible claim, appealing as it does to our natural inclination to applaud those who have achieved success in any pursuit or

line of activity. But that the claim is superficial and utterly destitute of merit is not so difficult to demonstrate as it seems to be upon first impression. In the first place it entirely ignores the distinction between private and public service. It must be borne in mind that recognition for this claim is presented at the bar of the legislative body of the Nation and consideration is asked for it as a feature of the pending bill. It is therefore to be treated as a claim preferred for recognition at the hands of the general public, and as such I will examine and discuss it.

In the first place, it entirely ignores the distinction between private and public service. Men devote superior talent and industry to the public on the same terms and subject to the same sovereign powers as they devote talent and industry of mediocre and inferior quality, or as one devotes more and another less of capital. In the second place it is impossible to find any deserving recipient of any reward that it might, upon this new theory be proper to bestow. No man living, nor the descendants of any that have died, are entitled to compensation in any form for projecting, for instance, the New York Central as it was projected. In addition to the fact that the original promoters and builders quickly pocketed great fortunes by manipulating the stocks and bonds, and not by superior public service, is the fact that they enjoyed the favor and aid of State and municipal authorities without which their enterprise and foresight would have availed them nothing. In the third place, speaking now with reference to the present active managers, there is no basis for any claim of superior management. But assuming that the management is excellent, it is a safe assumption that all in a supervisorial capacity are in the enjoyment of adequate salaries. Then we have the corporation itself, the nonsentiment figment of the imagination which need not be considered aside from its stockholders. And as to the latter, the question of why their dividends should be rendered constant and secure by action taken by the Government has not been answered and will remain unanswered. Finally, as for the claim of the New York Central and other such companies based on superior management, it does not appear that a well constructed, highly improved, and thoroughly equipped railroad is any more difficult to manage, or even as difficult, as one of a different kind. Of all mechanical appliances that used in the transportation of persons and property from place to place is the simplest, involving a comparatively low degree of mechanical skill.

Of course, a railroad system is complicated in its entirety, as would be a great department store, but the task assigned to each man is simple. Again, transportation considered apart from its instrumentalities is too important a function to come under the absolute unsupervised control of any person or persons, either in an individual or privately organized capacity. It is to modern life what chemical forces, gravitation, and motion are to the earth. It is the one thing that makes production worth while and exchange possible, as the recurrence of the seasons causes vegetation to grow and the fruits of the field to multiply. Therefore these great conquests of the wilderness, these great advances of civilization, for which so much credit is claimed for individuals and corporations, were the mere applications of forces which belong to the whole people. Those in control temporarily of these powerful instrumentalities are the mere accidents of a day. Their achievements were not attributable so much to their superior business sagacity as to popular tolerance, credulity, and optimism.

The railroads are now claiming that rates should be maintained or increased so as to produce surpluses beyond a fair return on existing capitalizations in order to sustain the credit of the railroads. In other words, they expect Congress, the President, the Interstate Commerce Commission, and everybody having anything to do with regulation to depart from all fundamental principles governing railroad rates and set up a new rule, a rule which, while leaving the control of stock and bond issues, as well as the financial and operating control, exclusively in private hands, would impose the duty first upon Congress and then upon the commission, and ultimately upon the people to insure a market price for stocks and bonds such as will facilitate the borrowing of money and steady the market for stocks and bonds. To all familiar with the subject, to all who have in mind the public interest, the proposition is absurd and preposterous on its face. It would impose a task which, even if supportable on any just principle, would be impossible to perform, even though all the constitutional powers of the Government were fully exerted.

The doctrine of an assured constant profit to unwisely projected or badly managed roads was touched upon at the hearing in the rate-advance cases in 1910, but the discussion was quickly dropped and did not receive any further serious consideration. One of the vice presidents of the Chicago & North Western answering a query of one of the commissioners, said:

I admit that what might be justice to some lesser line would extravagantly increase us, if you please, but I have not the wisdom to say how that thing shall be disposed of.

The people's representatives in Congress and other legislative bodies had been then for a long time insisting upon a reduction of rates and had freely expressed themselves to the effect that substantial reductions should be made. And there are ample reasons for saying that few railroad officials entered upon that scheme of wholesale advances with the expectation that the commission would dare establish the advanced rates as just and reasonable. The purpose of the railroads in taking the action taken by them was, no doubt, to make a demand such as the people are now making for a decrease of rates—a demand which was then and is still being urged—appear preposterous and unreasonable. I, for one, shall be surprised and disappointed if the millions of rate payers in the country allow their just demand for a reduction to be thwarted by such tactics. Of course the heads of some of the weaker roads, those which pretend to be having a hard struggle at best, think that any general reduction of rates would be very harsh and unjust to them, notwithstanding that the maintenance of present rates would unduly enrich the stronger companies, and of course the latter are ever ready to grasp whatever may come within their reach. So that the question finally resolves itself into one of sacrificing general interests to temporarily sustaining and keeping afloat these weak but ambitious enterprises which might otherwise have to liquidate and reorganize on a narrower financial basis.

The rate issue thus shifts and the contest comes on between the people and greatest of all the railroad systems. We are constantly invited to consider, not what is good business policy for the public, but to be profoundly impressed with the promotion of the financial prosperity of private corporations having extensive control of general business interests.

Of course—

Said Mr. McCrea, president of the Pennsylvania, at the rate increase investigation on October 12, 1910—

it would be possible to get money by raising the interest on bonds to a substantially higher level.

But he did not think such a course would be good finance. His alternative was to increase the price of what his company has to sell. To do that is not a difficult task for monopolies of its class, in the absence of objections by the commission. But men in other business, contemplating new acquisitions for enlargement of plant or extension of operations, must obtain the needed funds as best they can and at the prevailing rates of interest. Moreover, they must find the security for their financial accommodations. But these transportation monopolies, now that the trick of concealing surpluses expended under various heads, practiced by them hitherto, is exposed and generally understood, are urging the need for further railroad extensions and facilities, and backing up their demand for high rates with an implied threat that if they be not allowed a free hand in continued and more drastic exploitation of the Nation's freight payers the extensions and facilities will not be provided and that the quality of service which they give their patrons will depreciate. What they really have in reserve is the acquisition of more and more of the weaker lines, further consolidations, and more impregnable monopolies. Any pretense that they intend to stand still is the baldest assumption, and any fear that they may or can create a commercial or financial collapse is groundless. The statement that there has been any advance in the cost of borrowed money except when borrowed by commercial and industrial interests is incredible in view of the fact that nearly all the bonded indebtedness of the New York Central, funded only a few years ago, bears interest at only 3½ per cent and that of the Pennsylvania at even a lower rate. What the railroad presidents say on the subject is, to take a charitable view of it, mere speculation. They make no pretense of ever having even an unpleasant experience in testing the money market. In fact, the financial conditions of all the controlling railroads are such that no test of their ability to borrow money at the lowest rates of interest has been necessary.

In resisting measures looking to effective regulation of their rates and services the railroads are inviting something even more drastic and far-reaching. The high-handed attempt made two years ago to arbitrarily and generally increase their rates aroused the country to a high pitch of indignation and moved Congress to place what proved for that occasion an insuperable obstacle in the way in the form of the burden-of-proof provision. The action thus taken by Congress, the general and widespread discussion which ensued, and the final action adverse to the railroads taken by the commission served to focus public atten-

tion upon railroad management and finance as never before. The whole period was educational. The people will claim the full measure of justice at our hands and in the end will find ways to obtain it. The country is rapidly filling up, population is greater and more homogeneous, and the proportion of articles for use and consumption not produced on the spot but requiring to be transported is increasing year by year. In other words, and in railroad parlance, the traffic is becoming denser, and all these are pointing to the necessity for lower rates. That necessity will not regard with favor any law not having for its primary object the common interest.

I will now call attention to certain phraseology of the Adamson, or committee, bill. I pass by for the present the fact that the investigation which the commission is to undertake covers so many important subjects and so many conditions which are constantly changing that it can never be concluded. The bill limits the commission to no standard or rule of procedure and confers the widest range of authority. Among other matters, it is authorized to—

ascertain and report in such detail as it may deem necessary as to each piece of property owned or used by said common carrier, the original cost for railway purposes, the cost and value to the present owner, and what increase in value is due to cost of improvements. Such investigation and report shall also show separately that property actually used in transportation and that held for other purposes, and shall contain a statement of the elements forming the basis of the estimate of value.

What I have quoted is but a fraction of all that the bill authorizes the commission to do at public expense, much the larger proportion of it being, in my judgment, not only entirely futile and worthless if done but impossible of being done at all. In the midst of many authorizations is the ascertainment of the value of each piece of property to the present owner and in each instance the elements forming the basis of the estimate of value. One of the meanings which I extract from all the verbiage used is that a valuation shall be placed upon railroad property as such. To value the right of way of the Pennsylvania through the gaps and narrow valleys of the Alleghenies and of the New York Central along the Hudson or of their terminal facilities in New York City for railroad purposes is to place valuations upon properties which are essentially and unqualifiedly monopolistic. The task would be vain even if possible. It would be like attempting to value the taxing and governing powers of a State or city. The bill contains not even an intimation of what the commission shall do with its valuation and report when completed; and I now call attention to the fact that the commission would be, according to its own oft-repeated declarations, at a loss as to the use to make of it.

Without quoting from the hearings before the committee, I call attention to the fact that the commissioners appearing and making statements were even more vague and noncommittal as to any uses that might be made of their valuation, notwithstanding their willingness to undertake the labor, with its incidental expenditure of millions of dollars.

I will now state what I consider a very important practical objection to making the investment a standard. Some railroads were started with very small original investments of private capital. For instance, the Union Pacific and Central Pacific, now a continuous line from Council Bluffs to San Francisco, were started with enormous land grants and Government guaranties, out of which the roads were built and equipped, leaving to the stockholders the stocks and to the corporations extensive areas of land which cost them nothing. The Union Pacific was subsequently bankrupted to construct the Oregon Short Line and other unprofitable branches, and the Central Pacific was brought to the verge of insolvency by a diversion of business to the Southern Pacific. After that the revenues of the Union Pacific and Central Pacific became very large. Enormous sums were taken from earnings and invested in betterments, additions, and branch lines, still leaving a great annual surplus for dividends. Now, take the Sante Fe, a competing line: It represents a very large percentage of original investment, but a great deal less money has been used in its construction per average mile than in the cases of the Union Pacific and Central Pacific, notwithstanding that it is just as efficient and necessary. Now, suppose you take investment as a standard, without distinguishing between original investment and investment out of income. First you would authorize the Union Pacific and Central Pacific lines to fix much higher rates from Missouri River points to the Pacific than those fixed by the Sante Fe. To say nothing of its primary injustice, that would at once divert the great bulk of traffic to the Sante Fe and defeat the very purpose of giving the Union Pacific and Central Pacific lines the higher rate.

But many roads other than the Union Pacific have been built up almost entirely out of earnings. For instance, the original investment in the Erie was much less than in the Pennsylvania, and yet the ultimate cost of the Erie was double per average mile that of either the Pennsylvania or the New York Central, owing to engineering difficulties. The inherent injustice of allowing rates to pay income on reinvestments of earnings is shown by Commissioner Lane's report in the recent rate-increase cases and illustrated by the result, if the theory were applied to the Burlington. (See p. 28 et seq. of Commissioner Lane's report in rate-advance cases.)

I also find very serious objections to making a separate valuation of each corporate property a rigid basis of rates. There would result nonpermissible inequalities. But that objection would be to a great extent obviated by making valuations in the aggregate of whole systems, as is provided for in my substitute. I suppose if you value the thousands of miles of the Pennsylvania system and the thousands of miles of the New York Central system you will not find a material difference per average mile. The deduction for obsolescence and depreciation will constitute an enormous subtraction from cost in many instances. The Pennsylvania will under my plan have its New York City and West Philadelphia improvements valued, but much of their total will be subtracted from cost of Jersey City and Broad Street terminals. But in each of the exceptional values it is to be spread over thousands of miles. And you may remember it is my plan to directly regulate these dominating lines and thus indirectly regulate the secondary or dependent lines.

I find some foundation for the objection recently advanced that a valuation would in some instances equal or exceed the capitalization. But you will note that I have anticipated that objection. With reference to equipment and trackage I make cost of reproduction, less a deduction for obsolescence, the standard or measure of value, in addition to averaging the mileage. I think we have no reason to fear that an excessive valuation would result if to this were added the land values of rights of way, terminal, and station grounds (actually used), plus actual cost (less depreciation) of improvements.

There remains to be noticed the objection that much, and in some instances nearly all, of the value was contributed out of earnings and were in fact contributed by rate payers. But, except in aggravated cases, which I think might be dealt with by the commission under power given it in the substitute to establish additional rules, I do not think it either just or expedient at this late date to rigidly distinguish between the values created by original investment and those added from current revenues. Nearly all the capital now employed in farming, manufacturing, and in trade represents surpluses resulting from farming, manufacturing, and trade. Besides, the difficulty, or rather impossibility, of segregating investment from reinvestment in these lines I could see no justice in it, if proposed with a view to giving them different treatment in legislation. I am aware that effective regulation requires a departure from the prevailing habit of thought, and that railroad properties must be recognized and treated more and more as governmental instrumentalities and less as subjects for private investment and profit. But if we try to begin upon too low a level we may not be able to begin at all. We have been discussing the subject of making a valuation or appraisement for years. Some one should come forward with a concrete plan. If the plan I propose in this substitute is not the best, let us hear from others and adopt the best. As for myself, I assure you that I am open-minded on the question.

I had thought of asking for the views of the Interstate Commerce Commissioners and others before introducing a substitute, but I know I would find them timid and unprepared. The quickest way to stimulate thought, elicit expression, and get it is to introduce a bill containing a practical, progressive plan, and get the question before the House.

This plan is not too moderate or conservative. It will not satisfy the railroads. They will strenuously object to the exclusion of so-called franchises or good will. Most of them will begin lobbying against it, and keep it up to the end.

It hardly seems necessary on this occasion to further call attention to amendments which should be made to the interstate-commerce act to make it effective. The whole mass of exising legislation, although much of it was well directed and intended, has proven ineffective to prevent an enormous increase of aggregate cost of transportation, dangerous massing and concentration of wealth with attendant general distress, and enormous and startling inflation of corporate securities, the dividend and interest charges on which constitute an ever-increasing burden and drain from all business and all industry.

If I am not much mistaken, there has been thus far no real bona fide regulation of interstate commerce. There is a total lack of mandatory rules of procedure for the commission, and

so much is left to discretion that the commissioners can, without a violation of law, exercise at once and over the whole subject powers which are as extensive as and, in some respects, more extensive than those exercised by either of the three departments of the Government or by all combined.

The present law amounts to just this: The carriers shall deal fairly by the public, and when a question of fairness or unfairness is raised the commission shall sit as an arbitration board with full powers in the premises. The reports in the rate-increase cases fully supports this view. I understand from these reports that the value of property devoted to the public use, even if any satisfactory proof of it had been made, would have constituted only one of many important elements in the case. And I infer from the language of both Lane and Prouty, commissioners, that if the railroads had made strong showings as to revenue requirements many of the proposed increases would have been allowed. Be that as it may, it is a fact, one which should arouse serious concern, that the railroads are now engaged in the preparation of a valuation of their properties to be used in making up a case upon which the commission can not reasonably prevent further increases in their rates. So the issue before the commission between the carriers and the public has been within two years converted from one raised by shippers demanding a reduction of rates to one now raised by the railroads for an increase. Though widespread protest, amounting almost to a popular uprising, stand in the way of a wholesale increase, practically the same end may now be reached gradually, covertly, and in detail, and without attracting public attention.

Transportation rates, both for freight and passengers, are too high in this country, and if I had the power I would materially reduce them. Measures of public justice are often harsh. And if rates were properly reduced on the great dominating railways, that would without any further legislative act whatever force several important and many unimportant railroad companies into receiverships and reorganizations. And yet, sooner or later, Congress must assert its constitutional powers.

Why do newspapers, lawmakers, and Interstate Commerce Commissioners discuss this as they would a humanitarian question? The corporations are artificial, nonsentient. The officers and agents are presumably interested only to the extent of their salaries, which are not to be affected by any reduction proposed by anyone. The stockholders are but a small percentage of the entire population, having no better right to obstruct measures in the public interest than have the smallest beneficiaries of exorbitant taxation.

While the commission now has unlimited discretion in determining the reasonable rate and in allowing a just and reasonable or in disallowing an increased rate, it has no power to increase a rate. Lacking this, it can not take up a schedule of rates in which inequalities and discriminations exist and adjust and equalize them. If, to illustrate, the commission could increase the rates of sugar and coal going West, that would permit of a material reduction on many other commodities without or with only moderate diminution of revenues. This would also diminish the power of the sugar trust and coal trust to injure western interests. The commission should be given the power to revise and readjust whole schedules. In other words, it should be given real rate-making power. Along with this increase should come a numerical increase in the membership of the commission and its division into departments.

And in view of the fact that the railroads have been vastly aided and benefited by the existence and work of the commission, the fee system ought to be established requiring them, in each instance of a decision adverse to the carrier, to pay all the costs and expenses of the contest. I have not seen fit to provide for that in the substitute because I did not care to insert a mere matter of detail upon which there might arise wide differences of opinion and extensive discussion, but I would heartily accept an amendment to that effect. Undoubtedly Congress should give attention to the great and increasing expenses of the commission, and the institution of the fee system would much more than offset the increased cost to result from enlarging the membership of the commission.

Notwithstanding the extreme length of my discourse, I have not said all that I would like to have said nor have I explained all the features of the substitute which I ask you and each of you to carefully examine. The subject is one the importance of which is second to none with which we have to deal. Indeed, the problem of railroad transportation, especially the monopoly and cost phases of it, is of such magnitude as to cast a shadow over the land; but I trust we shall prove equal to meeting it courageously and dealing with it intelligently and justly.

Mr. HOBSON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Alabama [Mr. HOBSON] asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. STEVENS of Minnesota. Mr. Chairman, I yield to the gentleman from Illinois [Mr. MANN] 10 minutes.

Mr. MANN. Mr. Chairman, it will be noted that the bill itself provides that the commission shall investigate and ascertain the value of the property of every common carrier subject to the provisions of this act and used by it for the convenience of the public. It is to ascertain the value of the property. In making investigation the bill further provides that the commission shall ascertain and report in such detail as they may deem necessary as to each piece of property owned or used by the carrier, the original cost for railroad purposes, the cost and value to the present owner, and what increase in value is due to cost of improvements. Then the bill provides that the valuation made by the commission shall be fixed and considered as final. What is that valuation made by the commission? It is the value of the property to the present owner, so far as we can ascertain from the bill; the valuation of the property of the carrier, used by it for the convenience of the public, to the present owner. It is true the bill provides the ascertainment of the original cost for railway purposes and what increase in value is due to the cost of improvements; but the value which is finally to be ascertained is the value of the property to the present owner. All of the rest of the detail provided in the bill is a mere method of making the valuation, which ought to be left out of the bill, because the commission itself ought to be the ones who are the best judges as to the method of proceeding and making a valuation for their information and their benefit when they arrive at a judgment concerning the rates. This valuation, if no protest is filed by the railroad company, becomes final, but if a protest is filed by the railway the commission is obliged to take the protest into consideration.

I am not entirely clear as to what will be the result of ascertaining the present value to the railway companies of the property used for railway purposes. Some years ago a railroad desired to enter the city of Chicago and expended for that purpose, I believe, some $10,000,000 or $15,000,000 to have the right of way into the city. That road and another road somewhat similarly situated have no such right of way yet, but some of the original road that came into the city of Chicago. Those original rights of way cost very little. The Illinois Central Railroad, which comes into the city of Chicago along the lake front, with which most of you are familiar, came in over the lake bed, and cost practically nothing at the time. The value of that right of way to the present owner of it amounts to millions upon millions of dollars now. It could not be replaced to the Illinois Central Railroad probably for $50,000,000.

Under the provisions of this bill the commission is required to ascertain the present value to the railroad company of that roadway, and it is supposed to take that into consideration in fixing the rates of the railroad. Of course there is no other object in ascertaining the value of this property on this basis except as it may affect the fixing of railroad rates. There is not a railroad in the United States probably passing through towns that have grown in size since the road was constructed where the present value of that property to the railroad company for its uses does not far exceed not only the cost to the railroad company but its capitalization, which it goes into and helps make up.

There are people who believe that you can take the value of any one railroad property and thereby determine absolutely the rate. There are seven or eight or nine trunk lines between Chicago and New York, all engaged in carrying in competition freight between those points. Some of those roads run fairly directly between Chicago and New York. Some of them run through Kentucky and Virginia; some through Canada. The roads which have the nearest routes probably cost the least. I do not know. The roads which have the longest routes probably carry the freight the cheapest. The longer routes require a little cheaper freight rate in order to get the freight carried over that line, because few shippers will prefer to send their freight up through Canada and around through the New England States in order to reach New York when they can send it directly east over the Lake Shore or the Pennsylvania Railroad. And yet it is perfectly patent to anyone that after you arrive at the physical valuation, or the present value, or whatever you please, the capitalization of those roads—and they will not be the same—the rate that is to be fixed must be the same, practically speaking. The Pennsylvania Railroad Co. can not make a different freight rate between Chicago and New York from that of the Lake Shore and the New York Central Railroad Co., and the Canadian railroad company can not make a rate much

different, at least, from the roads which run through Kentucky—the Big Four and the Chesapeake & Ohio.

The valuation of the railroads ought to be known. In my judgment the original interstate-commerce law gives to the Interstate Commerce Commission the power to make a physical valuation of the railroads or to acquire any other information which relates to the railroad business. It is possibly true that they have not done so because of a lack of appropriations. It is mainly true, I think, because they thought it was easier to keep on telling Congress how much they needed the power to make the valuation instead of doing that which they already had the power to do. It became the custom of the commission in every one of its annual reports to ask for increased authority from Congress. I presume that custom will continue, no matter what Congress does, although I am in favor, so far as I am concerned—as we have undertaken to carry out the theory of letting the Interstate Commerce Commission practically manage the railroads of the country—of giving them all the information that is possible.

I do not believe the present bill, if enacted into law, will accomplish a great deal of good. It will not fix rates by ascertaining the present value of the property. What we ought to do is to govern and regulate the issuance of stocks and bonds by the railroad companies and prevent the manipulation of stocks and bonds by a few gentlemen for their own benefit with secret information which they obtain. I wish I could have my way, so that every man and woman in the United States who desired to invest a little of savings might know something true in reference to the stocks and bonds which they might desire to buy, and then feel that that investment on their part could not be taken away from them by manipulation, which has been the custom in the past. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENS of Minnesota. Mr. Chairman, I yield five minutes of my time to the gentleman from Kansas [Mr. CAMPBELL].

The CHAIRMAN. The gentleman from Kansas [Mr. CAMPBELL] is recognized for five minutes.

Mr. CAMPBELL. Mr. Chairman, I shall vote for this bill, although I regard it as incomplete. Merely providing for finding the valuation of railroads accomplishes but a short step in the right direction. The provision in the Mann bill as it passed the House in the Sixty-first Congress on this subject was more complete, and it is unfortunate that that provision went out of the bill in another part of the Capitol, where it was contended that Federal control of the issuance of stocks and bonds of railroads was an interference with the doctrine of State rights. So I assume this bill is the best we can hope for at this time.

Two results should follow the ascertainment of the valuation of railroads: First of all, a regulation of the issuance of their stocks and bonds. The gentleman from Illinois [Mr. MANN] closed as I would begin, if I had the time, with a discussion of one of the most vital subjects connected with this matter—the issuance of stocks and bonds of common carriers. Every investor ought to know, by the valuation of the property, what his stock is worth. He ought to know the amount of stock that has been issued, the amount of bonds that have been issued, and by that be able to place some value upon the property that he has purchased. Then let the manipulators manipulate. Then let the stock gamblers gamble. If the investor who owns the stock does not see fit to throw his property upon the market for sale, it will still represent a value based upon the actual value of the road.

The time is coming when investors will be found in every part of the country who will purchase stocks of the transportation companies of the country, and that sort of investment should be encouraged.

The stock of transportation companies ought to be made a safe investment for every person who has the money to invest.

It ought not to be a speculation or perhaps, more properly, gambling. The matter ought not to be left to the manipulators who sometimes gamble in the price of the stocks of railroad companies. This has been done and no doubt will continue to be done until either the State where the gambling places are operated or the Nation that controls interstate commerce shall find a way to put a stop to that species of stock manipulation and gambling. The day is past when promoters should have the right to fix the amount of either the capital stock or the bonded indebtedness of railroads without limit or check upon them.

The bill therefore ought to be completed by providing for a control of the issuance of stocks and bonds of these companies, based upon the valuation as found by the commission.

Then the second step should follow, that of fixing rates upon the valuation so found. The discussion by Members here this afternoon has related almost wholly to the question of freight rates, while as a matter of fact the bill does not provide for the fixing of rates at all.

Mr. CULLOP. I would like to ask the gentleman from Kansas a question.

Mr. CAMPBELL. Yes.

Mr. CULLOP. Is it the gentleman's idea that there ought to be a provision in the bill that when the commission ascertains the value of the property all stocks in excess of the ascertained value shall be canceled?

Mr. CAMPBELL. No; increases prohibited in the future.

Mr. CULLOP. But the stock has already been issued. These corporations exist. They are organized in the States, under State laws.

Mr. CAMPBELL. I understand that, but Congress assumes the right here to find the valuation of railroad property. It does not do so to gratify the caprices of the Interstate Commerce Commission, and it should be for the purpose of fixing the amount of stock or bonds that may be issued upon railway property in the future and to fix rates.

Mr. CULLOP. It would give notice by such reports to the public of the excess in amount of stock over the actual value of the property, but it is also for the purpose of ascertaining the facts upon which an equitable rate can be established.

Mr. CAMPBELL. The bill does not so provide, and I want to call attention to that if the gentleman will let me have my time. I listened with a great deal of interest to the remarks of the gentleman from Indiana on this subject. Until this afternoon I had heard it said that the tariff alone was responsible for the high cost of living; but after listening to the gentleman from Indiana I came to the conclusion that, after all, the campaign of last fall was made upon an entirely erroneous hypothesis, and that the cost of living is attributable wholly to the high cost of transportation on the railroads. But this bill does not propose that the value of the railroads shall be used as a measure for fixing rates.

Mr. CULLOP. I beg the gentleman's pardon. That is one of the elements that enters into it.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. STEVENS of Minnesota. I yield two minutes more to the gentleman from Kansas.

Mr. CAMPBELL. My contention is that this bill should provide that the information obtained as to the value of railroads shall be used as a basis for fixing rates. Otherwise, what is the object of ascertaining the value of the property if not for the purpose of fixing the amount of stocks and bonds that shall be issued and the freight and passenger rates that may be charged in the use of the property of the common carriers? Believing that the information the commission is authorized to get by this bill may be put to these uses, I shall vote for the bill.

Mr. STEVENS of Minnesota. Mr. Chairman, I now yield to the gentleman from Wisconsin [Mr. ESCH].

Mr. ESCH. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. STEVENS of Minnesota. Mr. Chairman, I yield to the gentleman from Oregon [Mr. LAFFERTY] five minutes.

Mr. LAFFERTY. Mr. Chairman, I desire merely to make a general observation.

In my travels over the country I have not found any man who wants any corporation to give him anything or to sell him anything for less than what it is reasonably worth, and the idea that is now in the minds of the American people, known as the Progressive movement, does not mean anything more than that they desire laws passed by Congress that will provide that they shall not be charged unreasonable rates by public-utility corporations and that they shall not be charged unreasonable prices by industrial corporations that have acquired monopolies in their several lines of business.

The remedy is simple. Whenever you get a majority of men in Congress who desire to serve the public it will not require the brains of a Daniel Webster, of a John C. Calhoun, of a James G. Blaine to formulate laws suitable to meet the present situation in the United States. The only requirement is that we get a majority of men in our legislative bodies, both in the States and in the United States, who desire to do the right thing.

Now, for years there has been an agitation in favor of giving to the Interstate Commerce Commission the power to make physical valuation of the property of the common carriers coming under the interstate-commerce act. I desire to congratulate

the committee for having reported this bill, also the Committee on Rules for having brought in a rule making it a privileged bill, and to congratulate the majority party in control of this House at this time upon its certain passage. You are on the right track, and so long as you stay on the right track you will enjoy the confidence of the American people.

I agree entirely with the minority leader in the comments he made here this afternoon and the comments of several of my colleagues on the Republican side of this House that this bill does not go far enough. It should be made broader; it should specify that the making of this valuation of the common carriers is for the purpose of fixing reasonable rates; and it should specify also that the Interstate Commerce Commission may regulate the issuance of stocks and bonds in the matter of carriers engaged in interstate commerce.

But I wish to be frank enough as a member of the Republican Party to say that our party was in control here for 16 years and did not give to the country as good a bill as this in this connection.

Mr. MADDEN. We passed one in the House, I think, in 1910. I introduced the bill.

Mr. LAFFERTY. My colleague reminds me that a bill of this character was passed in the House. I was not aware of that, and I want to say that the Republican House that passed it is entitled to great credit. However, we are all here now to represent the country regardless of party lines, regardless of any other considerations than those of the public welfare. That is why, Mr. Chairman, I desire to remind my colleagues that as poor as I may be in merit and ability I went back to my district and was reelected by an increased majority on the 5th day of last month. Any Member of this House who comes here and serves the public to the best of his ability, as he holds up his hand and takes a solemn oath that he will do, will be trusted by the people of this country. Of course we may be misrepresented and may not be able to meet the false accusations, but if the man is in reasonably good health and has a good nervous system and gets out and meets the opposition in an open fight he will win out.

The point I desired to make was that the people of the United States do not demand anything radical or unreasonable. We had a little illustration of the conservatism of the people in Oregon at the election on the 5th of last month. A proposition was submitted to pass a graduated income-tax law.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. STEVENS of Minnesota. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. LAFFERTY. Mr. Chairman, the proposition was submitted to the vote of the people as to whether we would adopt a graduated single tax which provided that any man owning more than $10,000 worth of real estate should pay a specific, graduated tax of $2.50 per thousand, and so on up, as the amount of his holdings increased, until it got to $30 a thousand on $100,000 and over. Naturally, nine voters out of ten who went into the voting booths on the 5th of last month in Oregon would have benefited upon the surface of things by the passage of such a law. If the voters were actuated by their selfish interests, if they did not look beyond that, they would have passed the graduated single tax. It was urged by the Fels fund commission, and was ably presented in an argument to the voters and in the voters' pamphlet of that State. Yet the people of Oregon went into the polls and defeated that constitutional amendment by a vote of 5 to 2. That is only an illustration going to show that you can trust the people to be conservative and that they will not pass a law until thoroughly satisfied that it will work no injustice to any man.

In conclusion, permit me to say that when each State in this Union has created a State public-service commission having the power to fix the rates of monopolies doing business wholly within the State, and the power to make physical valuations to that end, and when Congress has made the Interstate Commerce Commission a Federal public-service commission for the same purpose, having jurisdiction over interstate monopolies, the question of the control of monopolies will have been settled. And when you reduce the tariff properly—and I am in favor of a reasonable protection for the people of this country—and provide for an asset currency to prevent a few men in Wall Street from cornering our money and bringing on a panic whenever they feel like it, you will enjoy in this country, in the future as in the past, the greatest advancement, both moral and temporal, of any country in the world. [Applause.]

Mr. SIMS. Mr. Chairman, I think that the bill has been so ably and thoroughly and exhaustively discussed in general debate that we may close the general debate at this time and read the bill for amendment under the five-minute rule. If no one wishes to use further time, I will ask that that be done.

The CHAIRMAN. Without objection, the Clerk will read the bill for amendment under the five-minute rule.

There was no objection, and the Clerk read as follows:

Be it enacted, etc., That section 19 of an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, be amended by adding thereto a new section, to be known as section 19a and to read as follows:

Mr. MANN. Mr. Chairman, I desire to propound a parliamentary inquiry. This bill consists of one section and a number of paragraphs. Is it subject to amendment by paragraphs, or may amendments to any part be offered at the conclusion of the reading of the entire bill?

The CHAIRMAN. The Chair understands that this bill is subject to amendment by sections only.

Mr. MANN. There is but one section in the bill.

The CHAIRMAN. It so appears to the Chair. The Clerk will read.

The Clerk read as follows:

SEC. 19a. That the commission shall investigate and ascertain the value of the property of every common carrier subject to the provisions of this act and used by it for the convenience of the public. For the purpose of such an investigation and ascertainment of value the commission is authorized to employ such engineers, experts, and other assistants as may be necessary, who shall have power to administer oaths, examine witnesses, and take testimony. The value shall be ascertained by means of an inventory which shall list the property of every common carrier subject to the provisions of this act in detail, and shall classify the physical elements of such property in conformity with the classification of expenditures for road and equipment, as prescribed by the Interstate Commerce Commission.

In such investigation said commission shall have authority to ascertain and report, in such detail as it may deem necessary, as to each piece of property owned or used by said common carrier, the original cost for railway purposes, the cost and value to the present owner, and what increase in value is due to cost of improvements. Such investigation and report shall also show separately that property actually used in transportation and that held for other purposes, and shall contain a statement of the elements forming the basis of the estimate of value. They should also show, as the commission may deem necessary, the history of the organization of the present corporation operating such property or of any previous corporation operating such property in such detail as may be deemed necessary, and any increases or decreases of capital stock in any reorganizations, and moneys received by any of such corporations by reason of any issues of stocks, bonds, or other securities, or from the net and gross earnings of such companies, and how the moneys were expended or paid out for the purposes of such payments.

The said investigation and report shall also show the amounts and dates of all bonds outstanding against each public-service corporation and the amount paid therefor, and the names of all stockholders and bondholders with the amount held by each, and also the name of each director on each board of directors; and find and report the facts as to the connection of any bank or bankers, capitalist or association of capitalists, or financial institution or holding company with the ownership, manipulation, management, or control of any stocks and bonds of any such company, and the transactions and connections of any bank or banker, financier, financial institution, or holding company with the reorganization of any such company in recent years.

The commission shall have power to prescribe the method of procedure to be followed in the conduct of the investigation, the form in which the results of the valuation shall be submitted, and the classification of the elements that constitute the ascertained value, and such investigation shall show the value of the property of every common carrier as a whole and the value of its property in each of the several States and Territories and the District of Columbia.

Such investigation shall be commenced within 60 days after the approval of this act and shall be prosecuted with diligence and thoroughness, and the result thereof reported to Congress at the beginning of each regular session thereafter until completed.

Every common carrier subject to the provisions of this act shall furnish to the commission or its agents from time to time and as the commission may require maps, profiles, contracts, reports of engineers, and any other documents, records, and papers, or copies of any or all of the same, in aid of such investigation and determination of the value of the property of said common carrier, and shall grant to all agents of the commission free access to its right of way, its property, and its accounts, records, and memoranda whenever and wherever requested by any such duly authorized agent, and every common carrier is hereby directed and required to cooperate with and aid the commission in the work of the valuation of its property in such further particulars and to such extent as the commission may require and direct, and all rules and regulations made by the commission for the purpose of administering the provisions of this section and section 20 of this act shall have the full force and effect of law.

Upon the completion of the valuation herein provided for the commission shall thereafter in like manner keep itself informed of all extensions and improvements or other changes in the condition and value of the property of all common carriers, and shall ascertain the value thereof, and shall from time to time, as may be required for the proper regulation of such common carriers under the provisions of this act, revise and correct its valuation of property, which shall be reported to Congress at the beginning of each regular session.

To enable the commission to make such changes and corrections in its valuation, every common carrier subject to the provisions of this act shall report currently to the commission, and as the commission may require, all improvements and changes in its property, and file with the commission copies of all contracts for such improvements and changes at the time the same are executed.

Whenever the commission shall have completed the valuation of the property of any common carrier, and before said valuation shall become final, the commission shall give notice by registered letter to the said carrier, stating the valuation placed upon the several classes of property of said carrier, and shall allow the carrier 30 days in which to file

a protest of the same with the commission. If no protest is filed within 30 days, said valuation shall become final.

If notice of protest is filed by any common carrier, the commission shall fix a time for hearing the same, and shall proceed as promptly as may be to hear and consider any matter relative and material thereto which may be presented by such common carrier in support of its protest so filed as aforesaid. If after hearing any protest of such valuation under the provisions of this act the commission shall be of the opinion that its valuation is incorrect, it shall make such changes as may be necessary, and shall issue an order making such corrected valuation final. All final valuations by the commission and the classification thereof shall be published and shall be prima facie evidence relative to the value of the property in all proceedings under this act.

The provisions of this section shall apply to receivers of carriers and operating trustees. In case of failure or refusal on the part of any carrier, receiver, or trustee to comply with all the requirements of this act and in the manner prescribed by the commission such carrier, receiver, or trustee shall forfeit to the United States the sum of $500 for each such offense and for each and every day of the continuance of such offense, such forfeitures to be recoverable in the same manner as other forfeitures provided for in this act.

That the district courts of the United States shall have jurisdiction, upon the application of the Attorney General of the United States at the request of the commission, alleging a failure to comply with or a violation of any of the provisions of this act by any common carrier, to issue a writ or writs of mandamus commanding such common carrier to comply with the provisions of this act.

Mr. SABATH. Mr. Chairman, I offer the following amendment: On page 6, line 19, substitute the word "section" in place of the word "act," after the word "this."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 6, line 19, strike out the word "act" and insert in lieu thereof the word "section."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

Mr. SABATH. Mr. Chairman, also amend, on page 7, line 5, by substituting the word "section" for the word "act."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 7, line 5, strike out the word "act" and insert in lieu thereof the word "section."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SABATH. Also, amend by striking out the word "act" and inserting in lieu thereof the word "section," on line 7, page 7.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 7, line 7, strike out the word "act" and insert in lieu thereof the word "section."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

Mr. STEVENS of Minnesota. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amend, page 5, line 10, by adding after the word "property" the following: "showing such revision and correction as a whole and in each of the several States and Territories and the District of Columbia."

Mr. STEVENS of Minnesota. Exactly the same language is used on page 4, lines 3 and 4, so that not only the original report but all subsequent reports shall conform to the State laws as much as may be possible. That will coordinate with the State authorities.

The question was taken, and the amendment was agreed to.

Mr. HARDY. Mr. Chairman, I wish to make a suggestion, with some hesitation, and still I believe it is an improvement. In line 8, page 3, the words "for the purposes of such payment," seem to me to be surplusage or to convey no clear meaning, because there are no payments mentioned above, and "such payments" seems to refer to something foregoing. I think the sentence would be complete just to let it end with the word "out," so that that part of the sentence would read "the net and gross earnings of such companies, and how the moneys were expended or paid out." I would strike out all after the word "out," in line 8.

Mr. MANN. Will the gentleman yield?

Mr. HARDY. Certainly.

Mr. MANN. I think the word "for" ought to be made "and"—"and the purpose of such payments."

Mr. HARDY. Well, with the word "and" it would be all right.

Mr. MANN. It may possibly be a misprint somewhere.

Mr. HARDY. I will offer, then, the amendment to strike out the word "for" and substitute the word "and." However, that would still leave in the words "such payments," when there are no payments referred to before that.

Mr. MANN. It provides for the moneys expended and paid out and the purposes of such payments.

Mr. HARDY. I will make the motion to strike out the word "for" and insert the word "and."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amend, page 3, line 8, by striking out the word "for" and inserting in lieu thereof the word "and."

The question was taken, and the amendment was agreed to.

Mr. LENROOT. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

In line 2, page 2, insert, before the word "property," the word "physical"; also, in line 2, page 4, insert, before the word "property," the word "physical."

Mr. LENROOT. Mr. Chairman, I do not know I can add anything more to what I said when I had the floor before with reference to this question, but the more I think of the matter the more important it seems to me that this valuation of the commission should be confined to a physical valuation of the property. Now, it has been said during the afternoon a number of times that this valuation was not necessarily for rate-making purposes at all, but I call the attention of the committee to this fact—that this valuation must be for no other purpose, for the bill itself provides for a valuation when certain procedure has been taken, so it seems to me that it is for no other purpose than the purpose of a basis for making rates. Now, I want particularly to call the attention of the committee to the familiar and leading case of Smyth against Ames. There it is held:

We hold, however, that the basis of all calculations as to the reasonableness of rates to be charged by a corporation maintaining a highway under legislative sanction must be the fair value of the property being used by it for the convenience of the public.

Just exactly what is proposed to be done by the bill in its present form, the fair value of the property of the carrier. Then the decision goes on to say:

And in order to ascertain that value, the original cost of construction, the amount expended in permanent improvement, the amount and market value of its bonds and stock, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statutes, and the sum required to meet operating expenses are all matters for consideration and are to be given such weight as may be just and right in each case.

Now, there are several elements that the Supreme Court speaks of in this case that are to be considered in arriving at the value, but there are only three of those elements that relate to the physical valuation of the property.

A great many illustrations have been given this afternoon, or a great many questions asked, as to what shall be done in a given case. For instance, by the gentleman from Pennsylvania [Mr. OLMSTED]. Here is one railroad, the cost of which was twice, perhaps, the cost of another, and the value actually might be twice the value of another, and yet as the bill reads in its present form you are asking the commission, you are compelling the commission, in an ex parte proceeding, to find the value of those two roads, and when they have found the value the commission itself will be governed by the value so found, for it is the value of the property that becomes the basis for rate-making purposes.

Now, I do insist that that question, so far as the ultimate question of value is concerned, should not be left to be decided in this ex parte proceeding. When we have the physical valuation we have one of the indispensable elements that are necessary. The commission should have that, should keep it revised from time to time, but in determining the ultimate question of value of a given property of a common carrier, it seems to me that with this information they should be left free to make that value in a given case when the carrier itself has an opportunity to be heard and presents all the facts before it.

Mr. MANN. Mr. Chairman, will the gentleman yield for a question?

Mr. LENROOT. Certainly.

Mr. MANN. Is the gentleman convinced that in making the rates the court ought not, or can not, or will not, take into consideration the value of a franchise?

Mr. LENROOT. Not at all.

Mr. MANN. Well, if you are to obtain the value of a property as an aid to rate making, is it not desirable to obtain both the value of the physical property and also the value of the franchise?

Mr. LENROOT. That might be.

Mr. MANN. Would not that be the case under the provisions of this bill?

Mr. LENROOT. That is the point exactly. They might find the value of a franchise, and find the value of a great many

other intangible things that become settled—that become final—in this ex parte proceeding. But I say that ought not to be done in that kind of proceeding, because those things can be determined in a given case by testimony. It is the physical valuation that takes one or two or three years of time. It is that valuation that the Interstate Commerce Commission has been asking for; it is that valuation that the commission could not get under the 9 or 10 months' suspension of the interstate commerce law.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. LENROOT] has expired.

Mr. MANN. Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes more.

The CHAIRMAN. The gentleman from Illinois [Mr. MANN] asks unanimous consent that the gentleman from Wisconsin have five minutes more. Is there objection?

There was no objection.

Mr. MANN. Here is the point I wanted to get at: The ascertainment of this information is for the aid of the commission. They may have a case before them involving the freight on lemons, and another on eggs, between two points not far apart, where it is absolutely impossible to acquire the information in reference to the value of the property for the settlement of that case. In ascertaining the information is it not desirable to ascertain the value of all of the property, differentiating, as the gentleman would suggest, the value of a physical property and the value of the other property, which is for the aid of the commission and for the aid of any shipper who has a complaint? Is it not desirable to obtain all the information?

Mr. LENROOT. I think it is, and I would have no objection to that being a separate element to be found by the commission. My point is that I am opposed to the commission making the ultimate finding in this proceeding of the value of the property, which will bind the Government or the commission afterwards.

Mr. MANN. I am not sure that the gentleman is not correct, but the bill provides that the statement of the valuation shall contain a statement of the elements forming the basis and elements of value. Under this bill would not the commission be required to obtain the value of the property and ascertain how much of that is the physical value and how much is the value of the franchise, if any, and the other elements that go into the valuation?

Mr. LENROOT. I think the gentleman from Illinois has helped me to make plain what my idea is. I have no objection in the world to the commission finding all these different elements. What I do object to is the commission combining all of those into a final, ultimate finding at this time of the value of the property as a whole.

Mr. MANN. Of course, I agree with the gentleman——

Mr. MADDEN. In a single item, does the gentleman mean?

Mr. MANN. That that is not the proper method of doing it, although it is probably better than it is now.

Mr. BUCHANAN. Mr. Chairman, does the gentleman yield?

Mr. LENROOT. I would like to call attention to one other thing. Evidently from the title of the bill it was the intention or thought of the committee that the valuation should be confined to a physical valuation, for the title of the bill is, "Providing for physical valuation of the property of common carriers."

Now I yield to the gentleman.

Mr. BUCHANAN. I am somewhat confused about the question of fixing rates on the basis of the valuation of transportation lines, for the reason that sometimes the addition of value is made by an additional expenditure of money that increases the facilities of the transportation line to such an extent that it can reduce the rates and be able to pay a greater dividend than ever on the amount of money invested, as, for instance, by shortening a line or by bridging or by tunneling.

I have in mind one place in Utah where they constructed a line across Salt Lake at great expense. I am informed that it is a great investment. At other places they have added tunnels which add to the expense of the line. In still other places they have constructed elevated roads, as has been done in Chicago. In such cases there has been a great expenditure of money, but, due to the fact that they can transport much faster and with a reduced force of workingmen, made possible by the elimination of watchmen, and so on, they have reduced the cost of transportation to such a extent that even though the value of their property is much greater they still can reduce their freight rates.

Mr. LENROOT. Of course, that is often true. The gentleman understands——

Mr. BUCHANAN. Can the rates be fixed justly and equitably to all concerned on the basis of the valuation of the property?

Mr. LENROOT. The gentleman understands, and the committee will understand that, with certain exceptions—very rare—the carrier is always entitled to such a rate as will pay operating expenses and bring a fair return on the value of the property; and that is why the value of the property becomes a very important question.

Mr. STEVENS of Minnesota. Mr. Chairman, will the gentleman allow me?

The CHAIRMAN. Does the gentleman yield?

Mr. LENROOT. Certainly.

Mr. STEVENS of Minnesota. Has the gentleman considered the paragraphs beginning on page 5, perhaps, with the paragraph in the middle of page 6? Those two paragraphs in substance state this, that after the commission shall have completed the valuation, and before the valuation shall have become final, the commission shall give notice to the carrier, stating the valuation placed upon the several classes of property. Now, that would include the physical property and the franchise——

Mr. FOWLER. And it might not——

Mr. STEVENS of Minnesota. And the going value of the property in actual use.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENS of Minnesota. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Wisconsin [Mr. LENROOT] be extended five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. STEVENS of Minnesota. Then the commission shall make a separate valuation of those several classes, covering everything that the gentleman has stated. Then the notice shall be given to the carrier. The carrier then has its hearing before the commission before the value of these several classes has been definitely fixed by the commission. Now, after the commission receives all the evidence that it sees fit from the carrier as to the different classes, it makes an order, as provided on line 11 of page 6; it issues an order making such corrected valuation final, and after that it provides for making such corrections as it sees fit later; and then these final values, including the values of the various classes, shall be made public and become prima facie evidence. Now, do not these two provisions of these two paragraphs accomplish what the gentleman has in mind?

Mr. LENROOT. I think not, because experience has demonstrated that they do not in every case where the question has come up. I know it is true in the case of railroad litigation in Wisconsin, where I was interested as one of the attorneys in that litigation. The cases of valuation comprehended all of these different elements, but in my opinion it is impossible, when you come to fix the valuation, to divide it up into these various elements.

For instance, after taking all these elements then you must add a sum because of its being a going concern, a sum for the cost of building up the business for a series of years. That has been approved by the courts; and yet it will not show in any of these separate elements that are provided for by this schedule; and when the commission comes to make its final valuation, in my judgment, it will be compelled to add things that it can not distribute into the different elements; and the commission should be left free, according to the testimony in each case, when it comes to make its final determination, having these elements in the findings as provided in the bill; but when it comes to determine the question finally, it should be left free to consider all of these questions. In my judgment, it is not left free to do so under the bill as it now stands.

Mr. STEVENS of Minnesota. Does not the method proposed by the gentleman put a much heavier burden on the shipper who desires to contest a rate than the provision that I have just read from the bill? In other words, if in each contest the shipper is compelled to prove the additional facts stated by the gentleman, while in the bill these matters are made matters of record with the commission, does it not put an additional burden on the shipper which in some cases may be very onerous?

Mr. LENROOT. I think not; because in nearly every case these will be matters of judgment for the commission, considering the property of the carrier as a whole and the character of its business. It can not be separated into different elements. They will have all of this information, so far as the different elements are concerned, all that any investigation can produce. It will remain a matter of judgment on the part of the commission, but my idea is that the judgment should be exercised at the time the question is up for rate-making purposes, rather than in an ex parte proceeding.

Mr. CRUMPACKER. Will the gentleman yield for a question?

Mr. LENROOT. Yes.

Mr. CRUMPACKER. If the gentleman from Wisconsin will permit me, my understanding of his proposed amendment is that it inserts in line 2, page 2, just before the word "property," the word "physical."

Mr. LENROOT. Yes.

Mr. CRUMPACKER. That does not require, does it, that the physical valuation of property shall be made separate from the valuation of all other classes of railroad property? It simply requires the physical valuation of the property to be made.

Mr. LENROOT. It is limited to the valuation of physical property.

Mr. CRUMPACKER. So that the purpose of the bill is simply to ascertain the value of the physical properties of railroads?

Mr. LENROOT. Of course, these other provisions with reference to stocks and bonds are not affected by this amendment. They remain the same.

Mr. CRUMPACKER. So that the question of the value of franchises and other rights that may vitally affect even the physical value will not be included in the bill at all if the gentleman's amendment is adopted.

Mr. LENROOT. The franchises will not.

Mr. CRUMPACKER. Or any other intangible rights.

Mr. LENROOT. No other intangible rights.

Mr. SIMS. Mr. Chairman, I appreciate the statement made by the gentleman from Wisconsin and the strong argument which he has made, but I hope this amendment will not prevail, because my understanding is that it narrows the scope of the bill, and to that extent limits its usefulness in the work of the commission. If I understand this bill, the object of it is to furnish the commission with information which the commission needs in order to enable it to fix rates. Well, the commission needs all elements of value to be considered the same as courts do, because if the commission can not consider every element of value that the courts will consider in determining whether the order is to be a valid one or not, it seems to me that would be narrowing the scope of the bill, and that the bill will not accomplish all the purposes that it can accomplish by leaving it unamended.

Mr. LENROOT. Will the gentleman yield?

Mr. SIMS. Certainly.

Mr. LENROOT. The bill does not limit the power of the commission in any way. The only purpose of the amendment is to leave the ultimate question of value to be determined by the commission later according to the facts, having all this information before the commission.

Mr. SIMS. As I understand it, there is to be an inventory investigation and valuation. The commission will set down the physical value and any other element of value which the commission ascertains in this investigation which it would regard as its duty in fixing a rate. I can not see that it would add to the expense of making the investigation or cause it to be delayed; and then the facts ascertained as to any other element of value will be no more binding on the commission or on a court passing on it than will the finding of the element of physical value. It is all only prima facie.

Mr. LENROOT. The commission will be bound thereafter by its own valuation unless it afterwards takes the procedure of revising and correcting the valuation. I would leave the commission free to make use of all the information provided in the bill, but come to its own conclusion in regard to the question of the rates.

Mr. SIMS. I understand the commission will not determine the rate by any one element of value, but upon the consideration of all the information that it acquires in this investigation or that it may have otherwise.

Mr. LENROOT. If the commission makes a finding of valuation and thereafter is to be permitted to go back and consider any different elements that have gone to make up the final determination—that is what I object to.

Mr. SIMS. If a question should arise sufficiently long after the valuation upon a charge that the valuation has changed, that the physical value is greater or less, or any other item of value is greater or less, the commission will investigate that statement on application made affecting a rate based on the former valuation. It would not be precluded from making any additional investigation that the new conditions may authorize.

Mr. LENROOT. That is true; but they might and very likely will be mistaken as to some of their calculations as to what elements should be considered in arriving at the value.

Mr. SABATH. Who shall pass upon it but the commission, and they are to have all the light and information that they can get.

Mr. HARDY. Will the gentleman yield?

Mr. SIMS. I will yield to the gentleman from Texas.

Mr. HARDY. I want to suggest that this bill really only provides for a valuation of the physical property; that is the intention of it. I believe that it is possibly liable to considerable misinterpretation. Several gentlemen have spoken about the valuation of the franchise as part of the value, but this bill itself provides the standard by which they shall fix the value, as follows:

SEC. 19a. That the commission shall investigate and ascertain the value of the property of every common carrier subject to the provisions of this act and used by it for the convenience of the public. For the purpose of such an investigation and ascertainment of value the commission is authorized to employ such engineers, experts, and other assistants as may be necessary, who shall have power to administer oaths, examine witnesses, and take testimony. The value shall be ascertained by means of an inventory which shall list the property of every common carrier subject to the provisions of this act in detail, and shall classify the physical elements of such property in conformity with the classification of expenditures for road and equipment, as prescribed by the Interstate Commerce Commission.

Then it further provides that in such investigation the commission shall have authority to ascertain and report in such detail as it may deem necessary as to each piece of property owned or used by said common carrier, the original cost for railway purposes, the cost and value to the present owner, and what increase in value is due to cost of improvements.

The bill really only provides for a physical valuation of items, a detailed list of the property of the company, and it was not intended, as I read the bill, to incorporate the value of the franchise in the report required of the commission. I believe that you will have clarified the situation by putting the word "physical," as suggested by the amendment of the gentleman from Wisconsin. That will make the meaning indisputable.

Mr. SIMS. It has been stated by a gentleman on the committee, who undoubtedly states it authoritatively, that this bill was drawn by the Interstate Commerce Commission itself. As far as I am concerned, I would not know how to draw such a bill, and unless I was satisfied that this amendment would not restrict the object and purpose of the bill—that is, that it would not narrow rather than widen the scope of the bill—I would not want to accept this amendment under the circumstances. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was lost.

Mr. MANN. Mr. Chairman, I move to amend, page 1, line 3, by striking out the words "section 19 of an" and inserting in lieu thereof the word "the."

The Clerk read as follows:

Page 1, line 3, strike out the words "section 19 of an" and insert in lieu thereof the word "the."

Mr. MANN. Mr. Chairman, as the bill reads it provides that section 19 of the act to regulate commerce be amended by adding section 19a thereafter. Of course section 19 of the act is not amended at all. It is entirely a separate proposition from the one involved here. The amendment is in fact an amendment of the act to regulate commerce. As the bill reads now, it is—

That section 19 of an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof be amended—

And so forth.

There are no amendments to section 19 of the interstate-commerce act. Although many other sections have been amended, the original section 19 reads now as it was enacted in 1887. I would suggest that the language of the bill be changed so as to provide that the act to regulate commerce as amended be further amended by adding this new section.

Mr. SIMS. Has the gentleman his amendment in form, so that he can state it correctly? I have no objection to the amendment.

Mr. MANN. I offered just the first part of it, and then intended to move to strike out, in line 5, "and all acts amendatory thereof," and insert in lieu thereof the words "as amended."

Mr. SIMS. So that it would read?

Mr. MANN. And then insert after the word "be," in line 5, the word "further," so that it will read:

That the act entitled "An act to regulate commerce," approved February 4, 1887, as amended, be further amended by adding thereto a new section, to be known as section 19a, and to read as follows.

Mr. SIMS. Mr. Chairman, I have no objection to that.

The CHAIRMAN. The question is on the first amendment offered by the gentleman from Illinois, which the Clerk will report.

The Clerk read as follows:

Page 1, line 3, strike out the words "section 19 of an" and insert in lieu thereof the word "the."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Page 1, line 5, strike out the words "and all acts amendatory thereof" and insert in lieu thereof the words "as amended."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Page 1, line 5, after the word "be," at the end of the line, insert the word "further."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. OLMSTED. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 2, line 8, after the word "testimony," insert the following: "Upon three days' notice to the common carrier, which shall be permitted to attend by counsel or otherwise and examine or cross-examine the witnesses and to call and examine other witnesses."

Mr. OLMSTED. Mr. Chairman, just a word upon this amendment. This bill in its present form provides for the ascertainment and determination of the value of the physical property of common carriers by the Interstate Commerce Commission, which is authorized to employ such engineers, experts, and other assistants as may be necessary, who shall have power to administer oaths, examine witnesses, and take testimony; that is, I take it, touching the valuation to be ascertained. We are given to understand that the valuation is for the purpose of assisting the commission in fixing the rates which may be charged by common carriers. It is to be one of the elements at least. The rates which a common carrier may charge, the right to charge a rate, is its most important right. Without that right a railroad would have very little physical or other valuation, and it seems to me that in a matter so important as that the common carrier itself ought to have some notice of the taking of testimony and the right to be present and examine and cross-examine witnesses.

That is the sole purpose and object of my proposed amendment. If the physical valuation of railroads, which is to be determined by the commission in the matter pointed out by this bill, is to be used as the basis for the fixing of rates by the Interstate Commerce Commission, it is no more than fair and equitable, and in harmony with universally recognized principles of enlightened civilization, that the party to be affected shall have notice and an opportunity to be heard. It is true that the bill does provide that after the Interstate Commerce Commission, through its agents, experts, or other assistants shall have concluded the taking of testimony, and the commission, based upon such testimony, shall have adjudicated the matter and fixed the valuation, the carrier may have 30 days within which to file a protest, and that upon the filing of any protest by a common carrier—

The commission shall fix a time for hearing the same and shall proceed as promptly as may be to hear and consider any matter relative and material thereto which may be presented by such common carrier in support of its protest so filed.

The bill, however, makes no provision for the taking of testimony upon such a hearing. If witnesses were desired to be recalled for examination or cross-examination, the common carrier would have to hunt them up, and it would have no power to compel their attendance. The whole proceeding would be, in any event, anomalous and unreasonable. It would be like depriving a defendant of the right to participate in the taking of testimony on the trial of his case and then allowing him the mere right to file a protest after the court shall have entered judgment against him. There is no State in this Union under the laws of which $10 worth of property could be taken from any man in a proceeding in which he was not permitted to cross-examine the witnesses produced against him or to call witnesses in his own behalf; and surely that ordinary right and privilege ought not to be denied in a matter the determination of which may, and in many instances will, involve millions of dollars. This is, in any event, a remarkable provision in the bill, that—

for the purpose of such an investigation and ascertainment of value, the commission is authorized to employ such engineers, experts, and other assistants as may be necessary, who shall have power to administer oaths, examine witnesses, and take testimony.

My amendment adds, after the word "testimony," these words:

Upon three days' notice to the common carrier which shall be permitted to attend by counsel or otherwise and examine or cross-examine witnesses and to call and examine other witnesses.

It seems to me that, upon the commonest principles of justice, the amendment ought to prevail.

Now, just a few words upon the bill itself. If it would accomplish what is hinted in the report of the Committee on Interstate and Foreign Commerce, which has presented the bill to this House, and what has been intimated by some of its supporters who have spoken in its behalf, it would be a most monstrous proposition. In the report of the Committee on Interstate and Foreign Commerce accompanying this bill I find this language:

The anomaly has grown up gradually and unconsciously, as it were—grown up in the courts themselves, as well as in the commission—that public carriers are to be allowed to charge an income on what they owe as well as upon what they own. No one else in the world with whom we are acquainted is allowed that privilege.

And then, again, the report complains that:

As a part of the fixed charges to the annual burden of doing business the interest on the bonds is considered and allowance made for them.

What "anomaly" is there in the proposition that a common carrier ought to be permitted to charge rates sufficient to enable it to pay the interest upon its bonds? Let us suppose the case of a railroad costing $2,000,000. The stockholders themselves put in one million and issue stock for that amount. They borrow another million on a first mortgage and issue bonds for that amount. Why should not the company be permitted to pay the interest upon its bonds? What is wrong about that? Putting aside for the moment all questions of right and wrong, of constitutionality or of unconstitutionality, is there any gentleman upon this floor who can not discern the condition into which not only our common carriers but our whole country would be thrown if common carriers were not permitted to earn and pay their interest, as well as a reasonable return to stockholders? The regulation of common carriers is right and proper, but it is time for the baiting of common carriers to cease. Without stopping to consider the effect upon existing concerns, what would be the effect upon future railroad building? It has been suggested that the day of railroad promotion is past; that the country is already well supplied. That is far from true. There are vast areas of country, particularly in the Southern States, not penetrated by railroads at all. Railroads are needed for their development; but what sane man would invest a dollar in their construction if the sentiments of some of those who have spoken upon this floor should be enacted into law?

Happily, this bill will not bring about any such state of affairs. It provides for the physical valuation of the property of common carriers, and undoubtedly the physical valuation thus ascertained will be considered by the Interstate Commerce Commission in the fixing of rates; but it does not by any means follow that the rates will be fixed so low that the common carriers can not earn the interest upon their indebtedness. Rather than that it would be better that the Interstate Commerce Commission itself should be abolished. It is manifest from what has already taken place that this bill is destined to pass. Personally I do not believe that it will prove of very much value. It will, in the first place, require for its execution the employment of a vast army of engineers, experts, and other assistants, including clerks, stenographers, bookkeepers, and the like; will involve the Government in the expense of taking testimony in practically every part of the United States; and, in addition to making a large hole in the Federal Treasury, will take up the time of officials and employees and prove annoying and expensive to common carriers as well as enormously expensive to the Government itself. When the physical valuations have been thus ascertained, I very much fear that they will not serve any useful purpose in a degree at all commensurate with the expense involved. I agree with Theodore Roosevelt that the physical valuation of railroads is of doubtful value in the determination of proper rates of transportation. It has been urged upon this floor to-day that rates ought to be based upon physical valuation alone; that the value of the franchise should not be taken into consideration at all, because the franchise is derived from the Government or from the State. Well, what would be the physical valuation of a railroad without the franchise to carry freight and passengers? Practically nothing; but little, if anything, more than the value of the rails less the cost

of removing them. Some years ago a railroad through the State of Pennsylvania was contemplated and commenced in competition with the Pennsylvania Railroad. The route was surveyed and a large amount of work done, particularly in the digging of a great number of costly tunnels through the mountains. It is said that more than $3,000,000 were expended in these tunnels. The project was finally abandoned; no rails were laid. What is the physical valuation of those holes in the ground to-day? And what would be the physical valuation if rails were laid over that route, and the company owning it had no right to carry freight or passengers? What would be the value of that line if there were no freight and passengers to carry? I have already, during this discussion, called attention to the fact that one of the lines between Washington and Baltimore cost a great deal more than the other because the second line was compelled to enter the city by way of a series of lengthy and expensive tunnels.

Is its physical valuation greater because of its greater cost? Would you, because of that greater cost, permit that company to charge a higher rate for freight or passengers than you would permit the other company to charge? And if you did permit it, would not the old company, being restricted to the lower rate, secure all the traffic? Or would you, basing the rate upon the physical valuation alone, require the older company to charge a higher rate so as to enable the second company to compete for business? I know of a railroad something over 200 miles in length constructed at great cost through a mountainous country for the purpose of reaching an article of commerce which for some years afforded it a profitable traffic. That commodity along its line has now been practically exhausted, and the railroad hardly pays the cost of operation. Stockholders are receiving no dividends and the bondholders are not getting the interest upon their bonds. How would you determine the valuation of that road? It would cost several millions of dollars to duplicate it to-day, but there is insufficient traffic upon the line to make it pay. No valuation which could be placed upon the property will have any effect upon the value of the stock and bonds of that corporation. The physical value of that road has little, if any, relation to the question of reasonableness of rates charged upon that line. In my judgment the valuation of the physical property of a common carrier will prove a very poor and in many cases a very misleading factor. The value of a railroad depends almost entirely upon its traffic, the probable continuance thereof, and the rates which the owner is permitted to charge for the transportation of freight and passengers. The opening of coal mines along the line of a railroad would enhance the value of the railroad and of its capital stock. On the other hand, the closing down or the exhaustion of such a mine would depreciate the value. The building of new factories would increase the value of the railroad and its capital stock. The destruction or closing down of factories would reduce its value. An increase of population in the cities or towns along the line would increase its value, while a reduction in population would have the opposite effect. If the common carrier has a reasonable amount of traffic and is permitted to charge, say, 10 cents per ton per mile and can secure that rate, it may do an exceedingly prosperous business and be a very valuable property.

If, then, the Interstate Commerce Commission should restrict its charge to 1 cent per ton per mile the value of that road and of its capital stock would be vastly decreased. The physical value of the property would not be a very important factor. The Committee on Interstate and Foreign Commerce in presenting this bill has rejected and excluded a proposition which, to my mind, would be of far more value and importance than a physical valuation of the property of common carriers. I refer to the proposition to regulate the issuance of stocks and bonds by railroad companies and other common carriers. It has been charged here upon this floor during this discussion over and over again that watered stocks and bonds are to a large degree responsible for high rates of transportation because companies strive or are permitted to pay interest and dividends upon them. If, then, we so legislate as to prevent the watering of stocks and require both stocks and bonds to be issued only for actual value we shall do much to eliminate that evil and to keep transportation rates within proper bounds. An effort will be made to insert such a provision, and it shall certainly have my support.

I regret to see that there is a disposition in some quarters to deal very unfairly with common carriers. There seems to be a disposition to make them not only common carriers, but practically free carriers, without authority to charge sufficient rates to enable them to pay interest upon the money they have to borrow to construct their lines and to keep them in operation. Reference has been made to the present existing and lamentable car shortage. The railroad companies can not buy cars without money, and they frequently—indeed almost invariably—have to make either temporary or permanent loans for that purpose. But who will lend them money if they are not permitted to pay interest upon their bonds? Another gentleman of exceeding ability argued that rates should be based exclusively upon physical valuation, and expressed doubt if in that valuation there should be included the extension of expensive terminals which within the past few years have been built in Chicago, in New York, and in this city of Washington for the convenience of the public, because, he said, they are not used in the transportation of freight, but only in the transportation or for the convenience of passengers. Another gentleman charged that the high cost of living in this country is due almost entirely to high rates of transportation. He ought either to travel abroad himself or else read the official reports of railroad operation in other countries. He would then learn that rates are very much lower here than elsewhere in the world; that the train service here is very much better; and that in the matter of speed, safety, and luxury of passenger travel, as well as in cheapness, the United States leads the world. [Applause.]

Mr. SIMS. Mr. Chairman, I feel called upon to oppose the amendment. This is an ex parte examination by the commission, one that will take a great deal of time to properly conduct, and to require notice and to permit the carrier to introduce testimony would be virtually a litigation which would continue through an interminable time. I do not charge the carriers, of course, with any intention to delay, but necessarily, if they have to have cross-examinations and the attendance of witnesses that the railroads would furnish, there will certainly be a very great delay in this ex parte proceeding of the commission, which is not conclusive upon the carriers when it is completed.

Mr. LENROOT. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Certainly.

Mr. LENROOT. I would remind the gentleman that the bill itself provides for a full hearing by the carrier after the preliminary valuation is made before it becomes final.

Mr. SIMS. Yes; and not while it is proceeding. I therefore hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

Mr. LENROOT. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

In line 19, page 2, after the word "owner," insert the words "the cost of reproduction."

Mr. LENROOT. Mr. Chairman, inasmuch as this paragraph undertakes to specify the elements which shall be considered by the commission in arriving at the valuation, it seems very clear to me that the cost of reproduction is one of the indispensable elements, and it should also be specified. A number of the decisions hold that the cost of reproduction is one of the elements that must be considered in arriving at the value. As you all know, perhaps the last leading case is that of the Knoxville Water Co. against Knoxville (212 U. S., 1), in which this opinion is used:

The cost of reproduction is one way of ascertaining the value of a plant like a water company.

And, going back to the case of Smythe against Ames—

The value to be ascertained by considering original cost of construction, amount expended in permanent improvement, amount and market value of stocks and bonds, present as compared with original cost of construction.

Now, that is not provided in this bill, and it seems to me it ought to be there, so long as we are specifying the different elements that shall be considered.

The question was taken, and the amendment was agreed to.

Mr. SIMS. Mr. Chariman, if there are no further amendments I move that the committee rise and report the bill as amended.

Mr. LAFFERTY. Mr. Chairman, I desire to offer an amendment which I send to the Clerk's desk, merely to perfect the language on page 2.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, lines 24 and 25, strike out the following, "They should also show as the commission may deem necessary," and insert in lieu thereof the following, "Such investigation and report shall further show whenever the commission may deem necessary."

Mr. LAFFERTY. Mr. Chairman, the bill on page 2 in this connection is very awkward in its language. For example, it reads like this:

Such investigation and report shall also show separately that property actually used in transportation and held for other purposes,

and shall contain a statement of the elements forming a basis of the estimate of value. They should also show, as the commission may deem necessary.

Now, there occurs the word "should." In all my reading of public statutes the word "should" has never appeared in a connection like this. The law reads that it "shall" do or "shall not" do; not that it "should not" do.

Mr. SIMS. Mr. Chairman, I want to say to the gentleman from Oregon that I do not think his amendment in any way hurts the bill, but may help it, and I have no purpose of opposing it.

The question was taken, and the Chairman announced that the amendment was rejected.

Mr. LAFFERTY. Mr. Chairman, was my amendment rejected?

The CHAIRMAN. It was.

Mr. LAFFERTY. I ask for a division.

Mr. FOWLER. Mr. Chairman, on page 2, line 23, after the word "statement," I desire to amend by inserting——

Mr. LAFFERTY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAFFERTY. Mr. Chairman, during the confusion I did not understand whether the amendment I offered was agreed to or not.

The CHAIRMAN. It was not agreed to.

Mr. LAFFERTY. I demand a division. I understood the gentleman in charge of the bill stated he would agree to it.

The CHAIRMAN. The Chair has stated that it was not agreed to.

Mr. LAFFERTY. Mr. Chairman, I ask for a division. I did not understand the Chair, and if I am permitted I will state that the gentleman in charge of the bill accepted my amendment, and that is why I did not explain it further.

Mr. SIMS. I said I did not object.

Mr. SABATH. The gentleman from Tennessee did not object, but a majority of the Members did.

The CHAIRMAN. The gentleman from Oregon demands a division on his amendment.

The committee divided; and there were—ayes 41, noes 4.

So the amendment was agreed to.

Mr. FOWLER. Mr. Chairman, on page 2, line 23, after the word "statement," I desire to amend by adding the words "and value," so that it shall read:

Such investigation and report shall also show separately that property actually used in transportation and that held for other purposes, and shall contain a statement and value of the elements forming the basis of the estimate of value.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 23, after the word "statement," insert the words "and value."

Mr. FOWLER. Mr. Chairman, the purpose which I have in offering this amendment is that the different elements which are taken into consideration in making up the value of the property may be estimated separately, so that the public may understand of just what the value is made. For instance, a property may consist of physical value, a franchise value, a growing value, and a good-will value. If these four elements are to be considered in making public the value of this property, then I think they ought to be stated separately, so that the public may understand just what values are taken into consideration by the commission in making up the total value. Should the estimate of the various elements entering into the value of railroad property be combined in one sum it might present a good showing for the roads and seem to justify a greater rate than would be just to the public. Franchise value, good-will value, and value occasioned by the growth of business and the increase of population are not elements, in my opinion, which should enter into the sum total upon which to fix rates. These elements of value are created by civilization and industry, and the public ought not to be taxed because of such increase of value. It is like paying interest upon interest and more. For this reason each of the elements of value ought to be estimated separately.

Mr. SABATH. Mr. Chairman, do I understand the gentleman from Illinois [Mr. FOWLER] to amend by adding the word "value"?

Mr. FOWLER. The words "and value," so that it will read:

Shall contain a statement and value of the elements.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FOWLER].

The question was taken, and the amendment was rejected.

Mr. OLMSTED. Mr. Chairman, I ask unanimous consent to extend in the RECORD the remarks which I made awhile ago.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SIMS. Mr. Chairman, I move that the committee do now rise and report the bill to the House as amended.

The motion was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. RAINEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 22593) entitled "A bill to amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, and all acts amendatory thereof by providing for physical valuation of the property of carriers subject thereto and securing information concerning their stocks and bonds and boards of directors," and had directed him to report the bill to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Is a separate vote demanded on any amendments? If not, the Chair will put them en grosse. [After a pause.] The Chair hears no objection. The question is on agreeing to the amendments.

The question was taken, and the amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was read a third time.

Mr. MANN. Mr. Speaker, I offer a privileged motion, which I send to the Clerk's desk.

The SPEAKER. The gentleman from Illinois offers a privileged motion, which the Clerk will report.

The Clerk read as follows:

Mr. MANN moves to recommit the bill (H. R. 22593) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, by providing for physical valuation of property of carriers subject thereto, and securing information concerning their stocks and bonds and boards of directors, to the Committee on Interstate and Foreign Commerce, with directions to that committee to forthwith report the said bill back to the House with the following amendment, to wit:

Insert at the end of the bill the following:

"SEC. 2. That a new section be added to said act to regulate commerce, to be numbered as section 25, as follows:

"'SEC. 25. That no railroad corporation which is a common carrier subject to the provisions of this act as amended shall hereafter issue for any purpose connected with or relating to any part of its business governed by the provisions of this act as amended any stock, bonds, notes, or other evidences of indebtedness to an amount exceeding that which may from time to time be reasonably necessary for the purpose for which such issue of stock, bonds, notes, or other evidences of indebtedness may be authorized.

"'The amount of said securities to be thus issued, excepting notes maturing not more than two years from the date of their issue, shall be determined by the Interstate Commerce Commission, and any sale of said securities shall be at a price not less than their reasonable value, which, excepting as to notes maturing not more than two years from the date of their issue, shall be ascertained and fixed by the commission. Said commission shall render a decision upon an application for such issue within 30 days after the final hearing thereon. Such decision shall be in writing; shall assign the reasons therefor; shall, if authorizing such issue, specify the respective amounts of stocks, bonds, or notes or other evidences of indebtedness as aforesaid which are authorized to be issued for the respective purposes to which the proceeds thereof are to be applied. A certificate of the decision of said commission shall, before the stock, bonds, or notes or other evidences of indebtedness as aforesaid are issued, be delivered to the corporation. Such corporation shall not apply the proceeds of such stock, bonds, or notes or other evidences of indebtedness as aforesaid to any purpose not specified in such certificate, and no property, services, or other thing than money shall be taken in payment to the corporation of the required price of such stock, certificate of stock, bond, or other evidence of indebtedness except at the fair value of such property, services, or other thing than money, which shall be ascertained by the Interstate Commerce Commission and stated in a certificate issued by it to such corporation, or to any person or persons intending to form such corporation, and recorded with the commission before the issue of said stock, certificate of stock, or evidence of indebtedness: *Provided*, That nothing herein contained shall be construed to prevent a corporation subject to this act from issuing its stock, bonds, or other obligations to refund bonds or other obligations heretofore or hereafter issued and outstanding to an amount reasonably necessary for that purpose, determined as hereinbefore provided.

"'No railroad corporation subject to the provisions of this act as amended shall hereafter, for any purpose connected with or relating to any part of its business governed by this act, issue any capital stock convertible into other capital stock of such railroad corporation unless by the terms of the certificate representing the stock so convertible the amount, par value, of capital stock that the holder of such certificate is entitled to receive in exchange therefor shall be equal to or less than the par value of the shares of stock represented by such certificate of convertible stock; but nothing contained in this act shall be deemed to prohibit the issue by any such corporation of its capital stock in exchange for and in accordance with the terms of such convertible stock issued in accordance with the provisions of this paragraph.

"'Nothing in this section contained shall be construed to prohibit the mortgage or pledge by any railroad corporation subject to the provisions of this act as amended of any bond or other evidence of indebtedness issued by such railroad corporation as security for or as part security for any note, bond, or other evidence of indebtedness issued by or loan made to such railroad corporation which shall not be issued or made in violation of the provisions of this act: *Provided*, That the terms of said loan and of such notes, bonds, or other evidences of indebtedness, if any, shall provide that none of said pledged bonds or other evidences of indebtedness shall, upon nonpayment of the notes, bonds, or other evidences of indebtedness which they are pledged to secure, or upon

nonperformance of any of the conditions thereof, be sold or become the property of the holders of the notes, bonds, or other evidences of indebtedness so secured, either directly or through a trustee for their benefit, except at or through public sale, notice whereof shall be published at least once a week for not less than three successive weeks prior thereto in at least one daily newspaper of general circulation published in the place where such sale shall take place: *And provided further*, That if such notes, bonds, or other evidences of indebtedness, if any, shall provide that the owners thereof shall have the right to convert the same into the bonds or other evidences of indebtedness so mortgaged or pledged, the Interstate Commerce Commission, previously to the making of such loan, shall have ascertained and stated in a certificate issued by the commission to such corporation or to any person or persons intending to organize such corporation and recorded with the commission or otherwise, as authorized by this act, the reasonable market or selling value of such bonds or other evidences of indebtedness so mortgaged or pledged and the rate which said reasonable market or selling value bears to the reasonable market or selling value of such secured notes, bonds, or other evidences of indebtedness, and that such secured notes, bonds, or other evidences of indebtedness shall not provide that the owners thereof shall have the right, upon such conversion, to receive in exchange therefor bonds or other evidences of indebtedness so mortgaged or pledged to an amount greater than would be receivable at the rate so found and stated in such certificate of the commission.

"'Nothing in this act contained shall be taken to prohibit the issue of any bond or other evidence of indebtedness pursuant to the terms of any instrument heretofore executed, provided the same shall not be sold except in conformity with the provisions of this section.

"'Nothing in this act contained shall in any way affect or impair the validity of any mortgage or pledge of any capital stock, certificate of stock, bond, or other evidence of indebtedness now mortgaged or pledged as security for or as part security for any loan heretofore made to any such corporation, or prohibit the sale, upon foreclosure or otherwise, of any such mortgaged or pledged stock, certificate of stock, bonds, or other evidences of indebtedness upon the terms and conditions provided in the instrument, if any, whereunder such securities may have been pledged or in the contract of loan; and nothing in this section contained shall be construed in any way to prohibit or affect the issue of any capital stock or the delivery of any certificate of stock, or the issue of any bond or other evidence of indebtedness in exchange for or to provide for the retirement of any capital stock, certificate of stock, bond, or other evidence of indebtedness now outstanding or provided to be issued, or the pledge of the exchanged or retired stock or securities on such terms and conditions as may be provided in the instruments whereunder any of the stocks, bonds, or other evidences of indebtedness referred to in this paragraph are respectively issued or authorized to be issued.'

"SEC. 3. That a new section be added to said act to regulate commerce, to be numbered as section 26, as follows:

"'SEC. 26. That in case at any time it shall be proposed by or pursuant to any plan of reorganization of any railroad corporation or corporations incorporated prior to January 1, 1910, the properties whereof shall be in the hands of a receiver or of receivers, or shall be subject to be sold in any suit or suits or other judicial proceedings for foreclosure of any mortgage or deed of trust heretofore executed, or for the dissolution or winding up of such corporation, or to procure the satisfaction of its debts or the application of its property thereto, pending at the time of such proposal, that any corporation utilized or to be utilized for the purposes of such reorganization, which at such time shall be, or, when organized and operating, will be, subject to the provisions of this act as amended (every corporation so utilized or to be utilized being hereinafter referred to by the term "New corporation"), shall issue stock and bonds and other evidences of indebtedness, or any thereof, for any purpose connected with or relating to any part of its business governed by this act as amended, application for any certificate of the Interstate Commerce Commission that may be requisite under the provisions of this section may be made by any person, committee, or representatives of any committee, or by managers having in charge the formulating or carrying out of any such plan of reorganization, and such certificate may be issued to such person, committee, representatives, or managers for the use of the new corporation; and the issue pursuant to such plan of reorganization by any new corporation of stock, whether of a single class or of two or more classes, as may be authorized by law, to an amount in the aggregate not exceeding the fair estimated value of the property of the corporation or corporations so reorganized or to be reorganized, which shall be ascertained by the Interstate Commerce Commission, and which aggregate amount shall be stated in a certificate issued by said commission to such person, committee, representatives, or managers for the use of the new corporation, and in no case shall exceed the aggregate amount of the par value of the stocks of the corporation or corporations reorganized or to be reorganized; and the issue by any new corporation of bonds and other evidences of indebtedness, whether unsecured or secured by mortgage upon said properties or otherwise, to an aggregate amount not exceeding the amount of new money paid to the new corporation pursuant to such plan of reorganization, and the amounts of bonds and other obligations and debts, including receiver's liabilities, which at the time of such sale or sales may have constituted claims or charges, whether legal or equitable, upon or against the corporation or corporations so reorganized, or the properties thereof, and provision for the payment of which or the delivery of securities of the new corporation in exchange for which shall be made in such plan shall not be deemed to be prohibited by anything contained in this act: *Provided*, That the aggregate amount of interest charges agreed to be paid by the new corporation or to which its property will be subject shall not exceed the aggregate amount of the interest charges to which the corporation or corporations so reorganized or their properties shall have been subject: *Provided further*, That the aggregate amount of stocks, bonds, and other evidences of indebtedness issued or assumed by the new corporation shall not exceed the fair estimated value of the property of the corporation or corporations so reorganized, or to be reorganized, as stated in the certificate issued by the Interstate Commerce Commission, plus the amount of new money paid to such new corporation pursuant to the plan of reorganization; and nothing in this act shall be deemed to prohibit the new corporation from assuming any bonds, debts, or other obligations of the corporation or corporations so reorganized in place of which it might, in accordance with the rules prescribed by this section, issue its own stocks, bonds, or other obligations.

"'In case two or more railroad corporations subject to the provisions of this act as amended shall be consolidated or merged pursuant to the laws of a State or States applicable thereto and such consolidation or merger shall consist in uniting the organizations, properties, businesses, and stocks of said corporations; and if the Interstate Commerce Commission shall have ascertained and stated in a certificate issued by it to the corporations in respect to which such consolidation or merger is to take place or shall have taken place, or to one of them (or to any person, committee, or representatives of any committee, or to managers having in charge the formulating or carrying out of any plan of reorganization such as is hereinbefore mentioned under which the corporation that is to issue new securities to be distributed under such plan will be a corporation resulting from any consolidation or consolidations, merger or mergers), that the stock to be issued by such consolidated corporation and the bonds and other obligations, if any, to be assumed and issued thereby does not exceed the fair estimated value of the properties of such consolidated corporation, nothing in this act contained shall be deemed to prohibit the issue of such stock and bonds and other obligations, or any of them, or the assumption of all or any of the bonds or other obligations of the corporations so consolidated or merged.

"'Nothing in this act contained shall prevent a railroad corporation, subject to the provisions of this act as amended, from acquiring the entire issue of the stock and bonds of another railroad corporation, subject to said act, which is not directly and substantially competitive with that of such first-mentioned corporation, by the issue of its own stock and bonds, provided the aggregate amount of the par values of the stocks and bonds so issued shall not exceed the fair value of the property of the corporation whose stock and bonds are so acquired, which value shall be ascertained by the Interstate Commerce Commission: *Provided*, That the stock and bonds of another railroad corporation so acquired shall not be in any way sold or distributed by the railroad corporation acquiring them, except in accordance with the provisions of section 25 of this act relating to the issuance of stock and bonds, which are hereby made applicable thereto.

"'But nothing herein contained shall be construed to authorize or to validate or permit the consolidation or merger in any manner of two or more corporations in violation of any act of Congress, including the act approved July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraint and monopolies."'"

Mr. SIMS. Mr. Speaker, I make a point of order against this motion, that it is not germane to the bill.

The SPEAKER. The Chair will hear the gentleman.

Mr. SIMS. The motion is a long legislative proposition as to the issuance of stocks and bonds, while the bill is a bill to provide for the physical valuation of railroads; and while I might be very much in favor of the bill as a separate proposition, although, having heard it read in this way, it is impossible to understand it fully, yet it is not germane to the object and purpose of this bill in any respect.

This bill is to obtain information. Its whole object and purpose is to enable the commission to acquire information and to enable it to apply that information in determining a rate, a reasonable rate. This proposition is in reference to the merging of railroads and in reference to the issuance of stocks and bonds, and is not in any way germane to the object and purpose of this bill.

The SPEAKER. Does the gentleman from Illinois desire to be heard?

Mr. MANN. Mr. Speaker, the present bill is a bill to amend the act to regulate commerce, covering the particular section which it is proposed to insert in the law, and this bill proposes to insert a new section in the interstate-commerce law. This new section affects the physical valuation of railroads, and also the issuance of stocks and bonds. It requires an investigation. The bill provides not only for the valuation of railroad property, but it also provides for an investigation and report of the amounts and dates of all bonds outstanding and the amounts paid for the bonds, and requires a report of the money raised by bonds and invested by the railway corporation. It deals with all phases of the property of a railroad, both as to the property itself and as to the bonds which may be issued by the railroad company. It is simply an insertion of these provisions in the act to regulate commerce. The act to regulate commerce covers the entire scope of control of the railroads.

The amendment which I have offered is in the identical language of provisions which passed this House as a part of the bill amending the interstate-commerce law two years ago. They were then germane to that bill, which was a bill amending the interstate-commerce law, and they are offered here as an amendment to a bill which proposes to amend the interstate-commerce law and which specifically provides in regard to the issuance of bonds and in regard to the value. This provision which I have offered follows up the provisions of this bill by providing that no bonds shall be issued except for money actually received and the money invested in the property of the railroad company.

Mr. UNDERWOOD. Mr. Speaker, will the gentleman from Illinois yield?

Mr. MANN. Certainly.

Mr. UNDERWOOD. I am not familiar with the provisions of the bill that has been offered by the gentleman from Illinois. I desire to get some information. Does the gentleman from Illinois contend that the motion to recommit with instructions that the bill shall be reported back on the motion to recommit is germane to the original bill that was proposed by the gentle-

man from Tennessee [Mr. SIMS], or does he contend that its germaneness lies in the fact that it is germane to the general interstate-commerce act?

Mr. MANN. I contend both. It is not only germane to the provisions of the bill, but it is in order, because the bill itself is an amendment of the interstate-commerce law, and hence a further amendment of that law is in order.

Mr. UNDERWOOD. The gentleman does not contend that an amendment to a law makes a provision germane as to everything that happens to be in the law; that if a bill were in here providing for a duty on cereals—on wheat—that, because it did amend the general tariff act it would make it in order to offer an amendment to put sugar on the free list?

Mr. MANN. I would not make the last contention under the rules adopted by the Democratic majority of the House in this Congress, because you adopted a special rule to prevent that, knowing that if that special rule—which only relates to tariff legislation—had not been adopted, then when you offered a bill to amend the tariff on cereals, a proposition to amend the tariff on sugar would have been in order. To prevent that you put a special provision in your rules, thereby admitting that without that the general rule which I have named was good.

Mr. UNDERWOOD. If the gentleman will allow me, I will say that, as I recall the decisions, many of them held that exactly what was in that special rule was the parliamentary law of this House; but as there was a conflict in the decisions, we cleared up the conflict by expressly putting it in the rule.

Mr. MANN. Oh, the gentleman is begging the question.

Mr. UNDERWOOD. There was a line of decisions, and is now——

Mr. MANN. The line of decisions is very clear in favor of the proposition which I have suggested; and because of that fact the gentleman from Alabama [Mr. UNDERWOOD], or whoever prepared the rules for this House, put in a special rule removing tariff legislation from the principles of the general rule that I have stated.

But, outside of that question, I contend that the amendment which I have offered would have been in order if this had been an original bill. It relates to the entire subject of railroad property and the bonds issued for it. I propose a further amendment in reference to the issuance of these stocks and bonds. I think if these provisions were in order two years ago they are in order now, and they were in order at that time.

The SPEAKER. The Chair will inquire of the gentleman as to the purpose of his motion. Of course, the truth is that when anybody proposes to offer a complicated motion to recommit, he should furnish a copy of his motion to the Chair in advance, so as to give the Chair a chance to have a clear understanding of it.

Mr. MANN. I have not prevented the House from adjourning with the point of order pending before the Speaker. I have never considered that it was necessary to tell the other side of the House in advance what I proposed to do. I notice that they do not do that for me.

The SPEAKER. The Chair, like everybody else, did not comprehend the full import of the motion from listening to the reading of it. The Chair wishes to ask the gentleman from Illinois, Does this motion to recommit go to the matter of investigating these subjects which are referred to in the bill of the gentleman from Tennessee [Mr. SIMS] or not?

Mr. MANN. It goes to the matter of regulating the issuance of stocks and bonds.

The SPEAKER. What is the general subject of the bill of the gentleman from Tennessee? Is it simply investigation?

Mr. MANN. The general subject of the bill of the gentleman from Tennessee is a new proposition to be inserted in the interstate-commerce law.

Mr. FITZGERALD. Mr. Speaker——

The SPEAKER. Does the gentleman from Tennessee [Mr. SIMS] desire to be heard further?

Mr. SIMS. The gentleman from New York has addressed the Chair.

The SPEAKER. The gentleman from New York.

Mr. FITZGERALD. Mr. Speaker, the question at issue has been definitely settled in the past. The rule is clear that to a bill purporting to amend a law in one particular an amendment proposing to amend it in some other respect is not germane.

Such a decision was quoted by Mr. Speaker CANNON on April 1, 1910. Members of the House will recall the situation. The legislative bill was returned from the Senate with an amendment amending the publicity feature of the corporation-tax law which was a part of the Payne-Aldrich tariff law. I submitted a motion to recommit, with instructions to report the bill with an amendment repealing the entire tariff law.

After very considerable debate Speaker CANNON held that that motion was not in order, and he quoted from Hinds' Precedents, volume 5, page 411, section 5806, as follows:

To a bill amendatory of an existing law as to one specific particular, an amendment relating to the terms of the law rather than to those of the bill was held not to be germane.

That decision arose on a bill to provide for the administration of civil affairs in Porto Rico pending the appointment and qualification of civil officers provided for in the act. An amendment was offered in relation to franchises, and a point of order was made that the bill and Senate amendments proposed to amend an existing statute in one particular and that the question of franchises was not germane to the provisions in the bill before the House; that while they might have been germane to the original law, as the bill purported to amend existing law in but one particular, any amendment submitted must be germane to the bill that was pending.

The bill pending before the House provides for a physical valuation of railroads and outlines a scheme to be followed by the Interstate Commerce Commission in carrying out that work. The amendment proposed by the gentleman from Illinois is not germane to the proposition pending before the House, but relates to an entirely different subject. If the original law were before the House the proposition of the gentleman from Illinois might be germane to some features of that law; the question of germaneness in this instance must be determined in relation to the bill that is now pending.

I understood from the argument of the gentleman from Illinois himself that he did not contend that his amendment was germane to the proposition pending before the House, but contends that it is germane because the proposition pending in the House amends a certain existing statute, and the amendment that he proposes amends or adds to that statute additional provisions to those proposed in the pending bill. The authority to which I have called attention is not the only one to the same effect cited in the precedents, but there are a number of other decisions along similar lines.

For instance, on April 23, 1902, as appears in paragraph 5808, volume 5, of Hinds' Precedents, there were Senate amendments to a bill relating to oleomargarine and other imitation dairy products under consideration in Committee of the Whole House on the state of the Union, when Mr. JAMES R. MANN, of Illinois, offered a further amendment to a law of which a Senate amendment proposed to amend a certain portion. Mr. James A. Tawney, of Minnesota, having made a point of order, the Chairman, Mr. OLMSTED, of Pennsylvania, ruled as follows:

Senate amendment No. 5 reads thus:

"Section 3 of said act is hereby amended by adding thereto the following:"

And then follows a certain proviso. The amendment offered by the gentleman from Illinois is to add at the end of that proviso these words: "*And provided further*, That the artificial coloration provided for in the preceding paragraph shall not include colored butter."

The "preceding paragraph" referred to, as the Chair understands, is section 3 of a former act of Congress which is not now before the Committee of the Whole.

On page 323 of the Manual the Chair finds this language:

"To a bill amending a general law on a specific point an amendment relating to the terms of the law rather than to those of the bill was offered and ruled not to be germane."

That ruling was made by Speaker Reed. The Chair thinks that it covers this case. The amendment of the gentleman from Illinois, while it may be germane to the preceding paragraph of section 3 of the earlier act of Congress to which it refers, is not germane to the proviso which constitutes the Senate amendment, and therefore the Chair sustains the point of order.

In this instance, the amendment proposed by the gentleman from Illinois might be germane to some provision of the law proposed to be amended by the pending bill, but it is not germane to any provision in or to the subject matter of the pending bill, and under the rulings that I have cited the amendment is not in order.

The SPEAKER. The Chair will suggest to the gentleman from New York that he thinks the gentleman from New York misapprehends the claim of the gentleman from Illinois. The Chair understood the gentleman from Illinois, in reply to a question asked by the gentleman from Alabama [Mr. UNDERWOOD], on what ground he claimed that this was germane, to say that it was germane both to the law itself and to this bill. He claims that it is germane to both propositions.

Mr. FITZGERALD. I have no doubt that the gentleman from Illinois asserts for the purpose of argument that his amendment is germane to the present bill.

Mr. MANN. Mr. Speaker, I am not like the gentleman from New York [Mr. FITZGERALD]. I do not assert anything unless I believe it. [Laughter.]

Mr. FITZGERALD. Mr. Speaker, I have no doubt that the gentleman from Illinois may even believe the amendment germane, but neither the assertion nor the belief of the gentleman from Illinois can control the House in its deliberations, because if so, this side of the House might as well abandon its attempt to control its deliberations. The gentleman from Illinois [Mr. MANN] must point out the specific proposition in the bill under consideration to which his amendment is germane. While I have only the substance of the amendment in mind, I listened attentively to the argument of the gentleman from Illinois, but I could not determine any provision of the bill to which it is germane. The substance of the pending bill is to create the machinery for the physical valuation of railroads. The gentleman from Illinois proposes to confer power upon the Interstate Commerce Commission to cancel certain outstanding obligations heretofore existing. That is not necessary nor essential nor does it relate in any way to the pending bill, and while it might relate to and be germane to some provision of existing statutes, under the decision of the gentleman from Pennsylvania [Mr. OLMSTED], which I know commends itself not only to the House, but in which he thoroughly believes, the amendment proposed can not be held to be in order.

Mr. UNDERWOOD. Mr. Speaker, the Chair intimated that he desired to have opportunity to read these bills. I will ask the gentleman from Illinois if he has any objection to ordering the previous question pending this point of order, and allowing the House to adjourn, and the Speaker to take the point of order up when the bill is next up for consideration?

Mr. MANN. I would have no objection; but I do not know whether it would be possible to order the previous question pending the point of order. Why not have an agreement that this matter come up Thursday morning immediately after the reading of the Journal? It will take only a few minutes.

Mr. UNDERWOOD. If the previous question be ordered that would be the case, unless the gentleman wants to have further discussion upon the merits.

Mr. MANN. I am perfectly willing to have an understanding that there will be no debate of the proposition.

Mr. FITZGERALD. I suggest that the previous question be ordered on the bill and amendments.

Mr. MANN. I have no objection to the previous question being ordered on the bill and amendments. The amendments have already been agreed to. I am not so sure that you can order the previous question on my motion with a point of order pending. If that can be done I am perfectly willing.

Mr. UNDERWOOD. The only way it can be done is by unanimous consent.

Mr. SIMS. Then I will ask unanimous consent that that order, suggested by the gentleman from Alabama, be made.

Mr. OLMSTED. Mr. Speaker, a parliamentary inquiry. If the order be made, will it prevent further discussion of the point of order?

The SPEAKER. Not if the Chair desires further information on the subject. The gentleman from Tennessee asks unanimous consent, because of the lateness of the hour and the length of the motion to recommit, that the whole matter go over until Thursday morning.

Mr. UNDERWOOD. And that the previous question be ordered on the bill and amendments to final passage.

The SPEAKER. And the previous question ordered on the bill and amendments.

Mr. MANN. On the motion to recommit. The amendments have been agreed to.

The SPEAKER. Very well, on the bill and motion to recommit. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

MILITIA PAY BILL.

Mr. SLAYDEN. Mr. Speaker, I ask unanimous consent for one week, within which to submit the minority views on the bill, H. R. 8141, known as the militia pay bill.

The SPEAKER. The gentleman from Texas asks for one week within which to submit the minority views on the militia pay bill. Is there objection?

There was no objection.

ADJOURNMENT.

Then on motion of Mr. UNDERWOOD (at 5 o'clock and 58 minutes p. m.), the House adjourned until to-morrow, Wednesday, December 4, 1912, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Clerk of the House of Representatives, submitting a list of reports to be made to Congress by public officers during the Sixty-second Congress (H. Doc. No. 990); to the Committee on Accounts and ordered to be printed.

2. A letter from the Clerk of the House of Representatives, submitting a statement as to employees, disbursements, balances, stationery, etc., for the fiscal year ended June 30, 1912; to the Committee on Accounts and ordered to be printed.

3. A letter from the Postmaster General, transmitting list of claims of postmasters for reimbursement for losses of money orders and postal funds acted on by the Postmaster General during the fiscal year ended June 30, 1912 (H. Doc. No. 991); to the Committee on Expenditures in the Post Office Department and ordered to be printed.

4. A letter from the chief clerk of the Court of Claims, transmitting to Congress statement of all judgments rendered by said court for the year ended November 30, 1912 (H. Doc. No. 988); to the Committee on Claims and ordered to be printed.

5. A letter from the Secretary of the Treasury, transmitting a statement of contingent expenditures of the Treasury Department for the fiscal year ended June 30, 1912 (H. Doc. No. 1008); to the Committee on Expenditures in the Treasury Department and ordered to be printed.

6. A letter from the Sergeant at Arms of the House of Representatives, transmitting statement showing sums of money drawn and disbursed by him from December 1, 1911, to November 30, 1912 (H. Doc. No. 1007); to the Committee on Accounts and ordered to be printed.

7. A letter from the Secretary of Commerce and Labor, transmitting, with favorable recommendation, draft of a bill authorizing the purchase of certain land for lighthouse purposes at Port Ferro Light Station, P. R. (H. Doc. No. 994); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

8. A letter from the Postmaster General, transmitting a statement showing travel expenses of officers and employees of the department when out of Washington on official business during the year 1912 (H. Doc. No. 1000); to the Committee on Expenditures in the Post Office Department and ordered to be printed.

9. A letter from the Secretary of War, transmitting, with letter from the Acting Chief of Engineers, report on examination and survey of all lands subject to overflow from the Mississippi River between Brunswick, Miss., and Baton Rouge, La., and between Bessie and Memphis, Tenn. (H. Doc. No. 1010); to the Committee on Rivers and Harbors and ordered to be printed.

10. A letter from the Secretary of the Navy, submitting information relating to construction and repair of various vessels of the United States Navy (H. Doc. No. 992); to the Committee on Naval Affairs and ordered to be printed.

11. A letter from the Secretary of Agriculture, transmitting a detailed statement of travel expense incurred by officers and employees of the Department of Agriculture during the fiscal year ending June 30, 1912 (H. Doc. No. 998); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

12. A letter from the Secretary of Commerce and Labor, transmitting a detailed statement of disbursements made by the Department of Commerce and Labor from December 1, 1911, to November 30, 1912 (H. Doc. No. 1004); to the Committee on Expenditures in the Department of Commerce and Labor and ordered to be printed.

13. A letter from the Secretary of Agriculture, transmitting detailed statement of expenditures by the Department of Agriculture for the fiscal year ending June 30, 1912 (H. Doc. No. 955); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

14. A letter from the Sergeant at Arms of the House of Representatives, transmitting list of property in his charge on December 2, 1912 (H. Doc. No. 989); to the Committee on Accounts and ordered to be printed.

15. A letter from the Librarian of Congress, transmitting statement of travel expense incurred during the fiscal year 1911–12 (H. Doc. No. 1001); to the Committee on the Library and ordered to be printed.

16. A letter from the president of the Board of Commissioners of the District of Columbia, submitting report as to the cost and feasibility of adapting one or more of the vacant buildings upon the site of the Washington Asylum and Jail for use for municipal hospital purposes (H. Doc. No. 995); to the Committee on the District of Columbia and ordered to be printed.

17. A letter from the Acting Secretary of War, transmitting statement showing in detail travel expenses of officers and employees of the War Department during the fiscal year ended

June 30, 1912 (H. Doc. No. 1002); to the Committee on Expenditures in the War Department and ordered to be printed.

18. A letter from the president of the United States Civil Service Commission, transmitting statement of travel expenses of officers and employees of said commission for the fiscal year ended June 30, 1912 (H. Doc. No. 999); to the Committee on Reform in the Civil Service and ordered to be printed.

19. A letter from the Postmaster General, transmitting report of public property, Post Office Department, Washington, on November 1, 1912 (H. Doc. No. 996); to the Committee on Expenditures in the Post Office Department and ordered to be printed.

20. A letter from the Secretary of Agriculture, transmitting statement showing the number of copies of publications of the various bureaus, divisions, and offices of the United States Department of Agriculture turned over to the Public Printer on October 1, 1912, according to the provisions of section 8 of the legislative act approved August 23, 1912 (H. Doc. No. 993); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

21. A letter from the Secretary of Agriculture, transmitting a detailed statement of all money paid out by the Bureau of Chemistry for compensation of or payment of expenses to officers or other persons employed by State, county, or municipal governments during the fiscal year 1912 (H. Doc. No. 1006); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

22. A letter from the Secretary of the Smithsonian Institution, transmitting a statement of travel on official business for Smithsonian branch during fiscal year ended June 30, 1912 (H. Doc. No. 1003); to the Committee on the Library and ordered to be printed.

23. A letter from the Secretary of War, transmitting letter from the Chief of Engineers, submitting claim for damages to schooner *Annie F. Conlon*, caused by collision with a mud scow in tow of the U. S. tug *Philadelphia*, on the Delaware River, November 11, 1911 (H. Doc. No. 997); to the Committee on Appropriations and ordered to be printed.

24. A letter from the Secretary of the Smithsonian Institution, transmitting a detailed statement of expenditures for the fiscal year ending June 30, 1912, under appropriations "International exchange," "American ethnology," "Astrophysical Observatory," "The International Catalogue of Scientific Literature," "National Museum," and the "National Zoological Park" (H. Doc. No. 1005); to the Committee on the Library and ordered to be printed.

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. 1151) granting an increase of pension to James M. Freeman; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 13816) granting an increase of pension to Edward M. Yochem; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FRANCIS: A bill (H. R. 26536) to authorize the donation of certain unused and obsolete guns now at Chickamauga Park, Ga., to the Stanton Monument Association at Steubenville, Ohio; to the Committee on Military Affairs.

By Mr. GRIEST: A bill (H. R. 26537) authorizing the Secretary of War to donate to the city of Lancaster, Pa., two bronze or brass fieldpieces for the use of the General William S. McCaskey Camp, United Spanish War Veterans; to the Committee on Military Affairs.

By Mr. HOUSTON: A bill (H. R. 26538) to provide for the examination and survey of Caney Fork River from its mouth up to the mouth of Holmes Creek, in Dekalb County, Tenn.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 26539) making an appropriation for clearing out the channel of Caney Fork River from its mouth to the mouth of Holmes Creek, in Dekalb County, Tenn.; to the Committee on Rivers and Harbors.

By Mr. MONDELL: A bill (H. R. 26540) dedicating 25 per cent of the proceeds of public lands to the construction and improvement of public roads; to the Committee on the Public Lands.

By Mr. PADGETT: A bill (H. R. 26541) to regulate and increase the efficiency of the personnel of the United States Navy and Marine Corps; to the Committee on Naval Affairs.

By Mr. MOON of Tennessee: A bill (H. R. 26542) authorizing the purchase of additional land for post-office site at Winchester, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. WILDER: A bill (H. R. 26543) to provide for the purchase of a site and the erection thereon of a public building at Leominster, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. CURRIER: A bill (H. R. 26544) to provide for the erection of a public building at Berlin, N. H.; to the Committee on Public Buildings and Grounds.

By Mr. CANTRILL: A bill (H. R. 26545) for the enlargement of the Federal building at Winchester, Ky.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 26546) to increase the limit of cost of the Federal building heretofore authorized at Georgetown, Ky.; to the Committee on Public Buildings and Grounds.

By Mr. HUMPHREYS of Mississippi: A bill (H. R. 26547) to increase the limit of cost of the post office and courthouse at Clarksdale, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. WEEKS: A bill (H. R. 26548) for the purchase of a site and the erection thereon of a public building at South Framingham, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. GARNER: A bill (H. R. 26549) to provide for the construction or purchase of motor boat for customs service; to the Committee on Interstate and Foreign Commerce.

By Mr. GRIEST: A bill (H. R. 26550) to provide for the permanent establishment of town and village mail-delivery service at post offices of the second and third classes; to the Committee on the Post Office and Post Roads.

By Mr. DE FOREST: A bill (H. R. 26551) to repeal part of section 2 of public law No. 336, approved August 24, 1912, entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes"; to the Committee on the Post Office and Post Roads.

By Mr. GARRETT: A bill (H. R. 26552) for the erection of a public building at Humboldt, Tenn.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 26553) for the erection of a public building at Martin, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. MACON: A bill (H. R. 26554) amending section 71 of the act approved March 3, 1911, to codify, revise, and amend the laws relating to the judiciary; to the Committee on the Judiciary.

By Mr. JAMES: A bill (H. R. 26555) to provide for the erection of a public building at Murray, Ky.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 26556) to provide for the erection of a public building at Marion, Ky.; to the Committee on Public Buildings and Grounds.

By Mr. STEVENS of Minnesota: A bill (H. R. 26557) to authorize the Secretary of War to make an agreement with the Municipal Electric Co., a corporation, for the disposal of the hydroelectric power developed by the dam between St. Paul and Minneapolis, Minn.; to the Committee on Rivers and Harbors.

By Mr. COPLEY: A bill (H. R. 26558) for the purchase of a site and the erection of a public building in the city of Batavia, State of Illinois; to the Committee on Public Buildings and Grounds.

By Mr. McKINNEY: A bill (H. R. 26559) to authorize the construction of a railroad, wagon, and foot-passenger bridge across the Mississippi River near Keokuk, Iowa; to the Committee on Interstate and Foreign Commerce.

By Mr. JACOWAY: A bill (H. R. 26560) to provide for the examination and survey of the Arkansas River banks around what is known as Fourche Island, and just below Little Rock, Ark.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 26561) to provide for the examination and survey of the Arkansas River banks about 5 miles below Dardanelle, Yell County, Ark., and at or near what was known as the old Gleason & Cravens mercantile establishment; to the Committee on Rivers and Harbors.

By Mr. LEE of Georgia: A bill (H. R. 26562) for the purchase of a site for a post-office building at Rossville, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. BLACKMON: A bill (H. R. 26563) to provide for the erection of a public building at the city of Sylacauga, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. FOWLER: A bill (H. R. 26564) making appropriation for the purchase of a site and the erection of a public building thereon in the city of Metropolis, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. LAFEAN: A bill (H. R. 26565) for the reduction of postage on first-class matter to 1 cent per ounce; to the Committee on the Post Office and Post Roads.

By Mr. PADGETT: A bill (H. R. 26566) to create the grades of admiral and vice admiral in the Navy of the United States; to the Committee on Naval Affairs.

By Mr. LINTHICUM: A bill (H. R. 26661) to increase the appropriation for the purchase of a site and the erection of an immigration station at Baltimore, Md.; to the Committee on Public Buildings and Grounds.

By Mr. SULZER: A bill (H. R. 26662) to amend the eighth section of the Post Office appropriation act approved August 24, 1912; to the Committee on the Post Office and Post Roads.

By Mr. CARLIN: Resolution (H. Res. 723) authorizing the Doorkeeper to expend the sum of $2,000 for folding speeches; to the Committee on Accounts.

By Mr. GREENE of Massachusetts: Resolution (H. Res. 724) authorizing and directing the Secretary of War to cause a preliminary examination and surveys of Buzzards Bay to provide 25 feet of water up to the dredged channel in the harbor of New Bedford, Mass.; to the Committee on Rivers and Harbors.

Also, resolution (H. Res. 725) authorizing and directing the Secretary of War to cause preliminary examination and surveys to be made of Taunton River, Mass.; to the Committee on Rivers and Harbors.

By Mr. LEVY: Resolution (H. Res. 729) directing the Secretary of the Treasury to use the authority invested in him by law to relieve the continued stringency in the money market by depositing in the national banks throughout the country the sum of $50,000,000 out of the general fund in the Treasury of the United States; to the Committee on Banking and Currency.

By Mr. DE FOREST: Joint resolution (H. J. Res. 364) proposing an amendment to the Constitution of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. ASHBROOK: A bill (H. R. 26567) granting a pension to Avis Coan; to the Committee on Invalid Pensions.

By Mr. AUSTIN: A bill (H. R. 26568) for the relief of George Lane; to the Committee on Military Affairs.

Also, a bill (H. R. 26569) granting a pension to Eliza Early; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26570) granting a pension to John H. Smith; to the Committee on Pensions.

Also, a bill (H. R. 26571) granting a pension to Leatie Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26572) granting an increase of pension to Lucy A. Rose; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26573) granting a pension to Frank Tucker; to the Committee on Pensions.

Also, a bill (H. R. 26574) for the relief of the heirs of Henry Hommell; to the Committee on War Claims.

Also, a bill (H. R. 26575) granting a pension to James C. Tedford; to the Committee on Pensions.

By Mr. BOOHER: A bill (H. R. 26576) granting an increase of pension to John H. Steele; to the Committee on Invalid Pensions.

By Mr. BRADLEY: A bill (H. R. 26577) granting a pension to Margaret F. Searle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26578) granting an increase of pension to John Lavin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26579) granting an increase of pension to Celestia Sprague; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26580) granting an increase of pension to Rosalia Spohr; to the Committee on Pensions.

Also, a bill (H. R. 26581) granting an increase of pension to Katharine A. Weyant; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26582) granting an increase of pension to Maria Jane Stevens; to the Committee on Invalid Pensions.

By Mr. BROWN: A bill (H. R. 26583) for the relief of the heirs of Henry Harris, deceased; to the Committee on War Claims.

By Mr. BULKLEY: A bill (H. R. 26584) granting a pension to Millie B. Spooner; to the Committee on Invalid Pensions.

By Mr. BYRNS of Tennessee: A bill (H. R. 26585) for the relief of the trustees of the Lick Creek Methodist Episcopal Church South, Stewart County, Tenn.; to the Committee on War Claims.

Also, a bill (H. R. 26586) for the relief of the estate of Thomas J. Hill, deceased; to the Committee on War Claims.

Also, a bill (H. R. 26587) for the relief of Frederick W. Palmore; to the Committee on War Claims.

Also, a bill (H. R. 26588) for the relief of William T. Wright; to the Committee on War Claims.

Also, a bill (H. R. 26589) granting a pension to Gambo C. Villines; to the Committee on Pensions.

Also, a bill (H. R. 26590) granting an increase of pension to Elizabeth M. Harper; to the Committee on Invalid Pensions.

By Mr. CLARK of Missouri: A bill (H. R. 26591) granting an increase of pension to John Marx; to the Committee on Invalid Pensions.

By Mr. DENVER: A bill (H. R. 26592) granting an increase of pension to Asa Jenkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26593) granting an increase of pension to Jacob Supinger; to the Committee on Invalid Pensions.

By Mr. FAIRCHILD: A bill (H. R. 26594) granting an increase of pension to Erastus L. Merrill; to the Committee on Invalid Pensions.

By Mr. GRIEST: A bill (H. R. 26595) granting a pension to Edward D. Henderson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26596) granting an increase of pension to John C. O'Brien; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26597) granting an increase of pension to Franklin Bryson; to the Committee on Invalid Pensions.

By Mr. HINDS: A bill (H. R. 26598) granting an increase of pension to William M. McArthur; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26599) granting an increase of pension to Lucinda P. Brackett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26600) granting a pension to Charles H. Boyd; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 26601) for the relief of the trustees of the Bloomfield Lodge, No. 57, Ancient Free and Accepted Masons, of Bloomfield, Ky.; to the Committee on War Claims.

By Mr. LANGLEY: A bill (H. R. 26602) granting an increase of pension to Elizabeth McIntosh; to the Committee on Invalid Pensions.

By Mr. LINDBERGH: A bill (H. R. 26603) granting an increase of pension to Lottie A. Fox; to the Committee on Invalid Pensions.

By Mr. LLOYD: A bill (H. R. 26604) granting a pension to Emma Steel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26605) granting a pension to Grant W. Berry; to the Committee on Pensions.

By Mr. MADDEN: A bill (H. R. 26606) for the relief of James H. Rhodes & Co.; to the Committee on Claims.

By Mr. MARTIN of South Dakota: A bill (H. R. 26607) granting a pension to Michael Kelly; to the Committee on Pensions.

Also, a bill (H. R. 26608) granting an increase of pension to James Rafferty; to the Committee on Pensions.

By Mr. MORRISON: A bill (H. R. 26609) granting a pension to Mary B. Berry; to the Committee on Invalid Pensions.

By Mr. NYE: A bill (H. R. 26610) granting an increase of pension to Frank C. Bowen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26611) granting an increase of pension to Cynthia E. Robinson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26612) granting an increase of pension to Lizzie McKay; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26613) granting a pension to Rosa L. Wells; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26614) granting a pension to Adaline A. Middaugh; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26615) granting a pension to Alice Fenton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26616) to correct the military record of Charles D. Pillar; to the Committee on Military Affairs.

By Mr. O'SHAUNESSY: A bill (H. R. 26617) granting an increase of pension to Johanna Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26618) granting an increase of pension to Bernard Boyle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26619) granting an increase of pension to Sarah J. Millikin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26620) granting an increase of pension to Catharine Loud; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26621) granting an increase of pension to Maria A. Mathewson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26622) granting an increase of pension to Lucy A. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26623) granting an increase of pension to Annie Buckley; to the Committee on Invalid Pensions.

By Mr. PAYNE: A bill (H. R. 26624) granting an increase of pension to William V. Walker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26625) granting an increase of pension to James Nolan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26626) granting an increase of pension to John Stickle; to the Committee on Invalid Pensions.

By Mr. PADGETT: A bill (H. R. 26627) granting an increase of pension to Cynthia C. Pickard; to the Committee on Pensions.

By Mr. POST: A bill (H. R. 26628) granting a pension to Frank Chroneberry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26629) granting an increase of pension to Lycurgus P. Saxton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26630) granting an increase of pension to Martin McNeely; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26631) granting an increase of pension to Vincent Miley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26632) granting an increase of pension to Charles F. Wolverton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26633) granting an increase of pension to Francis M. Whittecar; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26634) granting an increase of pension to Robert Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26635) granting an increase of pension to John Hartman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26636) granting an increase of pension to John Gedling; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26637) granting an increase of pension to Samuel Eyman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26638) granting an increase of pension to William D. Grove; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26639) granting an increase of pension to James P. Bodkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26640) granting an increase of pension to Silas Barton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26641) granting an increase of pension to George W. Butters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26642) granting an increase of pension to William A. Barnes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26643) granting an increase of pension to Eli Berreman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26644) to remove the charge of desertion from the military record of William S. Whaley; to the Committee on Military Affairs.

Also, a bill (H. R. 26645) to remove the charge of desertion from the military record of John Vankirk; to the Committee on Military Affairs.

Also, a bill (H. R. 26646) granting an increase of pension to John S. Clark; to the Committee on Invalid Pensions.

By Mr. RAKER: A bill (H. R. 26647) for the relief of Victor E. Shaw, and for other purposes; to the Committee on the Public Lands.

By Mr. REDFIELD: A bill (H. R. 26648) for the relief of David Crowther; to the Committee on Military Affairs.

Also, a bill (H. R. 26649) for the relief of Andrew Gaffney; to the Committee on Military Affairs.

By Mr. SHERWOOD: A bill (H. R. 26650) granting an increase of pension to Catherine Ann Bartelle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26651) granting an increase of pension to Bavin Copeland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26652) granting an increase of pension to James O. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26653) granting a pension to William A. Jacques; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26654) granting an increase of pension to Jacob Peffer; to the Committee on Invalid Pensions.

By Mr. STERLING: A bill (H. R. 26655) granting a pension to Helena F. Stone; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26656) granting an increase of pension to Harmon McChesney; to the Committee on Invalid Pensions.

By Mr. TALBOTT of Maryland: A bill (H. R. 26657) granting a pension to John P. Yingling; to the Committee on Invalid Pensions.

By Mr. VARE: A bill (H. R. 26658) for the relief of Maria N. Kulicke; to the Committee on Claims.

By Mr. YOUNG of Michigan: A bill (H. R. 26659) to correct the military record of James A. Cooper; to the Committee on Military Affairs.

Also, a bill (H. R. 26660) granting a pension to Thomas J. McQuillen, alias Thomas J. Jones; to the Committee on Invalid Pensions.

By Mr. CALDER: A bill (H. R. 26663) granting an increase of pension to Julia Maher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26664) granting an increase of pension to Ellen Miller; to the Committee on Invalid Pensions.

By Mr. EDWARDS: A bill (H. R. 26665) for the relief of the estate of Charles Evans, deceased; to the Committee on War Claims.

By Mr. LINDBERGH: A bill (H. R. 26666) granting an increase of pension to George W. Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26667) granting a pension to Almira D. Pettingill; to the Committee on Invalid Pensions.

By Mr. PATTON of Pennsylvania: A bill (H. R. 26668) granting an increase of pension to William Jones; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

By Mr. ASHBROOK: Evidence to accompany special bill for the relief of Avis Coon; to the Committee on Invalid Pensions.

Also, evidence to accompany the special bill (H. R. 1362) for the relief of Eliza Jells; to the Committee on Invalid Pensions.

Also, petition of the Chamber of Commerce of Cleveland, Ohio, favoring passage of House bill 25016, for the Federal incorporation of the Chamber of Commerce of the United States; to the Committee on the Judiciary.

By Mr. BULKLEY: Petition of Army and Navy Post, No. 187, Grand Army of the Republic, Cleveland, Ohio, urging the amendment of pension laws to grant pensions to helpless children of honorably discharged soldiers and sailors of the Civil War; to the Committee on Invalid Pensions.

By Mr. BYRNS of Tennessee: Papers to accompany bill for relief of the trustees of the Lick Creek Methodist Episcopal Church South; to the Committee on Claims.

Also, papers to accompany bill for increase of pension to Elizabeth M. Harper; to the Committee on Invalid Pensions.

Also, papers to accompany bill granting increase of pension to Gantbo C. Villmer; to the Committee on Pensions.

Also, papers to accompany bill for relief of William T. Wright; to the Committee on War Claims.

Also, papers to accompany bill for relief of Frederick W. Palmore; to the Committee on War Claims.

By Mr. FORNES: Petition of B. L. Kenyon, favoring passage of bill for Federal protection of migratory birds; to the Committee on Agriculture.

By Mr. FULLER: Petition of Duncan McEwan, Chicago, Ill., favoring the passage of the vocational education bill (S. 3); to the Committee on Education.

Also, petition of C. A. Burrows, favoring the passage of the old-age pension bill (H. R. 13114); to the Committee on Pensions.

Also, petition of the Council of Grain Exchanges, favoring the passage of the Pomerene substitute bill (S. 6810); to the Committee on Interstate and Foreign Commerce.

By Mr. GRIEST: Petition of Emily P. Gilbert, Lancaster, Pa., favoring the passage of the Federal old-age pension bill (H. R. 13114); to the Committee on Pensions.

By Mr. HAYDEN: Petition of the Arizona Mission Conference, Bisbee, Ariz., favoring the passage of the Webb-Sheppard liquor bill; to the Committee on the Judiciary.

By Mr. HINDS: Memorial of Brig. Gen. William M. McArthur; to the Committee on Invalid Pensions.

Also, memorial of Capt. Charles H. Boyd; to the Committee on Invalid Pensions.

By Mr. MOON of Tennessee: Papers to accompany bill to purchase additional land for post-office site at Winchester, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. PADGETT: Papers to accompany bill for granting increase of pension to Cynthia C. Pickard; to the Committee on Invalid Pensions.

By Mr. SPEER: Evidence to accompany bill (H. R. 26365) granting an increase of pension to Philip Shirk; to the Committee on Invalid Pensions.

By Mr. WILLIS: Papers to accompany bill (H. R. 26534) granting an increase of pension to James McEvoy; to the Committee on Invalid Pensions.

Also, petition of the Supreme Council, Order United Commercial Travelers of America, in favor of changing the day of the national election; to the Committee on Election of President, Vice President, and Representatives in Congress.