

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 491 (H. Rept. No. 899).

Resolved, That the Clerk of the House be, and he is hereby, authorized to pay to Mary C. Carpenter, mother of John M. Carpenter, late an employee on the rolls of the House of Representatives, a sum equivalent to six months' salary, at the rate he was drawing at the time of his death, and an additional sum, not exceeding \$250, to defray funeral expenses.

The question was taken, and the resolution was agreed to.

RELIEF FOR INFORMAL CONTRACTS.

Mr. POU. Mr. Speaker, by direction of the Committee on Rules I submit a privileged report (No. 902), which I send to the Clerk's desk.

The SPEAKER pro tempore. The Clerk will report it.

The Clerk read as follows:

House resolution 487.

Resolved, That immediately upon the adoption of this resolution the House shall resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13274; that the amendment reported by the committee shall be read and considered in lieu of the original bill; that there shall be not exceeding three hours of general debate, to be equally divided between those supporting and those opposing the bill, which debate shall be confined to said bill, at the end of which time the bill shall be read for amendment under the five-minute rule, and at the conclusion of such reading the committee shall rise and report the bill to the House, together with the amendments, if any, whereupon the previous question shall be considered as ordered upon the bill and all amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. POU. Mr. Speaker, I ask unanimous consent that debate on the rule—

Mr. LITTLE. Mr. Speaker, I rise to a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LITTLE. Mr. Speaker, I make the point of order that this bill was erroneously referred to the Committee on Military Affairs, which had no jurisdiction over it, and that the Committee on Rules had no jurisdiction to report upon it at this stage and it is improperly before the House, and I would like to be heard on it.

The SPEAKER pro tempore. The Chair will hear the gentleman. Let the Chair get exactly the point of order that is made by the gentleman from Kansas.

Mr. LITTLE. Mr. Speaker, the point I make is that this bill was improperly referred to the Committee on Military Affairs, which never acquired any jurisdiction of it, and that by the method of procedure employed as yet the Committee on Rules has acquired no jurisdiction of it and has no authority to present it here, and it can not be considered by the House as yet.

The SPEAKER pro tempore. Well, now, the Chair will state to the gentleman that the point of order on which he would like to hear from the gentleman from Kansas is as to the question of jurisdiction of the Committee on Rules. The other question can be determined later.

Mr. LITTLE. Mr. Speaker, that is the point to which I was expecting to address myself. Section 4 of Rule XXI provides that no bill for the payment or adjudication of any private claim against the Government shall be sent to any committee other than four or five named there. The Committee on Military Affairs is not one of those committees. It is specifically omitted.

For that reason the Military Affairs Committee never acquired any jurisdiction of this bill. That committee could not report it to the House. It could not go to the Committee on Rules and that committee could not do anything about it. The only connection it could have with it would be to send it back to the Speaker's table and request that it be referred to the proper committee, which would be the Committee on Claims, the chairman of which agrees with me in the position I am taking here. Upon that question I assume there is no discussion.

It has been stated heretofore that this point is too late a point on which to raise this point of order. As a matter of fact, this is the first time this bill has come before the House and the first time anybody has had an opportunity to call attention to the fact that it is not in order and is not brought up at the proper time.

Mr. POU. Mr. Speaker—

The SPEAKER pro tempore. Does the gentleman yield?

Mr. LITTLE. I prefer not to be interrupted; the gentleman will have ample opportunity to reply.

Mr. POU. All right.

Mr. LITTLE. Now, as to that point, that has been ruled on some time ago. I raised a similar point on the woman suffrage amendment, which was in a committee that was not entitled to jurisdiction, and the Chair held against me. The Chair evidently had not read 15 or 20 precedents the other way, to which my attention has now been directed. Hinds, section 4382, says:

The erroneous reference of a private bill to a committee not entitled to jurisdiction does not confer it, and the point of order is good when the bill comes up either in the House or in the Committee of the Whole.

The SPEAKER pro tempore. Will the gentleman permit the Chair for a moment? The Chair is not now called upon to deal with the proper reference of House bill 13274. That which is before the House at this time is the resolution reported from the Committee on Rules, House resolution 487.

Mr. LITTLE. I am quite as familiar with that as the Chair is. I am reasonably well informed on it. That is the point. I say you had no business to bring it in here, and I am taking the first step on the stairs, and when I get to the top of the stairs I hope the Speaker will be with me; if not, very well, I will then have a decision on it. First, I have now established that the Committee on Military Affairs had no jurisdiction of it, and they are the people who brought it to you, and I have now established the fact that the point of order that they had no jurisdiction is in order at this time. Mr. Speaker Crisp ruled on that and said:

Mr. Joseph D. Sayers, of Texas, made the point of order that the bill was improperly referred to the Committee on Public Lands, and that under the rules that committee had no authority to report the bill, it being for the payment of a claim against the Government.

The Speaker sustained the point of order, holding in part as follows:

Therefore the Chair thinks that a private bill referred under clause 1 of Rule XXII to any other committee than one of those named in clause 4 of Rule XXI can not be considered or reported by such committee.

It does not make any difference what the Rules Committee would do with it. It can not be reported, under this ruling, by the Military Affairs Committee anyway, and they could not have taken it to them. But to continue:

And it seems to the Chair that the only time when the question can be raised is when the bill is called up for consideration, because these bills are reported just as they are introduced, through the box, and they do not come to the attention of the Chair at all until they are called up for consideration. The Chair never sees them or knows anything of them, because they are not presented as are reports or public bills in the open House, but they come in through the box.

The Speaker also stated that when a point of order shall be made that a private bill on the calendar had been reported by a committee not authorized to report the same, the Chair would, if the point be made before the consideration of the bill had been entered upon, direct that such bill be recommitted to the committee improperly reporting it for appropriate action under the rules.

The SPEAKER pro tempore. Can the gentleman give the citation of that?

Mr. LITTLE. This is section 4382 of Hinds' Precedents. I thought I stated that when I began reading.

On March 4, 1898, the House was in Committee of the Whole House considering the Private Calendar. They had passed from the House into the Committee of the Whole. Mr. Dalzell made the point of order that the bill was not properly within the jurisdiction of the Committee on War Claims, which had reported it, and the Chair held that it was not and that if the point was raised in the Committee of the Whole the Chair would have to rule that it had no place there. If this Committee on Rules should secure this rule and we should go into the Committee of the Whole, I would still be at liberty to raise the point of order that the Committee of the Whole had no business to take this up, because nobody with any jurisdiction had gotten to it yet. And it is perfectly plain that I am in proper time with this point of order. I have established, as I think, the fact that the Committee on Military Affairs had no jurisdiction and that I can raise the point now or in the Committee of the Whole, where it will have to go, I presume. Furthermore, the Committee on Rules had no jurisdiction of it, the Committee on Military Affairs had no jurisdiction of it, and had no authority to take it to the Committee on Rules. It should have gone to the Committee on Claims in the first place. If that committee had presented it to the Committee on Rules and the Committee on Rules had reported this rule, there would be no objection to it.

There is another theory that has been advanced to the effect that this is not a private bill. That matter has also been disposed of by this House. If you will turn to section 4265 of Hinds' Precedents, it says:

Appropriations for payment of French spoliation claims being included in a private bill reported by the Committee on War Claims, the Chairman of the Committee of the Whole House ordered them stricken out as belonging to the jurisdiction of the Committee on Claims.

That point was raised by the very learned, and probably the most learned, parliamentarian of the House, the gentleman from Illinois [Mr. MANN]. It says:

After the bill had been read, Mr. JAMES R. MANN, of Illinois, made a point of order, saying:

"I wish to make a point of order on this bill, or so much of it as relates to the French spoliation claims, on the ground that the Committee on War Claims has no jurisdiction to report a bill of this sort, it being a private bill, subject to a point of order at this time."

The Chair held with him. The French spoliation claims were a class, just as the claims involved here are a class. If the bill taking up the French spoliation claims as a class was a private claims bill, so is a bill taking up these bills as a class, and the pertinency makes a parallel, as I think will be conceded by any fair-minded man. If so, that matter is disposed of. This is a private claim. Nor is that all. If you return to 4381, you will find that Hinds says:

A bill to provide a commission to settle claims against the Government does not fall within the rule requiring private claims to be referred only to certain specified committees.

On July 18, 1894, Mr. Joseph H. Outhwaite, of Ohio, presented for consideration the bill (H. R. 5939) to appoint a commission to report and determine upon certain damages done to citizens of Lauderdale County, Ala., by the building of the Muscle Shoals Canal.

Mr. Joseph D. Sayers, of Texas, made the point of order that the bill having been erroneously referred to the Committee on Military Affairs, that committee had no jurisdiction to consider and report it, and that it should be committed to the proper committee.

After debate the Speaker overruled the point, holding that inasmuch as the bill did not provide for the payment or adjudication of a claim against the Government, it did not come within the purview of clause 4 of Rule XXI, and that unanimous consent was not required to refer the same to the Committee on Military Affairs.

If this were a bill to establish a commission to report to the House upon these claims—which would be a very proper bill, and I would be glad to support it—then my point of order could not be raised, but this is a bill authorizing the War Department to adjudicate and pay these claims, and, clearly, after this ruling, by implication would be involved in the error I have suggested.

And, furthermore, that was a general bill, like this, covering a whole series of claims. Nobody objected to that, Mr. Speaker, or suggested then that it was not a private claim. That was conceded. It was just such a bill as this in purpose, to omnibus certain transactions and bring them together in one fell swoop. If such a bill is not a private-claim bill, and there is a precedent for that, why should anybody suggest this is not? They were perfectly competent parliamentarians there. If they did not consider it proper, they would have raised the point. I would be sorry to see anybody suggest it was not. John Jones can bring in a bill, and it is a private claim, and John Smith can do so. If they are put together, they say it is not a private-claim bill, and if that is not true of two how can it be of the 6,669 that we have here, as the record shows? It does not make any difference, Mr. Speaker, how many thousands of claims are placed together, they still remain private claims, and if you argue the principle and not the precedent, although the precedent is with me, you must concede that this is an omnibus bill and covers a series of private claims. That is all it is in principle.

Now, I wish to say a word about the principles upon which are based the rules which I have suggested, and the reason why. To overrule this point of order would be in effect a destruction of all rules and orderly methods of procedure in the House. These rules are made, of course, as you all know, for the purpose of protecting and safeguarding the Treasury of the United States when such bills as this come forward.

This Committee on Claims, Mr. Speaker, is the oldest committee in the House, and this committee is fenced about by certain privileges. Why do the rules say it shall go there? So that it shall be investigated by a committee that is accustomed to this character of investigation. If you yank this bill out of their hands and throw it over to the Committee on Military Affairs and the Committee on Rules without any investigation whatever, if they have not time or opportunity to pass upon one single, solitary item here, and they did not, you destroy all the rules which the House has made; and if you are going to go whistling by every station that warns of danger and which recent rules have established, you might as well have no rules. These rules are put there, Mr. Speaker, so that that can not be done. They say, "Here is a station; stop here; leave it to the Committee on Claims and have them investigate it."

The Committee on Claims can report or go to the Committee on Rules and say to them, "We would like to have this bill hurried." But here is the Committee on Military Affairs, which has made in effect no investigation. Its report does not show the veracity of one item out of six thousand six hundred and sixty-nine, involving several billions of dollars. The Comptroller of the Treasury has decided that these claims are not legal, and yet they come in here and in three hours' time want to authorize somebody who has no jurisdiction to act like a court and pass upon these claims in violation of the Constitution of the United States, which fixes jurisdiction in courts only. There are plenty of people in this war, Mr. Speaker, that need help quickly, but there is no more hurry about these people than there is about plenty more.

Now, to review this particular bill and show how pertinent to it my point is, it develops from the hearings on this bill that

early in the great Civil War it was ascertained that great contractors, supply men, and factories were in the habit of getting their friends into these departments and surreptitiously securing improper contracts. The statute was passed in 1862, and it went through the Civil War successfully, providing that everything should be done in writing, and requiring that the man who on the part of the Government made the contract should say under oath that he was not concerned in it. That rule prevailed in the Civil War. What happens in connection with this report? They have violated that statute. They have laid themselves open to criminal prosecution.

We know that many men came here as "experts" who were from some of those great factories. What implication is natural? These people come here and say, "Now, we have violated the law; we did not make a written contract." That was easy to do—to make a blank affidavit. "We did not make an affidavit. We want an amnesty proclamation; that is not all. We want authority to pass upon the contracts we did not make, and to pay out \$4,000,000,000 and more concerning which there is no contract whatever." The bill speaks of "informal contracts." There is no contract in any of these claims. On the contrary, every one represents a violation of the law.

I doubt not, Mr. Speaker, that some of them are just claims for unliquidated damages and can be presented like other just claims, and should be, and that some method should be taken to meet them. But it is inevitable, when you allow a department that has thus violated the law to pay out billions of dollars, as this will, in 30 days, as they expect to, according to their own suggestion, that a large number of mistakes are bound to be made. Money is hard to get, Mr. Speaker, and the American people have paid taxes enough, "sight and unseen." I do not think this House should ever pay out billions of dollars any more without knowing what they are for. It is our duty to interpret the rules of this House, not loosely but strictly now, in defense of the taxpayers.

I want to leave that thought, including this suggestion in regard to this matter, and to show just briefly in review that I think this thing, more than any bill that has been before the House for years, should be proceeded with in a careful and orderly manner before we authorize somebody who has already violated the law to throw out billions of dollars. We have rules such as I have outlined and should use them. I ask that this bill be declared out of order and referred to the Committee on Claims for orderly procedure.

Mr. McKENZIE. Mr. Speaker, I am not going to take the time of the House to undertake to make a parliamentary argument. That is not my forte, and the question of the wisdom or the folly of enacting the proposed legislation is not involved in the point of order raised by the gentleman from Kansas [Mr. LITTLE]. In my humble judgment, this bill was properly referred to the Committee on Military Affairs, because it is not a claim bill. It is simply a bill which proposes to give additional jurisdiction to the War Department. And if we are going to add to the jurisdiction of the War Department or pass any legislation having to do with the War Department, or to create a tribunal where these claims may be settled—and the bill provides that that tribunal shall be in the War Department—surely no man can say that the bill was not properly referred to the Committee on Military Affairs.

Mr. STAFFORD. Mr. Speaker, may I present two or three citations to show that this is a public bill and not a private bill?

The SPEAKER pro tempore. The Chair will be very glad to hear from the gentleman on that proposition, but the Chair will state to the gentleman from Wisconsin that he does not think that that question is necessary to be determined by the present occupant of the chair.

Mr. STAFFORD. I agree with the Chair completely that it is not necessary in the ruling of the Chair. But as the gentleman from Kansas [Mr. LITTLE] has bottomed his whole argument on the fact that this is a private bill I merely wanted to call to the attention of the Chair two or three citations which show positively that it is not a private bill but a public bill. And if it is a public bill, the fact that it has been erroneously referred, after it is reported it is too late to raise the question of jurisdiction.

I wish to direct the attention of the Chair to the third volume of Hinds' Precedents, section 2614:

A bill which applies to a class and not to individuals as such is a public bill.

I shall not stop to read the decision of the occupant of the chair on that point. That is confirmed in volume 4 of Hinds' Precedents, section 3285, which reads as follows:

A private bill is a bill for the relief of one or several specified persons, corporations, institutions, etc., and is distinguished from a public bill, which relates to public matters and deals with individuals only by classes.

The Statutes of the United States provide:

The term "private bill" shall be construed to mean all bills for the relief of private parties, bills granting pensions, and bills removing political disabilities.

Mr. LITTLE. Mr. Speaker, will the gentleman yield for a question?

Mr. STAFFORD. I will be glad to.

Mr. LITTLE. Does that include the French spoiliations, which the Chair has ruled are private claims, and has so held?

Mr. STAFFORD. In the case just referred to by the gentleman from Kansas, the French spoliation claims were claims payable to individuals per se and not to classes.

Mr. LITTLE. Every one of these claims is payable only to an individual.

Mr. STAFFORD. The framework of the bill itself shows that it is for the purpose of providing payment for classes and not to individuals; that it is for establishing the agency whereby the claims of the Government may be paid to certain classes. Under the statutes of the United States describing what a private bill is, and under the invariable precedents that have been made construing and distinguishing what are private bills and what are public bills, the bill that is now before the House is a public bill. It being a public bill, I do not intend to argue whether it should have been referred to the Committee on Claims or the Committee on Military Affairs, because the precedents are all on one side, that if a public bill is erroneously referred to a committee of the House, it is too late to raise that question after it is reported back to the House.

And then, going beyond that, the Committee on Rules have a right to make an order as to any character of legislation that they see fit, and that is the purpose of the rule now before the House. It makes in order a certain bill and states specifically that an amendment reported by the committee shall be considered in lieu of the bill. The mere fact that a committee may not have had jurisdiction to report a bill may be the very reason why the Committee on Rules should bring in a rule to make the bill in order to be considered. The Committee on Rules are supreme in determining what shall be considered. They can present a report making in order anything they see fit. They can make in order a private bill if they see fit. They can make in order a private and a public bill or they can link together and make in order a private and a public bill and say that that shall be the business in order before the House.

I merely rose to cite these precedents, which seem to be clear that this is a public bill and not a private bill.

The SPEAKER pro tempore (Mr. GARRETT of Tennessee). The Chair is prepared to rule. The immediate matter before the House is House resolution 487, presented by the gentleman from North Carolina [Mr. POU] as a report from the Committee on Rules. That resolution provides for the consideration of H. R. 13274. The gentleman from Kansas [Mr. LITTLE] makes the point of order that the bill, when originally introduced, was improperly referred, and further that because of the improper reference the Committee on Rules has no authority to bring in a resolution for its consideration.

Upon the question whether it was improperly referred the Chair does not feel that it is now necessary to pass. That point would involve the question of whether it is a public bill or a private bill. The Chair has a very clearly defined idea about the character of the bill, but so far as the immediate question before the Chair is concerned, it seems that the question is whether the Committee on Rules has the authority to report the resolution that has been presented by the gentleman from North Carolina [Mr. POU].

Paragraph 47 of Rule XI, touching the question of reference of resolutions, provides as follows:

All proposed action touching the rules, joint rules, and order of business shall be referred to the Committee on Rules.

Then paragraph 56 of Rule XI provides:

It shall always be in order to call up for consideration a report from the Committee on Rules, and pending the consideration thereof the Speaker may entertain one motion that the House adjourn; but after the result is announced, he shall not entertain any other dilatory motion until the said report shall have been fully disposed of.

Mr. LITTLE. I do not mean to interrupt the Chair, but may I ask a question? Suppose a Member should introduce a bill and mark it "Referred to the Committee on Rules," and it should go to that committee, would the Committee on Rules acquire jurisdiction of it by that and have the right to bring in a rule about it?

The SPEAKER pro tempore. The Committee on Rules is not a legislative committee. It is merely a procedure committee. This bill did not go to the Committee on Rules. That which the Committee on Rules has reported is a mere resolution providing for procedure.

Mr. LITTLE. That does not answer my question.

The SPEAKER pro tempore. The only limitation laid upon the Committee on Rules by the general rules of the House is that which I now read:

The Committee on Rules shall not report any rule or order which shall provide that business under paragraph 7 of Rule XXIV shall be set aside by a vote of less than two-thirds of the Members present—

That refers to the Calendar Wednesday rule—

nor shall it report any rule or order which shall operate to prevent the motion to recommit being made as provided in paragraph 4 of Rule XVI.

Those two propositions are the only limitations placed by the general rules of the House upon the Committee on Rules in reporting orders of procedure. The Committee on Rules can report a resolution discharging any committee of the House from further consideration of any bill that has been referred to it and providing that the bill shall be placed upon its passage. It always rests with the House whether it will adopt the rule reported by the Committee on Rules. The limitations upon the power of the Committee on Rules to report are the two that the Chair just read.

This is a resolution of procedure. The Chair overrules the point of order.

Mr. POU. Mr. Speaker, I ask unanimous consent that the debate on the rule be limited to 80 minutes, 40 minutes to be controlled by myself and 40 minutes by the gentleman from Kansas [Mr. CAMPBELL], at the end of which time the previous question shall be considered as ordered.

The SPEAKER pro tempore. The gentleman from North Carolina asks unanimous consent that the debate on the rule may proceed for not exceeding 80 minutes, one-half to be controlled by him and one-half by the gentleman from Kansas [Mr. CAMPBELL], at the end of which time the previous question upon the rule shall be considered as ordered. Is there objection?

Mr. MANN. Reserving the right to object, may I ask the gentleman from North Carolina or some one else whether it is expected that the consideration of this bill will be concluded to-day? In other words, whether we shall have a night session?

Mr. POU. I will say to the gentleman from Illinois that I can not answer that question. If I may express my individual opinion, it is that we will not be able to conclude this bill to-day.

Mr. MANN. That would be my opinion, but I did not know.

Mr. DENT. I should be very glad to stay here and finish this bill to-night, but I would not like to impose on the House.

Mr. MANN. There is no intention of doing that.

Mr. DENT. No present intention.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. MONTAGUE. Reserving the right to object, will the debate be upon the bill?

Mr. POU. The gentleman knows how debate is usually conducted here. The time that I am asking for is for debate upon the resolution now pending.

Mr. MONTAGUE. The resolution itself prescribes that the debate shall be upon the subject matter of the bill.

Mr. POU. That will be after we go into Committee of the Whole.

Mr. MONTAGUE. I simply threw out the suggestion to see whether the House desired to economize time.

Mr. MANN. Anybody can make a point of order in the debate on the rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and the gentleman from North Carolina is recognized for 40 minutes.

Mr. POU. Mr. Speaker, this rule provides for the consideration of one of the most important bills that this House has been called on to consider during this Congress. The bill comes, as I am informed, with almost the unanimous report from the Committee on Military Affairs. The action of the Committee on Rules, if I am not mistaken, was unanimous. The question as to the wisdom of the provisions of this bill would hardly be proper for discussion at this time. I understand that there have been two proposals; one is to give the Secretary of War the authority to adjust these claims, if you are pleased to call them so, and the other is that a commission shall be appointed to consider such claims.

I respectfully submit that the Secretary of War is the proper person to deal with this matter. He is the man that has been the central figure in making these contracts, and he is the man who is best fitted of all men to settle all differences to which the Government is a party. In any event, there ought to be action by this Congress, and action speedily, because there are men whose financial solvency depends on a speedy payment of whatever amounts they are to receive.

When America entered the war there were patriotic citizens who offered their all, who said to the Government, "Here is my business; take it." It was not an uncommon thing for a man with a large business to voluntarily surrender that business to the Government.

Suddenly the armistice was agreed to. Now it is of the supremest importance to these men that they be put back on a peace basis. I am informed that there are a number who can not be put back until after the settlement with the Government. We have got to trust some one in the adjustment of these matters. There is always a danger that there may be a mistake in the settlement of claims of this kind. I submit that the record of the War Department justifies this Congress in putting the settlement of these matters into the hands of the Secretary of War.

Mistakes may have been made. There may have been a waste of funds, always more or less unavoidable during war, but so far as I know, up to this good hour, there has been no finger of suspicion pointed at the distinguished gentleman who heads the War Department. He has gotten results far beyond the expectation of anyone, and his entire conduct has been above reproach.

As was so tersely stated by the gentleman from Kentucky [Mr. SHERLEY] in the hearing the other day, if this measure is postponed the Government will have to pay compound interest. If adjustment is postponed six months the claims get larger; if 12 months larger still; indeed the longer the postponement the larger the amount the Government will pay. Any gentleman who has had experience in dealing with claims against the Government knows that every day and every month matters of this kind are put off the Government is the sufferer.

Mr. DENISON. Will the gentleman yield?

Mr. POU. For a question.

Mr. DENISON. Will the gentleman explain upon what theory the claims could get larger?

Mr. POU. Well, men's memories are very elastic. Men forget about conditions. The gentleman from Illinois is a lawyer and knows how claims can grow. Witnesses who know about the transactions die. And that suggests to my mind the fact that men who know about these transactions are, a great many of them, at the present time at the call of the Government. A large number of witnesses who can give information with respect to these claims are at the call of the Government, but they are being rapidly demobilized. The persons are accessible, but every month that the settlements are put off men become scattered more and more, and as time goes by some at least will not be available to give the Government the information that it can get now.

Mr. DENISON. If the gentleman's statement is true that claims will increase as time goes on, is not that based on the theory that there is going to be dishonesty in connection with them?

Mr. POU. No; I would not charge that. The gentleman knows how after a lapse of time the Government is the sufferer. I do not believe the gentleman himself will controvert that proposition.

Mr. DENISON. I think that is true.

Mr. GREENE of Vermont. Will the gentleman yield for a suggestion?

Mr. POU. I will.

Mr. GREENE of Vermont. There is an element of increase in claims that does not pertain to honesty or dishonesty. It is a matter of interest charges as time runs on. Many a small contractor had to borrow money to finance his little plant or shop while the larger contractor was financed by the Government. These people who had to borrow money must pay interest, and as time goes on their claim for reimbursement must be larger.

Mr. DILLON. Will the gentleman yield?

Mr. POU. Yes.

Mr. DILLON. These claims are presumptively illegal. How can damages be increased on an illegal claim?

Mr. POU. The very fact that they are illegal opens the door for the very suggestion that I have thrown out. The reason the Government is going to pay them is because the Government realizes that they are equitable claims. The gentleman served in the Committee on Claims, and I do not believe that he can refute the proposition that the longer you put off matters of this kind the larger the amounts demanded become.

Mr. DILLON. They will only grow by the consent of Congress; being illegal claims they will remain illegal claims.

Mr. POU. Now, Mr. Speaker, I am going to conclude with this observation. We are now paying the penalty of this war. This is one of the many penalties that we are to pay. Others will come. The penalty in the loss of life is so great that the conscience of the whole world is shocked. I venture to express the

hope that in the end some agreement will be arrived at among the great nations of the earth, that they will rise to the requirements of the hour, that they will satisfy the aspirations of the world, and in the end an arrangement will be made that such a tragedy will not be possible in the future. [Applause.] Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The gentleman has occupied nine minutes.

Mr. CAMPBELL of Kansas. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. SNELL].

Mr. LITTLE. May I ask a question? Has any time been reserved for the opponents of the rule?

The SPEAKER pro tempore. The Chair can not answer that question. The time is in control of the gentleman from North Carolina [Mr. POU] and the gentleman from Kansas [Mr. CAMPBELL].

Mr. CAMPBELL of Kansas. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, I am very much interested in the adoption of this rule which makes it possible to consider the legislation known as the Army contract bill. I listened very carefully to the statements made by Secretary Baker and his Assistant Secretaries before the Committee on Rules the other day. I have been over that testimony very carefully since and have tried to get as much information as possible from other sources, until I am thoroughly convinced that the needs of the Government, the needs of the individual contractor, and the needs of business at large demand some legislation along this line. By the signing of the armistice we find ourselves confronted with this situation: We have two kinds of contracts in the War Department, one which is recognized as a formal contract—that is, a contract that has been officially signed by the authorized representative of the Government and also by the individual contractor or corporation—and another which is known as an informal contract. And the only difference is, one has been all through all the red tape of the War Department, signed, sealed, and delivered, while the other has only been started on this long routine journey. The agreement has been made, quantity and price agreed upon, and in nearly all instances the contractors have begun on the work, and if the armistice had held off a few days longer the contracts that the Comptroller of the Treasury now rules as informal would have been completely signed and just the same as the others. The obligation and good faith of both contracting parties are exactly the same, only by cutting some of the red tape of the War Department and starting people working on these contracts before they were signed the department was able to expedite production of articles that were urgently needed by the Army.

There is absolutely nothing illegal about them. They are exactly the same in every way as the Government has used in the expenditure of billions of dollars, and all the department is asking for is the right to go along and close them up in a businesslike manner, which would have been done before now if it had not been for the ruling of the Comptroller of the Treasury. The comptroller has ruled that as long as these war supplies are no longer needed, it is not possible for the department to make contracts for them. Therefore, they come before us asking for an enabling act, which is nothing more nor less than authority to go along and justly, quickly, and economically meet their honest obligations that have been created in our strenuous and rapid accumulation of supplies.

Mr. LITTLE. Mr. Speaker, may I ask the gentleman a question?

Mr. SNELL. In just a moment and I will yield. The whole world, especially our own people, demanded that the War Department get material needed for the Army quickly, and in order to do that it was absolutely necessary for them to call in various contractors throughout the country and make arrangements with them to go forward at once producing certain kinds of supplies and material, with the understanding that in a short time or as quickly as possible a legal or formal contract would be forwarded to them, and that they in turn would sign the same and return it to the Government. As far as these formal contracts are concerned, they do not need any new legislation. The War Department is allowed to go on and settle up those contracts with as little loss as possible to the Government and every single thing that is asked at the present time, under the bill to be considered, is for authority to settle these informal contracts on the same basis that they are allowed by law at the present time to settle the formal contracts.

Mr. LITTLE rose.

Mr. SNELL. Not now; if I have time later I will be pleased to yield. As far as the informality of these contracts is concerned they are just as legally binding on this Government, and this Government is just as much under obligation to pay for

the material contracted for of the various individuals throughout the country on account of these contracts as it is on account of a contract which has been fully signed and executed. Our moral and legal obligation is just exactly the same, but on account of certain red tape that we all complain about in the War Department they have not been formally executed, and as I look at it the only thing they want to do is to be allowed to settle them up and that I believe is the sensible and businesslike thing to do.

We need this legislation specially to take care of the foreign situation, as we have millions of dollars of contracts over there, and the large majority of them, according to the comptroller's ruling, are informal ones.

For instance, we have in Great Britain three kinds of contracts: First, a contract direct with the British Government for artillery, which can only be purchased from the Government; second, contracts which were placed for us by the British with their manufacturers; they were simply our agents, and of these there are a very great number; third, contracts of more recent date, which have been placed with British commercial houses by the British Government for us, but made on their own responsibility, with the understanding that we would stand back of them. Now, all these English contracts have termination clauses, which the British Government are taking advantage of, and they will settle ours in the same way if we will only give the War Department power to go ahead and settle. They at the present time are settling their contracts with the individual contractors by paying them about 10 or 12½ per cent. If they had a contract with a man or a corporation for \$100,000 worth of aeroplane supplies, none of these supplies having been delivered, but the contracting party having entered upon the manufacture of the same, they would go to the company and say, "Here, we will pay you \$10,000 or \$12,000; you keep all your raw material; and we to be free from any further obligations in regard to the contract." We can settle all of our contracts on practically the same basis if you will give the War Department authority to act, and act now. And I am frank to say that if we can get out of these foreign contracts on that basis, that is as cheap a settlement as you will ever be able to make, and one that should be entirely satisfactory to our Government. On the other hand, if we do not accept this at once, they are going right along and will manufacture and be ready to deliver to us hundreds of millions of dollars' worth of supplies and equipment of various kinds that we have absolutely no use for whatever and will be practically a dead loss to this Government.

Mr. GORDON. Mr. Speaker, the gentleman does not claim anybody would deliver any supplies under the contracts covered by this bill, because they are not contracts at all?

Mr. SNELL. That is exactly what I mean. The gentleman may have his time later. Let me make my statement in my own time. These contracts were entered into in good faith by the British Government, and they are just as morally and legally binding on the American people as they would be if they had all the seals of the War Department of Washington on them, and you will find they are so considered by the British Government.

In France, Italy, Spain, and Switzerland we also have similar contracts that must be settled, and there is no possible way of settling them except by some special legislation, and I maintain it is economy on the part of this Government to act at once and get out from under these foreign contracts as quickly as possible; that it is better to pay a few hundred thousand to settle than to continue hundreds of millions of dollars' worth of contracts for supplies in a foreign land that we have no use for. And I am entirely convinced that we can settle every one of our contract obligations now cheaper than we can at a later date, and the longer they go the more it will cost the Government.

Furthermore, the business conditions of our own country rightly demand to know what the immediate policy of the Government is toward its contractors. The larger part of our manufacturing power has been devoted to Government work. Thousands of small manufacturers have their entire capital tied up or obligated on these Government contracts, and they can not adjust themselves to peace-time industry or start their normal activities until they get their pay from the Government, and unless they know that they are going to get their pay from the Government and contracts satisfactorily adjusted at an early date a large number will be forced to suspend activity for the present.

Suspension of activity by any of our industries at the present time would be one of the greatest calamities that could possibly befall us. The question of surplus labor and what to do with the discharged soldiers and the thousands of men let out by munition, shipping, and various war manufacturers is most

serious at the present time, and I know of no one thing that will go further toward solving the labor problem than the enacting of some enabling legislation whereby the War Department can immediately settle up its war contracts and give the various contractors throughout the country their money so they can at once begin to employ this surplus labor in the channels of legitimate peace industries.

Therefore I maintain by passing this enabling act you will not only save money for the Government but you will do something that will prove a positive advantage to the labor situation during the reconstruction period.

I am willing to join with you in placing all the safeguards possible around it, and no man can successfully contend but that this legislation is needed, and if there is any fault anywhere, it will be in the administration of the act rather than in the enabling principle contained in the act itself and for which I am contending at this time. [Applause.]

Mr. LANGLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the life of Col. Roosevelt.

The SPEAKER pro tempore. The gentleman from Kentucky asks unanimous consent to extend his remarks in the Record upon the life of Col. Roosevelt. Is there objection?

There was no objection.

Mr. FOSTER. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, I have asked for this time in order to call the attention of Members of the House to two matters which I deem of importance. One is a hardship which some men in our Navy now seem to be undergoing after having their application for discharges acted upon favorably, by reason of the fact that they are indebted to the Navy in a small sum and are kept in the service until they settle the account owing to the Government, illustrated by the following letter, which I have received from a young Concho County, Tex., constituent:

RECEIVING SHIP,
Mare Island, Cal., December 31, 1918.

HON. THOMAS L. BLANTON,
Washington, D. C.

MY DEAR CONGRESSMAN: I desire to call your attention to a rule in the Navy that is working quite an injustice with many who have had their applications for discharges approved by the proper authorities.

It is this: Many drawing only \$35 or \$40 per month bought liberty-loan bonds, despite the fact that they had allotments and insurance. In quite a few cases (in their patriotic enthusiasm) they bought too heavily, and they will only draw one, two, or three dollars each month above the insurance, allotment, and liberty-bond payment. Many over-drew their clothing allowance and were a little overpaid by the Government.

Although they are now needed to farm or to return to some essential industrial occupation, and their applications for discharge are already approved, if they are a little in debt to the Government they can pay the debt only by serving it out. Since their salary is all taken up except a few dollars it may take quite a while in some cases to pay this amount to the Government.

Why couldn't he be trusted with this small sum, when it would mean so much to the men who bought more bonds than they were really able to pay for?

I call this to your attention, believing that it is your wish to aid these men in the service who have given their time and all to aid democracy.

Thanking you in advance, I am,
Most sincerely, your friend,

EMSY H. SWAIN.

The question is simply this: These young sailors have made an allotment out of their salaries to their parents. They have purchased liberty bonds. They have taken out insurance, and it all leaves them with only two or three dollars each month for their own use. They have overdrawn their clothing allowance; their application for discharge has been granted, and yet because they owe some seven or eight or nine dollars to the Government are held in the service, so this young man claims, until that is paid from this one or two or three dollars a month which they are entitled to receive, left out of their salaries. If this is the case, it is an outrage and a disgrace upon our Government. A young man who has given his all in the service, after he is entitled to a discharge and his discharge is granted, is held in the service because he owes two or three or four or five dollars.

Mr. LAZARO. Mr. Speaker, has the gentleman taken this matter up with the Navy Department and gotten any reply?

Mr. BLANTON. I have not; but that leads me to another matter. Several months ago I received a telegram from one of my constituents in Ovalo, Tex., asking for a report on a young soldier, Clyde Enoch Shaw, giving his company number, and so on. I called on The Adjutant General's Department for a report. It reported to me from the casualty branch that no casualty had occurred to this soldier. I so wired my constituents that no accident or casualty had happened to the soldier, and in a few days received by mail from my constituent in Ovalo, Tex., the following telegram, dated October 2, 1918, from The Adjutant General's office advising that the soldier had been

seriously wounded in France on September 17, 1918, sent by the department several weeks previous to their report to me of no casualty:

Mr. REUBEN S. SHAW,
Route 1, Ovalo, Tex.:

Deeply regret to inform you that it is officially reported that Pvt. Clyde Enoch Shaw, Infantry, was severely wounded in action September 17. Department has no further information.

WASHINGTON, D. C., October 2, 1918.

HARRIS,
Acting The Adjutant General.

I then by telephone called upon the department time and again for them to ascertain and report to me what had become of this soldier, who was severely wounded September 17, 1918, but could not get any information whatever. Finally I wrote The Adjutant General on December 19, 1918, the following letter:

DECEMBER 19, 1918.

Hon. P. C. HARRIS,
The Adjutant General, Washington, D. C.

MY DEAR GEN. HARRIS: I herewith inclose a letter from one of my constituents, Miss Neeta Shaw, of Ovalo, Tex., requesting information concerning her brother, about whom I have had several conversations with your office over the telephone during the past four weeks.

Full data is given in this letter identifying this soldier, and as his family is very uneasy about him, and inasmuch as several incorrect reports were given me by the casualty division of your office, increasing their suspense, I will ask you to kindly give me a definite, correct report as to his present condition.

If it is possible for you to do so, I would like for you to cable for definite information, if same is necessary.

Kindly give this case prompt attention, and oblige.

Very sincerely, yours,

THOMAS L. BLANTON.

Not getting a reply, I continued to telephone the casualty branch of The Adjutant General's Department, but the only information I could get was that Clyde E. Shaw was severely wounded September 17, 1918. Finally, on January 3, 1919, I received the following letter from The Adjutant General advising that all the information he could give was that Clyde E. Shaw was severely wounded on September 17, 1918, and he referred me to the Red Cross here in Washington for further information:

WAR DEPARTMENT,
THE ADJUTANT GENERAL'S OFFICE,
Washington, January 3, 1919.

Hon. THOMAS L. BLANTON,
House of Representatives.

MY DEAR Mr. BLANTON: I have the honor to acknowledge your letter of December 19, 1918, and regret to advise that this office has received no further information concerning Pvt. Clyde E. Shaw, Company M, Three hundred and fifty-ninth Infantry, than that he was wounded severely in action September 17, 1918.

For more information concerning his condition his sister should write to Bureau of Communication, American Red Cross, Washington, D. C. I have referred your letter to the Surgeon General for information concerning him, and you will be advised his report when received.

Respectfully,

P. C. HARRIS,
The Adjutant General.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. BLANTON. I ask unanimous consent for two additional minutes.

The SPEAKER pro tempore. The time is in control of the gentleman from Kansas and the gentleman from South Carolina.

Mr. FOSTER. I yield two minutes to the gentleman.

Mr. BLANTON. I am referred to the Red Cross here in Washington, D. C., for a report concerning a soldier severely wounded in France on September 17, 112 days ago. On January 4, the day I received this letter from The Adjutant General, I wrote him another letter, giving him the facts in full and sending it by special delivery, stating that the man had been wounded 112 days ago in France—wounded severely; that I had called upon the department numerous times for information and asked for a definite report concerning his condition, which letter I insert:

[Personal.]

JANUARY 4, 1919.

Brig. Gen. P. C. HARRIS,
The Adjutant General, Washington, D. C.

MY DEAR GEN. HARRIS: For two months, by numerous requests over the telephone and in other ways, I have been trying to get some definite information concerning the condition of one of my constituents, Clyde E. Shaw, of Company M, Three hundred and fifty-ninth Infantry, American Expeditionary Forces, reported severely wounded in action on September 17, 1918.

I have just received your letter of January 3, 1919, answering a letter I sent you December 19, 1918, wherein you advise me that the only information you can furnish me is that this soldier was severely wounded in action September 17, 1918, and you advise me to call on the Red Cross here in Washington for further information.

It has now been 109 days since this soldier was severely wounded in France, during all of which time his family has been kept in suspense, notwithstanding the fact that they have called on your department numerous times, and my office has called on your department many times for information concerning him. Am I to understand that your office makes no effort whatever to furnish information of this character to a Representative, and that my only means of ascertaining what became of a soldier constituent, severely wounded 109 days ago, is to call on the Red Cross here in Washington?

If this is the last recourse, then in my judgment there is something radically wrong with the efficiency of such a system.

If this was the only case where upon urgent insistence I have been unable to get definite information from your department, I might not complain. But in numerous instances the casualty branch of your department has reported to my office by telephone that it had no casualty report upon soldiers when I would later find that several weeks previous to such a report your office had sent a telegram to the relatives of such soldier that he had either been severely wounded or killed.

I will thank you for a prompt answer.

Very sincerely, yours,

THOMAS L. BLANTON.

Up to this good day I have not received a reply. Since their notification October 2 that Clyde Shaw had been seriously wounded in France on September 17 the family of this soldier have suffered the tortures of the damned, waiting for news, yet I can get them no information.

Mr. REED. I want to ask the gentleman about the Red Cross. Do they say they are permitted to use the cables to inquire about wounded soldiers?

Mr. BLANTON. I do not know; but, as I say, this is in the hands of the War Department, and we ought certainly to be able to get information concerning a man who has been wounded since September 17, 1918, and I am getting tired of making the demand for information that the mother and the father of the soldier are entitled to receive and having my letter sidetracked and pigeonholed for a month and a half and not getting any reply. [Applause.]

Mr. JUUL. Will the gentleman yield for a brief question?

Mr. BLANTON. I do.

Mr. JUUL. Does not the gentleman know the cables have been pretty busy reporting the festivities abroad?

Mr. BLANTON. I can not help that, but I think we ought to be able to get this information from the War Department and ought not to be referred to the Red Cross for it.

Mr. McCULLOCH. Will the gentleman yield?

Mr. BLANTON. I do.

Mr. McCULLOCH. The gentleman's experience is no different, I apprehend, from the experience of every other Member. Does the gentleman expect to introduce a resolution so as to get some results about it or is he merely attempting to give the fact publicity? I believe some action should be taken.

Mr. BLANTON. I want some action to be taken. I want my constituents, the mother and father, in my district to be able to get information concerning the welfare of their son who was reported seriously wounded September 17 last year and concerning whom they have heard nothing for months and months.

Mr. LITTLE. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LITTLE. Does the gentleman think a department that can not keep track of the people who were killed is a competent department to pass upon four billions of claims in 30 days?

Mr. BLANTON. I think he can pass upon it, because if he had the right to make the contract in the first place he has the right to adjudicate it now.

Mr. LITTLE. I am glad to get the gentleman's view.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FOSTER. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. EAGLE].

Mr. EAGLE. Mr. Speaker, if there are any constituents in my district who have any claims to adjust coming within this category I do not know it, and therefore I hope I will be acquitted in advance of any motive other than the presentation of the views which seem to me to be correct as applicable everywhere throughout the country. I understand there are, in round numbers, 6,700 such claims, aggregating, in round numbers, \$1,600,000,000, involved in this measure. I think one of the most inspiring things that in all my life I ever witnessed was the unanimity with which the business men, small and great, throughout America and in every section and precinct of America responded to the call upon their ingenuity, their plants, their enterprises, and their capital when this war came. If they had not done it we would not have won this war by this time. If they had not done it ultimately we never would have won this war.

They came here by the thousands and the tens of thousands in person and through their accredited representatives in obedience to the printed invitation of those whom you had clothed with authority to make contracts for the supplies requisite to the mighty enterprise, in haste and in confusion, but nevertheless in the finest spirit of Americanism men can ever observe in this world, and they entered in good faith into these arrangements without employing counsel and wiring for their lawyers to come here to see whether technically the contracts were written down as by statute provided. They entered into the contracts with the War Department, as I say, in haste and confusion. They

made enormous investments of their own, enormous investments through capital or credit, going to their bank and bankers, and these funds they employed in the enlargement of plants and the acquisition of raw material, the hiring of labor at enormous figures, until the mighty wheels of industry of this country were set on foot as never before, and made this Nation hum with industry as never before on the face of this earth in all recorded time. They made this war machine so powerful and irresistible that we conquered the forces which were opposed to modern Christian civilization. Now, when the armistice comes because we have broken down the mighty plant of German autocracy and the military machine which had been built up for 60 long years, and the excitement passes away and men become economical and critical, it is found in 6,700 instances that an "i" was not dotted and a "t" was not crossed, and therefore the Comptroller of the Treasury rules, and properly so, that those sums of money which ought to be paid for this vast material which made up this mighty war machine can not be paid because the exact wording of the statute has not been followed—the technical requirements provided by statute as to the proper officers to execute the contracts, or only memoranda instead of complete executed contracts, and so forth, notwithstanding the Government got full value and appropriated their products as contemplated.

It is honest to pay it. We, a Nation of 100,000,000 people, with \$300,000,000,000 of wealth, owe this money to these American business men. They paid it out for raw material and kept every raw material industry in this Nation going with prosperity; they paid out the money to the workingmen of the Nation at high wages and enabled them to keep pace with the high cost of living; but they can not now collect the money due them because of a technicality. What will you do about it? I hope this rule will be adopted and that this measure, with perhaps some amendments, will pass, in order that the very gentlemen who, with intelligence and patriotism and good sense and perfect honor, made these contracts may themselves settle those contracts and not compel the American business man to be haled before a commission made up of five or six or seven people acting as a court of claims, and at the end of 18 months, finding a certain amount due, and then have a special bill brought in, many of the parties going bankrupt in the meantime, with their debts and interest falling on them and their resources so extended that they can not borrow again. It is simply common honesty to pay these men inasmuch as you invited them to furnish their money, plants, ingenuity, resources, and experience, all of which were mobilized in this mighty American cause. Just as we invited them to do that, so now we ought promptly to settle their just accounts so that they can run their businesses. [Applause.]

Mr. CAMPBELL of Kansas. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Speaker, I did not oppose the report on the rule, but I did ask for time enough to examine into the claims of the proponents of the bill in order that I might vote intelligently on the measure. I frankly say that when the suggestion first came up I had some prejudice against the curative legislation proposed. I have gone into the matter carefully by examining the hearings, conversing with some of the parties asking for this measure, and I have no doubt now as to what we ought to do, because these contracts or agreements that have been technically spoken of as illegal are not illegal in the sense that they are without just grounds for fulfillment and are therefore unjustifiable or unlawful, except that the terms of the contract were not written and fully set out, but are supplemental through additional authority, sometimes given over the phone, and at other times by personal instruction without a formal contract, as required by law, and at other times by letter which might alter or modify a former understanding which could not well have been ignored. There is no doubt in my mind about our justification in making these informal agreements legal in a technical way what now are illegal because of the lack of the things I have mentioned. I have noticed there are two elements here which should be considered in our decision as to our duty. If a contractor should have said to the Government, "I can not do what you ask unless I have the formal contract," and should have made that protection a condition of his agreement to respond to the Government's needs, he would have been placed under suspicion at once. In such case the War Department told him to go ahead and the formal contract will follow—should the contractor still refuse until he got the contract, when time was the essence of the completion of it—I am of the opinion that the contractor would have been subject to a charge that he was not loyal. He would have been charged with pro-German sympathies because he was not willing to cooperate with the Government to supply quickly what was necessary for the prosecution of the war. Quite naturally under that condition he would proceed with what he was asked to do, although

the order may have gone over the telephone, with no written evidence of the supplemental authority, and no one would argue that he should suffer because he responded to the request. For if he would refuse to do it under those circumstances we all know the contractor would have been subject to adverse criticism.

Then, on the other hand, this contract or agreement made by the War Department is quite different from the usual agreement in that it sometimes took the form of an approach to commandeering. At least it was of the mandatory character. For example, I happen to know of one case, and it is but one of very many others, where an order was given by the War Department and the party said that he could not do it because he had not the necessary equipment, when the War Department requested him to get the equipment. It was found the contractor could supplement his inability by improving the plant just slightly. Such an order in time of war meant really if he did not do it the Government might be called upon to do it, using the equipment after making the necessary changes. The general effect of such a situation was mandatory on the part of the contractor to put the equipment in, which necessitated an additional expense of no permanent value to the plant.

Mr. JUUL. Will the gentleman yield for a question?

Mr. FESS. In a moment.

And if the contractor would refuse to respond, he would again be subject to adverse criticism on the basis that he was not cooperating to supply the needs of the Government. I am trying to see the situation of the contractor as well as the Government. And so there were two elements of contract which must be considered in this discussion—the willingness of a contractor to accept a favorable instruction in lieu of a written contract on the explanation that the written contract would follow after the order had been given. That was one of the elements upon which he operated, and notwithstanding the fact he must have known the effect such supplemental advices would work, yet I rather think he can not be condemned for doing it. If there is any condemnation, it would be on the War Department in not having the necessary comprehension of the needs of the Government so as to make the terms at once plain and ample. The War Department not having this comprehension but in a mandatory way the power to say, "I want you to do it; go to the necessary expense to put your plant in position to do it," the contractor who responded to the mandatory requirement should not be allowed to suffer. These facts fully explained remove the suspicion I had, and I am therefore in favor of this proposed curative legislation. The error, if error there is, should be placed where it belongs. If there is anything wrong, it is the short-sightedness of the War Department and not the contractor. I am not now assuming to say that the War Department could have under the circumstances prevented all this confusion. I am convinced, however, that with the progress of the preparation for our defense the grossest inefficiency and wasteful practices known to government were too apparent for comment.

Now I yield to my friend from Illinois.

Mr. JUUL. Now, in the case described by the gentleman from Ohio there would be a written memorandum on one side, at least, and probably on both sides?

Mr. FESS. Yes; quite likely that would be true.

Mr. JUUL. And if the Government made a proposition and that was accepted by a contractor there was a complete meeting of minds and a contract such as any honest man would respect. Is not that correct?

Mr. FESS. Assuming your premise is correct—

Mr. JUUL. I am basing my question on your statement. In the case stated by the gentleman from Ohio there was an actual offer made by the Government and it was accepted by the contractor, and I would suggest in such case no honest legislator would want to not pay the bill.

Mr. FESS. I do not think anyone would refuse to pay a bill based upon such a contract, and it seems to me we ought not to hesitate in our duty, even though there is a lack of business sense or a looseness in the method of procedure on the part of the Government, and we ought not to cause some one who had no choice in the matter to suffer because of that looseness. The Government's duty in the fulfillment of its obligations is clear even though there appear irregularities on the part of the Government. These irregularities whether caused by hopeless incompetency, which is too apparent throughout this administration, as attested in numberless cases, or whether due to a bustness too stupendous to be comprehended, should not be ground for discrimination against one who in good faith responded to the Government's needs.

Mr. JUUL. If he acted in good faith?

Mr. FESS. Yes; if he acted in good faith.

Now, I yield to my friend from Nebraska [Mr. SLOAN].

Mr. SLOAN. Has the gentleman received any evidence or does he know of any statement showing authoritatively what proportion of these informal contracts were entered into in the last five days preceding the 12th of November?

Mr. FESS. I do not have the information as to the proportion.

Mr. SLOAN. It would be an important fact, would it not, to know, and we ought to have it?

Mr. FESS. I am of the opinion that that would not change the duty on the part of the Government to fulfill its obligation, to pay the obligation that the contractor had undertaken, especially if the contractor had no choice in his contract, as was often the case.

Mr. SLOAN. It should probably prompt a special investigation, however, relative to it.

Mr. FESS. I reply to my friend that I am talking on why we submitted this rule and not on the merits of the bill. I am, however, of the opinion that there should be some amendments made to this bill.

Mr. LAZARO. Mr. Speaker, will the gentleman yield?

Mr. FESS. I yield to my friend.

Mr. LAZARO. Is it not a fact that any individual, any good business man, who would have a contract, as the Government did, under pressure, would want to settle these claims as soon as possible while his memory was fresh?

Mr. FESS. I am of the opinion that it would be rather unwise to allow any cumulative claims that might come with the lapse of time. We are all well aware of the ease with which claims against the Government are filed; and I would also frankly state, although I did not intend to say it at this time, that the question of submitting these points to commissions might delay the adjustment, and it might, since with the lapse of time of settlement claims multiply, increase the expense to the Government. However, with these considerations before us, I am not wholly satisfied in my own mind that it would be wiser for the Secretary of War to undertake all of these adjustments himself, for many reasons, among which I mention one: Not longer ago than this noon I was told that out of the 4,000 officers housed here in Washington under the War Department in our temporary quarters on the Mall, from 40 to 50 of the men are about to be detached, to be attached to the Judge Advocate General's office, in order to be ready and properly located in different sections of the country to make the adjustment of these claims before the proposed commission. I am also told that if that adjustment is not satisfactory to the parties in interest, they propose to appeal them to the Court of Claims. I do not like that suggestion at all. However, that is somewhat extraneous and is a mere mention of the reported expectation of some of our many officers stranded here in Washington on Uncle Sam's pay roll.

Mr. GORDON. In response to the last observation that the gentleman has made, I would say to him that under this bill there can not be any appeal from the Court of Claims because the decision of the Court of Claims is final, so that the gentleman may rest assured as to that.

Mr. FESS. I think that is a good point, and evidently has not been detected by the parties quoted.

Mr. GORDON. I would like, since the gentleman has investigated this question so closely and is an authority on constitutional law—

Mr. FESS. Oh, leave that out—

Mr. GORDON. To know what the gentleman has to say as to the propriety, from the standpoint of the public, of having these claims submitted to judicial scrutiny?

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. GORDON. Will not some gentleman yield to my colleague some more time?

Mr. FOSTER. I will yield to the gentleman two minutes.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. Fess] is recognized for two minutes more.

Mr. FESS. My colleague desires not to embarrass me, evidently, although that prefatory remark of his would indicate that he has some mischief in his make-up. [Laughter.]

Mr. GORDON. No; it is in good faith, I will say to the gentleman.

Mr. FESS. The adjustment of any point of dispute, I think, ought to entail the privilege of a judicial settlement.

Mr. GORDON. This does not, however.

Mr. FESS. And for that reason it seems to me that anything we can do in the way of expedition so as not to bankrupt innocent men who have gone into this business in good faith ought to be resorted to immediately.

Mr. GORDON. But the gentleman forgets that the whole argument for this bill is that if you subject these claims to judicial scrutiny you are going to bankrupt the contractor.

Mr. FESS. Yes. That danger comes through delay of adjustment. The reason I looked with suspicion originally upon this curative legislation was that in the stress of war we so readily do things which, if it were not war, we would not do at all, and we justify ourselves, and quite justifiably, on the grounds that we have no choice. This sense of compulsion excuses the most palpable and inexcusable wastefulness. We pass over what ordinarily would shock the Nation. I have in mind such cases as the Hog Island situation, for example, where \$21,000,000 was the original contract, afterwards increased to \$27,000,000, and now we find that it has reached \$61,000,000, or 300 per cent above the original agreement. When we urge that there ought to be economy exercised we are told officially, "To hell with your economy; we intend to win the war." That was a very popular thing to do and say. It was an expression of the determined will of the Nation to win at all cost. No one will find fault with the determination, but it can not be the shield of rank inefficiency and a wastefulness that is simply appalling, as is evidenced in every activity of the War Department, not only while the war was on, but even to-day. We must put on the brakes to this wastefulness, and I know it will be done in time, but it must not work an injustice to men who are carrying out agreements because of some technicality caused by the Government. We have got to adjudicate these differences with the best facility possible, and with the least expense to the Government on the basis that it is a bad situation in which we have found ourselves, out of which we must emerge in the best way possible, and with the least injury to innocent parties.

The SPEAKER pro tempore. The time of the gentleman from Ohio has again expired.

Mr. FOSTER. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. HUMPHREYS].

The SPEAKER pro tempore. The gentleman from Mississippi is recognized for five minutes.

Mr. HUMPHREYS. Mr. Speaker, I just wanted to ask some questions of somebody who is able to give me the information desired about this procedure. I gather that certain contracts were in process of negotiation when the armistice came. Now, suppose this armistice had not been signed for 30 or 60 days longer and these informal agreements had been entered into as they were. Following the procedure which the department had adopted heretofore, would they then have been properly signed by the department and thereby validated?

Mr. DENT. I suppose perhaps I may be able to answer that, in view of the fact that I heard the testimony before the Committee on Military Affairs and before the Committee on Rules. Of course, it was the purpose that these contracts should be executed in due form.

Mr. HUMPHREYS. And signed by the proper authorities?

Mr. DENT. Yes.

Mr. HUMPHREYS. What put a stop to that right?

Mr. DENT. The Comptroller of the Treasury has ruled that the representatives of the Government, the officers of the Government, have no authority to ratify any agreement not formally executed at the time it was made.

Mr. HUMPHREYS. I understand that; but do the contracts end with the armistice?

Mr. DENT. Oh, no; no, indeed; the contracts do not end with the armistice.

Mr. HUMPHREYS. The right to contract, as I understand it, extends through the period of the war?

Mr. DENT. Undoubtedly.

Mr. HUMPHREYS. Well, is the war over? Is the war ended?

Mr. DENT. No; the war has not ended.

Mr. HUMPHREYS. Then, why can not the official who would be authorized to sign it if the armistice had not been made—why can he not sign it now?

Mr. DENT. Because the Comptroller of the Treasury says he will not recognize any such contract.

Mr. HUMPHREYS. Is that because of the signing of the armistice?

Mr. DENT. No; because further production and delivery has been stopped.

Mr. GORDON. Let me give you an additional answer.

Mr. HUMPHREYS. I yield to the gentleman from Ohio.

Mr. GORDON. I will say to the gentleman from Mississippi that that precise question was put up to the Comptroller of the Treasury as to why these contracts could not be ratified by some officer down there after the signing of the armistice, and I am advised that his reply was that if they did, somebody would go to the penitentiary, under a statute which makes it a felony to buy goods that the Government does not need, or something of that sort. I have not examined into the question.

Mr. LITTLE. That is a simple explanation.

Mr. HUMPHREYS. My understanding is that there is a statute, passed many years ago, perhaps during the Civil War—

Mr. LITTLE. In 1862.

Mr. HUMPHREYS. In 1862, I am advised, requiring the Army officer who is authorized to make contracts not only to sign the contract but also to sign an affidavit—

Mr. LITTLE. That is the trouble. That explains the whole thing.

Mr. HUMPHREYS. Now, if these contracts could have been signed during the war why can not they be signed now? I should like to know if for all purposes the war is over?

Mr. DENT. Will the gentleman let me answer that?

Mr. HUMPHREYS. I will. I am asking purely for information.

Mr. DENT. As far as I know that suggestion was made in almost that identical language by a member of the Military Committee when we were considering that proposition, and Mr. Warwick, the Comptroller of the Treasury, who was before the committee, said it could not be done, that the Comptroller only recognized contracts which were coexistent with the trade itself.

Mr. CALDWELL. Will the gentleman yield?

Mr. HUMPHREYS. Not now. I will in a moment. Then I am to understand that the officer could not sign the contract and validate it if the armistice had not been signed?

Mr. DENT. That is true, as I understand—

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HUMPHREYS. May I have five minutes more?

Mr. FOSTER. I can give the gentleman two minutes.

Mr. CALDWELL. Will the gentleman yield just for a moment? I think I can straighten this thing out. I have been practicing law some years—

Mr. HUMPHREYS. I want to make this statement.

Mr. CALDWELL. There is no use—

Mr. HUMPHREYS. I think there is. I think it is very necessary that I should make this statement. [Laughter.] The gentleman from Alabama says I have suggested nothing new. That is no surprise at all to me. I did not think I was bringing up any new proposition, and I hoped that as the question has been asked frequently and as the gentleman is familiar with it, he would be able to give some reply that would be satisfactory.

Mr. TILSON. Will the gentleman yield?

Mr. HUMPHREYS. Not now. I have but two minutes. As I understand, these contractors are in no worse situation because of the armistice than they would have been if there had been no armistice; that there never would have come a time when these contracts could have been signed. Now, that being true, I want to ask the gentleman this question—and I am going to vote for the rule, too—I ask this purely for information: Why would it not cure the whole trouble if you passed an act here to authorize the man, whoever he may be, who during the continuance of the war would have the right to make the contract and sign it to sign it now and let these contractors have whatever rights they would have had if they had legal contracts complying with all the requirements of the statute?

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FOSTER. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. CALDWELL].

Mr. CALDWELL. Mr. Speaker, the gentleman from Mississippi [Mr. HUMPHREYS], wanted to know why it was necessary to have this bill in the form of the one presented. As I understand it, the trouble arose when they attempted to adjust the informal contracts. The Secretary of War assumed that certain sections of the Revised Statutes did not apply when we were in actual hostilities and made informal contracts to supply material to the Government without the formality of a written contract protected as required by the act of 1862 or 1863. When they came to cancel the informal contracts and adjust them they found there was no power by which they could adjust and pay out the money upon that kind of a contract, and it was necessary to authorize an adjustment of these contracts before the men who had in good faith supplied material to the Government could be paid for it. That is the reason why this act was asked of us. Unless you do this these men can not get pay for what they have actually done and for money laid out. It will amount to more than \$2,000,000,000. The business of this country can not stand the loss of \$2,000,000,000 at this time nor can they stand its being tied up for any considerable period. It is necessary that something should be done here, and at once, in order that the wheels of commerce may continue to turn without interruption.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CALDWELL. Yes.

Mr. LAGUARDIA. What percentage of the \$2,000,000,000 is due abroad and what in the United States?

Mr. CALDWELL. The \$2,000,000,000 I refer to is due here.

Mr. FOSTER. Mr. Speaker, I yield four minutes to the gentleman from Ohio, Mr. GORDON.

Mr. GORDON. Mr. Speaker, it is a pretty good-sized rule and bill to discuss in four minutes. There is some misapprehension on the part of some gentlemen who have spoken here as to the rights of the Government and the rights of individuals. I take it that where a man has furnished and delivered supplies to the Government, without any contract at all, he is entitled to recover the value of the goods. In fact, he could sue in the Court of Claims for them, and any proper department of the Government has the right to allow and pay for the goods so delivered. This legislation is not invoked for any such purpose as that. It is intended to authorize the reimbursement to contractors for the equitable rights arising under contracts which were in fact and in law invalid contracts. They were no contracts at all.

It is an exceedingly difficult question which has confronted the committee. I think the bill should have gone to the Committee on the Judiciary or the Committee on Claims; but it came to us, and we did the best we could with it. We adopted 10 provisos to protect the public interest. The difficulty is that it attempts to confer judicial power on an executive department of the Government. The Constitution provides that all judicial power, in law and equity, shall be conferred on the courts. But we were confronted with the statement that if we undertook to take the time necessary to subject to judicial scrutiny the six thousand and more claims that the loss of time entailed in conducting that investigation would bankrupt some of these men. Personally, I do not think that is a sufficient answer. But none of the other members of the committee agreed with me, and therefore I did not feel justified in bringing in a minority report. The truth about it is that you are conferring upon an executive department of the Government power to adjudicate equitable rights, and that is an authority that ought to be conferred only on some court.

Mr. LONDON. Will the gentleman yield?

Mr. GORDON. Yes.

Mr. LONDON. Do the formally executed contracts contain a method of settling disputes?

Mr. GORDON. Yes; our Supreme Court held in the 91st United States that a formal legal contract partially completed, executed in a time of war, might still be adjusted by the payment of a lump sum. Such a settlement as that was made; but that is in apparent conflict with the general rule of law that no executive department of the Government may settle and adjust any claim for unliquidated damages arising out of contracts or tort. That is a broad statement, but it is absolutely the law.

Mr. SANFORD. Will the gentleman yield?

Mr. GORDON. Yes.

Mr. SANFORD. Under the authority that the gentleman has just cited, which holds that the settlement is not the exercise of judicial power, this bill does not confer any judicial functions.

Mr. GORDON. Yes; it does. There the contract was still in force and it was executed in part and was a valid existing contract. Here there is no contract, and you can not properly create equitable rights—I say you can not—Congress can pay the claim without any investigation at all.

Mr. BARKLEY. Will the gentleman yield?

Mr. GORDON. Yes.

Mr. BARKLEY. Does the gentleman hold that if the Government agent and the contractor get together and agree on the price that that is a judicial proceeding?

Mr. GORDON. Oh, no; not in all cases. We were told in the public press that upon the signing of the armistice the War Department terminated these contracts, and if it did, that creates a claim for unliquidated damages which no executive department of the Government has any legal right to adjudicate.

Mr. CAMPBELL of Kansas. Mr. Speaker, if this bill validating informal or incompleting contracts had come to the Congress as a result of an armistice 30 days after the declaration of war some apologies might be made for the War Department because of its inability or inefficiency in the conduct of affairs relating to the war and providing for war materials; but in this case the War Department asks for the validation of certain contracts more than a year and a half after the declaration of war and now some 60 days after the signing of the armistice. There is no excuse that can be made for the War Department. Its incompetency to conduct the affairs of the Government in such great matters as providing munitions of war is so manifest that it seems to me men should hesitate before giving this same

Department a new authorization to settle for the Government with more than 6,000 contractors on invalid contracts amounting to nearly a billion and three-quarters of dollars. The Navy Department is in no such dilemma. The conduct of that department has not been upon the same footing of incompetency as the War Department. They do not come here asking the Congress to validate unlawful, illegal, or incomplete contracts. Their contracts terminated with the signing of the armistice, as the contracts made by the War Department for munitions of war should have provided by their own terms for their termination. But no; "the most efficient public servant the President ever knew" has been so inefficient that he has made a mess of providing munitions of war that his conduct of war contracts will be a scandal in this country for the next quarter of a century.

Mr. LONDON. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. For a very brief question.

Mr. LONDON. Do not the formal contracts have some method of cancellation in the event of an armistice?

Mr. CAMPBELL of Kansas. Undoubtedly that is provided for. Of course, it should be. The War Department through its incompetency has gotten this Government into this mess. What did the War Department do? For months and months after the declaration of war contractors besieged the War Department for contracts. The hotels of Washington were filled with manufacturers seeking contracts. Nothing was done. May, June, July, August, September passed. Nothing was done. Few contracts were let, and God only knows why. We were in a great war. We needed munitions of war. Gen. Pershing said when the war terminated he had practically no munitions of war furnished by American contractors. Gen. Pershing was forced, so he says in his report, to go to French contractors for guns, for munitions, aeroplanes, artillery, tanks, everything that was essential in prosecuting the war.

Mr. BARKLEY. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. No. The inefficiency of the War Department in failing to provide munitions of war through American contractors is a reflection upon the War Department rather than upon American business men and American laborers.

Mr. SUMNERS. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. I would rather proceed. American business men were furnishing arms and ammunition to the belligerents in Europe before we entered the war. There is no excuse, therefore, for the condition in which our War Department found itself during the progress of the war and at the signing of the armistice.

I have no doubt there are many claims that should be adjusted. I have no doubt that many contractors have expended much money and material in preparing to supply the Government with the necessary munitions of war, for which they should be paid, but I doubt seriously that the War Department should make that adjustment. The War Department has not shown itself possessed of the business ability and the judgment necessary to the conduct of large business.

But it is through the War Department that this bill proposes to adjust a billion and three-quarters of dollars' worth of claims for the sincere, hardworking, conscientious body of the American people. Now, observe the attitude of the War Department in its enthusiasm and haste to validate informal or unlawful contracts so that it may be authorized to pay out a billion and three-quarters of dollars to contractors who have furnished so little of munitions of war, who have received from the American people, through the War Department, more money than was ever dispensed by any nation in time of war. We have received less units of arms, of ammunition, and of war materials than were ever received by any people at any time in the history of mankind for the money expended. Now, contrast the attitude of the War Department in its enthusiasm and haste to validate these informal or unlawful contracts with its attitude of inaction during the first months of the war. The War Department shows much zeal in its effort to see what contractors may have their money at the earliest date possible, while millions of men are held in the Army after the war is over, who have sacrificed their positions in civil life, many of them receiving salaries ranging from \$1,000 to \$5,000 or \$10,000 a year, abandoning their business, merchandising, manufacturing, farming, every variety of industry, sacrificing their all to serve for \$30 a month. They made allotments to their wives, their mothers, their sisters, their dependents. The soldiers are not paid promptly; the war is over—they are not discharged. The allotments are not being paid. The War Department shows no anxiety; it does not rush here urging that Congress do something to enable it to do what it already has the authority to do and should be doing. Oh, no. It is not even paying the men the \$30 a month that is due the soldier. Men are wounded in every hospital along the coast who have been for months without pay,

many of their families having been for months without information concerning them. There is much anxiety to pay the contractors who have furnished so little in munitions of war, but no anxiety to make good with the men who gave their limbs, who offered their lives in war, and the statement of the fact is a more serious reflection upon the War Department than I could make. The fact that stands out preeminent against the War Department is the colossal sums that have been expended by the War Department in so short a time, for which so little has been furnished to the men on the fighting front with which to carry on the war.

The fact is, on the other hand, that men from the beginning have suffered for want of hospital facilities and for want of nurses, for want of medical attention, are suffering to-day for want of pay, for want of the ordinary attention they should have. The War Department is conspicuous for its inability to conduct business upon a large scale. Of course, something must be done to have as early an adjustment as possible of these matters. The adjustment should not be made, as it provides in this bill, through the men who have failed even to make valid contracts and who now ask Congress to validate the contracts so they can make adjustments upon them.

I know how difficult it is to terminate the life of a commission. I know how long it takes to secure the completion of a large number of contracts before the committees of Congress. These are matters that should have been foreseen and probably were taken into account by the contractors when they entered into negotiations with the War Department. It is a serious mess we are in, and you can not gloss it over; you can not make excuses that are sufficient. It is a mess that the War Department has gotten the country into, and now seeks to get Congress to help it out of that mess.

Mr. BARKLEY. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I will.

Mr. BARKLEY. Does the gentleman think that this mess, upon which the gentleman has been deglutinating for some length of time, would have been made less by waiting for an interminable length of time in order to have new contracts made to get supplies?

Mr. CAMPBELL of Kansas. No; but these contracts should have been made according to law, as the Navy Department made its contracts.

Mr. BARKLEY. The contracts for the Navy were not one one-hundredth part as large as the contracts for the War Department, and the gentleman knows that.

Mr. CAMPBELL of Kansas. And the Navy Department did not have half the number of men making the contracts.

Mr. LITTLE. Just as they did in the Civil War.

Mr. CAMPBELL of Kansas. The truth of the matter is that the Secretary of War has failed to measure up to the standard by which the President measured him as "the most efficient public servant the President had ever known." Either the President is wrong in his judgment of efficiency or the Secretary of War has not given the Government the benefit of his great business ability.

Mr. SLOAN. Will the gentleman yield there?

Mr. CAMPBELL of Kansas. For a question.

Mr. SLOAN. The President stated that as a piece of humor, did he not, not seriously when he was speaking of the Secretary of War?

Mr. CAMPBELL of Kansas. Well, I do not know whether the President was joking or not; he may have been.

Mr. SNYDER. Everybody else thought he was.

Mr. CAMPBELL of Kansas. This bill should be very materially amended.

Mr. BLANTON. Will the gentleman yield for a question right there?

Mr. CAMPBELL of Kansas. No. This bill should be amended by the House in the Committee of the Whole and some method arrived at similar to that adopted by the Senate, or the amendment suggested by Mr. MOORE of Pennsylvania. Although I do not believe in the creation of commissions, yet somebody besides the War Department should adjust these claims against the Government upon these contracts that were not made according to law. And the War Department does not need further authority to discharge soldiers, and should show more consideration for the men who did the fighting than it has shown. It also should show more consideration for the dependents they left at home than it has been showing them by paying promptly the allotments that are due them.

Mr. ELSTON. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I will.

Mr. ELSTON. The gentleman just referred to the action of the Senate or the Senate committee. Do I understand the Sen-

ate committee has provided a different method for adjustment than was provided in the bill?

Mr. CAMPBELL of Kansas. I understand the Senate Committee on Military Affairs provided for the appointment of a commission.

Mr. ELSTON. I understand the Senate committee yesterday reversed that—

The SPEAKER pro tempore. The time of the gentleman has expired. All time has expired. The question is on the adoption of the resolution.

The question was taken and the resolution was agreed to.

Accordingly the House automatically resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 13274) to provide relief where formal contracts have not been made in the manner required by law, with Mr. CRISP in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 13274) to provide relief where formal contracts have not been made in the manner required by law.

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to adjust, pay, or discharge any agreement, express or implied, upon the basis of reasonable value but in no case greater than the agreed price that has been entered into, in good faith during the present emergency and prior to November 12, 1918, by any officer or agent acting under his authority, direction, or instruction, with any person, firm, or corporation for the acquisition of lands, or the use thereof, or for any supplies, material, or equipment to be used in the prosecution of the war, when such agreement has been executed in whole or in part, or expenditures have been made or obligations incurred upon the faith of the same by any such person, firm, or corporation prior to November 12, 1918, and such agreement has not been executed in the manner prescribed by law: *Provided*, That payment under such agreement shall not exceed the fair value of the property transferred or delivered and accepted by the United States, as determined by the Secretary of War, and where no property has been transferred, delivered, or accepted payment shall not be in excess of the actual cost incurred in preparation for performance, as such cost is determined by said Secretary: *Provided further*, That this act shall not authorize payment to be made of any claim under such agreements after June 30, 1919: *And provided further*, That the Secretary of War shall report to Congress at the beginning of its next session following June 30, 1919, a detailed statement showing the nature, terms, and conditions of every such agreement and the payment or adjustment thereof: *And provided further*, That nothing in this act shall be construed to confer jurisdiction upon any court to entertain a suit against the United States upon any agreement of the character herein provided for: *And provided further*, That no settlement of any claim arising under any such agreement shall bar the United States Government through any of its duly authorized agencies, or any committee of Congress hereafter duly appointed, from the right of review of such settlement, nor the right of recovery of any money paid by the Government to any party under any settlement entered into, or payment made under the provisions of this act, if the Government has been defrauded, and the right of recovery in all such cases shall extend to the executors, administrators, heirs, and assigns, or any party or parties: *And provided further*, That nothing in this act shall be construed to relieve any officer or agent of the United States from criminal prosecution under the provisions of any statutes of the United States for any fraud or criminal conduct: *And provided further*, That this act shall in no way relieve or excuse any officer or his agent from such criminal prosecution because of any irregularity or illegality in the manner of the execution of such agreement: *And provided further*, That the names of such contractors and the amounts of such partial or final settlements shall be filed with the Clerk of the House for the information of Congress and printed in the CONGRESSIONAL RECORD, or in the Official Bulletin, or as a public document, 10 days before confirmation and payment is authorized upon such contracts.

During the reading of the bill, the following colloquy occurred:

Mr. LITTLE. Mr. Chairman, I make the point of order that this bill was improperly referred to the Committee on Military Affairs and is not properly before that committee, and should be before the Claims Committee. I argued the point a few moments ago, and I do not care to do so further now.

The CHAIRMAN. The Chair will state to the gentleman from Kansas that he was in the Hall when the gentleman made his point of order, while the Speaker pro tempore was presiding, and the present occupant of the Chair listened to the argument of the gentleman from Kansas. In the opinion of the Chair the gentleman from Tennessee [Mr. GARRETT], the Speaker pro tempore, correctly ruled upon the point of order, which I think is binding on the present occupant of the Chair as chairman of the Committee of the Whole on the state of the Union. The Committee on Rules brought in a rule providing for the consideration of this bill by number. Under the rules of the House, the Committee on Rules can bring in a special order changing and abrogating any rule of the House, with only two limitations, relative to Calendar Wednesday and a motion to recommit. It is in order for the Committee on Rules to bring in a rule providing that a bill that had never been before any committee at all, whether public or private, should be considered, and if the House adopts the special order it changes or abrogates any rules of the House conflicting with the special order.

Mr. LITTLE. How would the Committee on Rules get such a bill?

The CHAIRMAN. The Committee on Rules is not a legislative committee. The Committee on Rules is not now considering any legislation. The Committee on Rules can bring in a special order for the consideration of legislation and could provide that any Member of the House or any committee could offer a resolution or a bill for immediate consideration that had never been before any committee at all. In the opinion of the Chair, the House having adopted this special order providing that this bill should be considered, and determining how it should be considered, it is not proper for the occupant of the Chair as committee chairman to rule that the bill is not properly before the Committee of the Whole for consideration. The Committee of the Whole is simply a creature of the House. The House has provided that this bill shall be considered. Therefore the Chair overrules the point of order.

Mr. LITTLE. May I make one suggestion there?

The CHAIRMAN. Yes, sir.

Mr. LITTLE. Have not chairmen ruled, and I think properly, it could be done in Committee of the Whole?

The CHAIRMAN. I do not think the Chair held that. I think the Chair stated it was not for him to pass upon it. But that question was not up then for consideration. The present occupant of the chair has distinct ideas on the point of order, and while I do not think it necessary to rule on the point, the Chair will do so. In the opinion of the Chair, the bill before the House is a public bill, and it is too late to raise a question of jurisdiction. The question of estoppel would apply. If the bill—a public one—had been improperly referred, any time before it was reported to the House by the committee a motion would have been in order to correct the reference. Not having been made, it is now too late to make it.

Mr. LITTLE. How can the Chair dispose of the numerous rulings that the point can be made when we are in Committee of the Whole, as in section 4380 and the other sections to which I referred, I think by your distinguished father, where it is repeatedly ruled that after you go into the Committee of the Whole, if the point is made, it can be properly referred. The Rules Committee must certainly be subject to some orderly method of receiving jurisdiction of any bill.

The CHAIRMAN. None of those was considered under a special rule of the House directing that a special bill be considered. The Chair has not examined the precedents cited, but feels sure that if the gentleman will investigate it he will not find any of those bills were ordered considered under a special rule of the House providing for their consideration. The Chair believes that an investigation will show that in the cases cited the House was in the Committee of the Whole House considering the Private Calendar. That the bills were called up in regular order when reached on the calendar and the points of order then made. Under such circumstances it is undoubtedly in order to make a point of order as to jurisdiction of committee. Such a case is very different from the one at bar.

Mr. DENT. Mr. Chairman, I ask that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

Mr. STAFFORD. Mr. Chairman, this is a small bill, and I think it should be read in order to show what is to be considered.

The Clerk concluded the reading of the bill.

The CHAIRMAN. The gentleman from Alabama [Mr. DENT] is recognized.

Mr. DENT. Mr. Chairman, if possible, I would like to arrange as to who will have control of the time.

Mr. DENISON. Mr. Chairman—

The CHAIRMAN. The gentleman from Alabama has the floor.

Mr. DENISON. I would like to know what arrangement has been made about controlling the time.

The CHAIRMAN. No arrangement has been made, and the Chair was expecting to hear from the gentleman from Alabama as to that.

Mr. DENT. The rule provides for three hours of general debate. There is no arrangement about division of time. I should like to have an understanding that the time that is to be controlled by those who are in favor of the bill shall be equally divided between the gentleman from California [Mr. KAHN] and myself, or some other member of the Military Committee representing the gentleman from California. I see present the gentleman from Kansas [Mr. ANTHONY].

Mr. ANTHONY. What was it? I did not hear the gentleman,

Mr. DENT. I was suggesting that an hour and a half be consumed by those in favor of the bill, the time to be controlled one-half by myself and one-half by the gentleman from Kansas, as representing the other side of the House, and the other hour and a half I do not know who wishes to control.

Mr. ANTHONY. I will state to the gentleman that I am not entirely in favor of the bill as it stands, but I am in favor of its amendment.

Mr. GREEN of Iowa. May I make a suggestion to the gentleman from Alabama?

Mr. ANTHONY. I do not think there will be any difficulty about the control of the one hour and a half on this side.

Mr. DENT. Then I suggest that an hour and a half be controlled by myself, to be dispensed among those who are in favor of the bill, and the other hour and a half I do not know what gentlemen want to control. I do not know of any member of the committee who wants to oppose the bill. The committee reported the bill out unanimously.

Mr. GORDON. Mr. Chairman, if the gentleman will yield to me, he may have discovered from my few observations with respect to this bill that I am not entirely clear as to the attitude I should take about it. I feel strongly that these claims should be adjusted, but I believe the Government should be protected, and I do not believe it is sufficiently protected by the bill as it now stands. I want to act in good faith with the committee.

Mr. DENT. This statement surprises me, because the motion was made by the gentleman from California [Mr. KAIN] that the bill be reported out with several amendments, one of which was submitted by the gentleman from Ohio [Mr. GORDON], and there was no objection when the bill was reported out. I made the statement deliberately—and I thought I had the right to make it—that it was reported out by the unanimous report of the committee. I make this statement informally.

Mr. GORDON. If that statement was intended to apply to me, I would like to be heard in regard to it.

Mr. MANN. As I understand it, under the rule three hours' debate was provided for on the bill?

Mr. DENT. That is the case.

Mr. MANN. What will be the procedure as to recognition? Will the Chair recognize a gentleman for an hour, the time to be controlled by the gentleman recognized, and then a gentleman in opposition will occupy an hour, the time to be controlled by the gentleman recognized, or will the time be limited unless some arrangement is entered into?

The CHAIRMAN. Unless some arrangement is entered into, the Chair will recognize the gentleman from Alabama [Mr. DENT] for an hour, and if anyone opposed to the bill seeks recognition the Chair will recognize him for an hour. If the gentleman from Kansas [Mr. LITTLE], who led the opposition to the bill, wants recognition, the Chair would recognize him for an hour. Then the Chair would recognize some Member in favor of the bill for 30 minutes and some one opposed to it for 30 minutes, on the ground that the rule changes the general rule governing the disposition of time, giving each Member recognized an hour.

Mr. ANTHONY. I suggest that the time be divided in the regular way and that the gentleman from Alabama [Mr. DENT] control an hour and a half and that this side of the House control an hour and a half. A number of Members have spoken to members of the Committee on Military Affairs on this side of the House and the time has been promised to them regardless of whether they are for or against the bill.

Mr. DENT. I think that is reasonable.

Mr. POU. Will not the gentleman from Kansas and the gentleman from Alabama agree to divide the time as equitably as possible between gentlemen favoring and gentlemen opposed to the bill? If so, I think the membership are willing to trust the fairness of both gentlemen.

Mr. LITTLE. Mr. Chairman, I have no desire to dispose of the time, but I would be satisfied if the time were divided between both sides of the House, providing that those who are opposed to the bill shall have half of the time, if they want it, and that I have a reasonable time myself. If I have that assurance I shall be glad to accede to the suggestion of the gentleman from Kansas. If not, I think the time should be divided equally between those who favor and those who oppose the bill.

Mr. ANTHONY. How much time does the gentleman from Kansas desire?

Mr. LITTLE. About 20 minutes.

Mr. ANTHONY. I do not believe that 20 minutes can be yielded. I can yield 10 minutes to the gentleman. About a dozen gentlemen desire time. I shall be glad to give the gentleman as much as anybody else.

Mr. DENT. How much time does the gentleman from Kansas desire?

Mr. LITTLE. I would like to have about 20 minutes.

Mr. DENT. I will give the gentleman 10 minutes of the time allotted to this side.

Mr. Chairman, I ask that the time be equally divided, to be controlled equally by the gentleman from Kansas [Mr. ANTHONY] and myself.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that the time be equally divided, to be controlled by the gentleman from Kansas [Mr. ANTHONY] and himself. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Alabama is recognized.

Mr. ANTHONY. Mr. Chairman, I would like to have the attention of the gentleman from Alabama.

The CHAIRMAN. Does the gentleman from Alabama yield to the gentleman from Kansas?

Mr. DENT. I yield.

Mr. ANTHONY. Would the gentleman from Alabama indicate about how far he intends to go in the debate this afternoon before adjournment?

Mr. DENT. My idea is that we will run for about an hour. I thought that would be long enough. That would take us to half past 5. Then I would move to rise. As I understand it, this is a continuing order and the bill would be in order tomorrow morning under the rule.

The CHAIRMAN. The present occupant of the chair could not undertake to rule on that.

Mr. DENT. Mr. Chairman, the Committee on Military Affairs has given full and elaborate consideration, I may say, to the proposition involved in this proposed bill. We have had full and complete hearings. We did not adopt the bill as it was prepared in the War Department and sent to the committee. The committee itself worked out a solution, as it thought, of the problem.

I think there has been a great deal of misunderstanding, which can be easily cleared up, on the subject matter of this legislation. Under the provisions of sections 3445 and 3446 of the Revised Statutes it is provided that no Government contract shall be recognized as valid and binding unless it is in writing and signed at the end thereof by the contracting officer and the contractor and an affidavit is made by the contracting officer in the form and manner prescribed by those sections.

The testimony before the Committee on Military Affairs demonstrates that there were some 6,700 contracts, involving about \$1,600,000,000, that were not executed with the ceremony and the formalities required by those two sections of the Revised Statutes. The object and purpose of this bill, as the Committee on Military Affairs understands it, is simply to do this, nothing more and nothing less—to authorize the Secretary of War to settle, adjust, and discharge the obligations of these contracts which were not executed with the formalities prescribed by law in the same manner and in the same way that the War Department will settle contracts that were duly and legally executed.

Now, to save my life I can not understand why it is that gentlemen will strain at a gnat and swallow a camel over a proposition of this kind.

I can not understand why we should undertake to have a commission to settle claims on contracts that were not formally executed, although the parties performed every obligation that was demanded of them, and yet allow the Government to proceed with the settlement of claims involving perhaps five or ten times more on contracts that were properly executed. If you are not willing to trust the War Department, if you are not willing to trust the authorities that made the contracts to settle the contracts, then you ought to bring in a bill and provide that the commission should not allow the War Department to settle those contracts that were legally executed and duly and ceremoniously signed, because they involve many more billions of dollars than are involved under the contracts that this bill undertakes to take care of.

Mr. DENISON. Will the gentleman yield?

Mr. DENT. I wish the gentleman would let me complete my statement, and then I will be glad to yield. When this bill was under consideration by the committee there was considerable opposition to it to begin with, but I thought the committee finally agreed to report it unanimously; certainly no one reserved the right to make any minority report and there was no objection to the bill being reported. As I stated to a member of the committee who seemed disposed to oppose this bill, let us take this concrete case: Suppose that on the 15th day of October, if that was a week day, the Quartermaster's Department wired some manufacturer to supply the Government with certain war materials needed in the prosecution of the war, and that manufacturer immediately proceeded to comply with the telegraphic

order, and the representative of the Quartermaster's Department immediately followed the telegram with a duly executed contract, which was signed by the contractor and the proper officer in the Quartermaster's Department. The goods were delivered and every requirement of the contract was complied with. Suppose on the same day a representative of the Ordnance Department sent a telegraphic order to some contractor or manufacturer to supply the Government with so many rifles or so much ammunition, but the contracting officer failed to follow his telegraphic order with a formal, written contract. In both instances the manufacturer complied with the telegraphic order, the Government received the goods, the Government got the benefit. I would like to ask if any honest man would discriminate between those two cases? Now, that is what this bill undertakes to correct.

Mr. HUMPHREYS. Will the gentleman yield now or would he prefer not to?

Mr. DENT. I would like to finish my statement first.

Mr. HUMPHREYS. All right.

Mr. DENT. In other words, this bill simply declares that the Secretary of War shall be authorized to discharge obligations which were entered into in good faith, where the contract was executed either in whole or in part or where the contracting party made expenditures or incurred obligations on the faith of it, although it was not signed and executed in the manner prescribed by law. Now, that is all that this bill does. I will state the proposition in other terms. I state without fear of successful contradiction that this bill does not do anything more than to authorize the War Department to discharge obligations which, had they been entered into between private parties under similar circumstances, would be enforced by any court of justice in the land.

Now, coming to the proposition that gentlemen are afraid that they are validating frauds, that they are perhaps putting their approval upon corruption, let me call attention to these facts: As I stated a few moments ago, the informal contracts, as they have been called, amount in number to some 6,679, I believe, and involve a little over \$1,600,000,000. Now, let us see what we have done since the declaration of war, even during the last year. In the annual Army appropriation bill which became a law on the 9th day of last July Congress appropriated over \$12,000,000,000 for the support of the Military Establishment. The Appropriations Committee, which handles appropriations for fortifications and heavy artillery, added \$2,800,000,000 to that sum. In October of last year the Appropriations Committee were called on for a deficiency bill of over \$6,000,000,000, which Congress passed, most of it applying to the Army. So that within the last seven or eight months we have appropriated over \$21,000,000,000 in order to carry on the Military Establishment during the war. And now, because we come before Congress and ask that the Secretary of War be permitted to settle and discharge obligations involving \$1,600,000,000, it is said to be a horrible and a terrible proposition that is presented to Congress.

Mr. DENISON. Will the gentleman yield?

Mr. DENT. I yield to the gentleman from Illinois.

Mr. DENISON. Of course when we appropriated all those vast amounts of money, we assumed that it would be expended legally and under legal contract. That was assumed, was it not?

Mr. DENT. Why, of course.

Mr. DENISON. Does the gentleman make a distinction between the settlement of legal contracts and the settlement of illegal contracts?

Mr. DENT. I do not make any distinction, and that is the very purpose of the bill. It says there ought not to be any distinction where the contracts are entered into in good faith and the Government got the benefit of it and the other party furnished the supplies.

Mr. DENISON. If all the contracts were entered into in good faith, the gentleman says, but how does he know that when the law was not complied with?

Mr. DENT. I know it as well in the contracts that were not signed as I do in those that are properly signed.

Mr. DENISON. But those that were legally signed have been accompanied with the affidavit that there was no interest on the part of the contractor and all competing bids were filed with the department. Now, that protects the people and protects the Government. But in these other contracts the affidavit of disinterestedness was not filed and the competing bids were not filed; can the gentleman make a distinction between the two classes of cases?

Mr. DENT. I do not think there ought to be any distinction between them. I get the gentleman's point, and although it puts me out of my line of argument I will say that if this bill is

adopted I challenge any man, any lawyer of the House, to dispute the proposition that if it is discovered hereafter that the contract was made and that the usual affidavit was not filed because the contracting officer wanted to avoid responsibility that he would be guilty of conspiracy to defraud the Government.

Mr. DENISON. How are you going to find that out?

Mr. DENT. The same way that we find out fraud and conspiracy on a contract that was legally executed.

Mr. TILSON. Will the gentleman permit a single suggestion?

Mr. DENT. Yes.

Mr. TILSON. If there were any contractors who desired to practice a fraud, would not they see to it that their contracts were executed with the greatest minutia of detail?

Mr. DENT. Undoubtedly.

Mr. TILSON. And the honest contractors are the very ones that would enter into contracts with less formality.

Mr. DENT. I thank the gentleman for the suggestion. I think the man who went to work and supplied material under orders given by the War Department without hiring some lawyer to see that the law was complied with is entitled to more consideration than the one who hired a lawyer to see that the contracts were properly executed.

Mr. MANN. Will the gentleman yield?

Mr. DENT. I will.

Mr. MANN. Is it claimed by the War Department or the comptroller that because of the armistice the War Department could not go ahead and execute these contracts and then cancel them?

Mr. DENT. No; it is not claimed that they could not do it on account of the armistice.

Mr. MANN. If the war had continued could they have gone ahead and executed the contracts?

Mr. DENT. I can not answer that, but the comptroller holds, as I interpret his statement before the Military Committee of the House, that when the War Department issued orders on the 12th day of November to stop the delivery under the various contracts that had been made, that subsequent to that time a contract could not be formally executed because there was nothing to execute a contract upon, that it must be coexistent with the contract itself.

Mr. MANN. If that is the only reason, the War Department could revoke its order long enough to sign the contract and then order the delivery stopped.

Mr. ANTHONY. Will the gentleman yield?

Mr. DENT. I will.

Mr. ANTHONY. Did not the comptroller make a ruling to the effect that when the armistice was signed the emergency was passed, and that Congress having provided an appropriation to be expended during the emergency, after the armistice they could not be legally paid?

Mr. DENT. I do not so understand the comptroller's ruling. Perhaps I have not made myself clear. My understanding is this: Suppose the contract was made and the order was given by telegram or telephone, or by a memorandum on the 1st of October; the contractor had made partial delivery but had not delivered the whole, and no formally executed contract was made; that on the 12th of November the department notified the contractor not to make any further deliveries in the performance of the contract. The comptroller holds that subsequent to that time the officer representing the Government could not now sign a contract. In other words, a legally executed contract must take place at or about the time of the transaction.

Mr. MANN. That is based on the order of the War Department stopping deliveries?

Mr. DENT. Yes.

Mr. MAGEE. Will the gentleman yield?

Mr. DENT. Yes.

Mr. MAGEE. As I read this bill you would designate the formal contract as one executed in pursuance of law under the formalities of the Federal statute?

Mr. DENT. Yes.

Mr. MAGEE. And an informal contract as designated is one made by telegram or perhaps a memoranda, but not with the formalities required by statute? Does this bill do anything more, as a matter of fact and law, than place such an informal contract entered into in good faith upon the same basis as a formal contract?

Mr. DENT. That is exactly what the bill does, and I so stated, I thought.

Mr. MAGEE. And there is no question that the Secretary of War would have had ample authority to enter into a formal contract in any one of these instances in which you attempt to give relief?

Mr. DENT. Undoubtedly; and had he done it there would be no necessity for this legislation.

Mr. McCULLOCH. Has there been any question raised by anyone as to whether or not the Government should settle these contracts? Has anyone contended that the Government should not settle the contracts?

Mr. DENT. I have not heard of anyone that was contending it should not.

Mr. McCULLOCH. There have been, then, irregularities that this bill seeks to correct.

Mr. DENT. That is true.

Mr. McCULLOCH. So that the only question is who shall determine the irregularities, whether it shall be the Secretary of War or a commission?

Mr. DENT. Yes.

Mr. McCULLOCH. Mr. Chairman, will the gentleman tell the House why he believes the men who are responsible for the irregularities should settle the question or why it should not be settled by some one who is disinterested and impartial and who is not responsible for the error?

Mr. DENT. I expected to come to that point when I had an opportunity. I had not yet arrived at it.

Mr. McCULLOCH. Will the gentleman answer the question?

Mr. DENT. I expect to come to it in due order, but the gentleman will let me state it in my own way.

Mr. LITTLE. Is it not a fact that every one of these alleged informal contracts is a performance in violation of the law of 1862 and renders the men engaged in it all liable to go to penitentiary—every one of them?

Mr. DENT. I do not think there is any question but that a contract that was signed contrary to the act of 1862, passed during the Civil War, would make the officer liable. I do not remember what the punishment is.

Mr. CALDWELL. But, if the gentleman will yield, the question is whether it was done willfully or with an intent to defraud.

Mr. LITTLE. Is it the purpose of this to make an amnesty for these men?

Mr. DENT. Not at all. If the gentleman has read the bill, he will recall the clause in it that nothing in this act shall estop the Congress of the United States from reviewing it or the Government from recovering for fraud, nor shall it justify the failure of any officer to sign the contract which is prescribed by law.

Mr. LITTLE. May I ask why we should return to these gentlemen who are all sitting there with a rope around their necks the authority to execute and complete these performances by which they rendered themselves liable to punishment?

Mr. GREENE of Vermont. Mr. Chairman, may I ask a question in order to reply to the question of the gentleman from Kansas?

Mr. DENT. Yes.

Mr. GREENE of Vermont. How can we punish these men sitting around with ropes around their necks by denying money to honest men who have no ropes around their necks?

Mr. LITTLE. Everyone who got such a contract is liable to the same punishment as an accessory.

Mr. GREENE of Vermont. Then, when a fire breaks out, the village hose company must go to the place to find out where the fire is and then come back to the hose house to consult the statutes before they put out the fire.

Mr. LITTLE. Oh, there is nobody hollering fire except the fellows who started the fire.

Mr. JUUL. Mr. Chairman, will the gentleman yield?

Mr. DENT. Yes.

Mr. JUUL. I would like to ask the gentleman from Alabama whether, if the House votes the authority sought by this bill, all of the safeguards that the department failed to use when the contracts were let informally will be used before the money is paid? Will the affidavits and the formal protections called for by law be made use of before the money is paid?

Mr. DENT. I can not state to the gentleman that they will require an affidavit in order to do that, but I can state this to the gentleman, that the representatives of the War Department in the hearing before the Committee on Military Affairs of the House and before the Committee on Rules stated—I think they did before the Committee on Rules, and I know they did before the Committee on Military Affairs—that the War Department had a representative, an inspector, at each plant scattered throughout the country, or in different regional sections of the country, that they had a local board representing the Government there, that the contractor, together with the inspector and this local board, would get together upon a settlement of the contracts. This settlement is submitted to a board of review in that particular branch of the War Department and finally

may be reviewed by a board acting directly under the Secretary of War. That is the way they settle the valid contracts, and they propose to settle these informal contracts the same way.

Mr. JUUL. If the gentleman will forgive me for just one more question. Is it the intention under this bill to attempt to draft some sort of a legal contract, a contract which they failed to draw up, before settlement is effected?

Mr. DENT. Not at all.

Mr. JUUL. They do not intend to legalize the illegal contracts?

Mr. DENT. On the contrary, there is a proviso in this bill expressly declaring that the settlement made under authority of this resolution shall not give any contracting party the right to sue the Government in any court in the land.

Mr. DILLON. Will the gentleman yield to me?

Mr. DENT. Yes.

Mr. DILLON. I want to propound a question to the gentleman relative to real estate. Suppose an officer should make a loose contract for a piece of real estate and some Army officer should enter into possession of that real estate. Does the gentleman think that a contract of that kind should be legalized and the Government compelled to take the land?

Mr. DENT. Well, I really did not catch the first part of the gentleman's question.

Mr. DILLON. The question is, Suppose an officer should make a loose contract with a landowner that the Government would buy his land for a certain purpose and should enter into possession of it and occupy it for a few days. Does the gentleman think that that contract should be legalized and compel the Government to take that land?

Mr. DENT. No; the contract would not be legalized. The gentleman does not catch the point. There is no legality, there is no validity, given to any of these contracts. It is simply intended to surmount the ruling of the Comptroller of the Treasury, so that the War Department can proceed to a settlement and an adjustment which will be recognized by the Comptroller but without recognizing the validity of the contract or giving the contractor the right to sue.

Mr. DILLON. Then would the gentleman say the Government should pay for the land under the circumstances I mentioned?

Mr. DENT. I do not know what the gentleman means by "loose" contract.

Mr. DILLON. Suppose he made a verbal contract.

Mr. DENT. If the Government did not get any benefit from it—

Mr. DILLON. But say the Government did.

Mr. DENT (continuing). And the contracting party did not suffer any liability or damages, then it would not be—

Mr. DILLON. But assuming the Government did enter into possession of it. Should not the damages be confined to the rentals rather than taking of the property?

Mr. DENT. Well, it would be confined to actual loss under this bill.

Mr. DILLON. I do not think so. Now, another question. I would like the gentleman to tell us what portion of contracts in Europe have been made by the English Government—

Mr. DENT. I can not tell.

Mr. DILLON. Acting for our Government and what the gentleman proposes to do with those governmental contracts?

Mr. DENT. The gentleman means the contracts made between this Government and the English Government?

Mr. DILLON. Where the English Government were acting for us through the English Government.

Mr. GORDON. If the gentleman will permit, I will state that it was testified before the committee that 90 per cent of the contracts this Government made with English manufacturers were made through the English Government, and if they were they would be subject to the English statute of fraud, which requires every such contract to be in writing and signed by the party to be charged.

Mr. DILLON. Suppose the English Government had a building in France for certain purposes and they should turn it over to the American Government. What would your bill do with that if they should prove an overcharge?

Mr. DENT. Well, of course, that is a matter of detail in the execution of it. If gentlemen are not willing to trust somebody to settle these things, of course we can not pass any legislation. Somebody must be trusted. You have to trust Gen. Pershing and his organization in France to carry out the obligations of the Government. You have got to trust the War Department to carry out the obligations which were made on this side, and if gentlemen are not willing to trust anybody, then let us not pass any legislation. So far as I am concerned, I

think if we can safely trust a department to handle \$15,000,000,000 which we have given them we can safely trust them to handle a billion and a half more.

And that is what is involved in this proposition. I was coming to that when I was interrupted. Here is a letter which I received from the Assistant Secretary of War, Mr. Crowell, and I will ask that the Clerk read it at the desk, in order to show what the facts and figures are.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

JANUARY 8, 1919.

Hon. S. HUBERT DENT, Jr.,
Chairman of the Committee on Military Affairs,
House of Representatives, Washington, D. C.

My DEAR CONGRESSMAN: In response to your request for certain information as to the obligations of the War Department incurred on formal and informal contracts, I beg to state that the total obligations and disbursements of the War Department during the war and up to December 1, 1918, in the United States were \$15,381,125,058.59. This includes sums transferred to the American Expeditionary Forces, but does not include expenditures and obligations of the American Expeditionary Forces. Of this sum of disbursements and obligations of the War Department in the United States the sum of \$9,757,228,468.46 was disbursed up to October 31, 1918. There remains the sum of \$5,624,908,590.13 obligated on contracts formal and informal in this country, less November disbursements on the same. As of December 28 suspension in whole or in part had been directed on outstanding obligations in the United States in the sum of \$5,078,259,724.39. A recent cable states that the outstanding obligations of the American Expeditionary Forces on November 11, 1918, amounted to \$1,183,130,000; that \$73,640,000 had been paid on account of these obligations up to December 10, 1918, and that notification of cancellation had at that time been given as to \$350,663,000. The cable further states that there are certain classes of obligations that this statement does not cover.

The number of contracts as to which no question of validity has been raised has not yet been computed. The number of informal contracts in the United States is approximately 6,250. The amount of the uncompleted portion of these contracts is approximately \$1,600,000,000. There are in addition a considerable number of outstanding contracts in certain of the bureaus not signed by the person named therein as contracting officer. These are now being computed. Practically none of the contracts entered into by the American Expeditionary Forces comply with the statutory requirements. The number of such contracts outstanding has been roughly estimated at 8,000.

Very truly, yours,

BENEDICT CROWELL,
Assistant Secretary of War,
Director of Munitions.

Mr. DENT. Now, Mr. Chairman, I call attention—

Mr. LAGUARDIA. Will the gentleman yield?

Mr. DENT. I yield to the gentleman from New York.

Mr. LAGUARDIA. From what the gentleman has said, I take it the claims can be separated into two classes, one class where the goods have been actually delivered and accepted by the Government and the other where no goods have been delivered and there is a claim for loss. Does not the gentleman believe that the wording of the bill, where he uses the words "expressed or implied," would permit a big class of people who manufacture goods on speculation, if you please, by conversations with officers, to construe by implication that if the war continued these goods would be bought? I have told manufacturers that "if they could get those motors out that we would buy them." Suppose a claim of that kind is presented. We have an implied contract there. We have an implication that we would purchase these goods. Would the gentleman consent to strike out the word "implied" in the bill?

Mr. DENT. I do not think that would make very much difference. But I do not agree to the gentleman's suggestion, as a legal proposition, that because some Army officers told a man, "If you will go and do something, something will happen," that that is an implied contract. An implied contract would arise where the terms had not been thoroughly agreed upon, but something had been done under it, although the exact terms had not been fixed.

Mr. LAGUARDIA. The gentleman would expect that he would require as much as to make the contract valid under the common law, under the statute of fraud? Would the gentleman so word his bill?

Mr. DENT. I think the bill is so worded now. As between private parties there can be a recovery under the same circumstances, and we are simply authorizing the Government to fulfill its obligations under such circumstances.

Mr. LAGUARDIA. I think there should be no doubt about it, and I think the bill should be made clear.

Mr. DENT. I am perfectly willing to accept any amendment that will make it any clearer.

Now, I want to call attention to the fact disclosed by the letter of the Assistant Secretary, Mr. Crowell, to show that under existing conditions and under a condition that existed prior to the armistice, and when war was going on, the Government had disbursed through the War Department \$15,000,000,000 in order to carry on the war. Now, you propose, you gentlemen who are in favor of a commission, who are in favor of the so-called Senate bill, to make a distinction between the men who have \$14,000,

000,000 worth of contracts and will allow the War Department to proceed with their settlement, and you have allowed them to proceed with their settlement, but put a burden on the honest contractor who did not hire a lawyer and have a contract duly executed, and will force him to go through the process of hiring a lawyer and appearing before a commission.

Mr. LITTLE. May I ask the gentleman a question?

Mr. DENT. Certainly.

Mr. LITTLE. Is it not a fact that many of these did hire lawyers and the lawyers advised that they had better not have the affidavits made?

Mr. DENT. I have no information about inside facts. I believe, as a Member of Congress, that it is just as much our duty to see that Uncle Sam acts fairly and squarely as it is to see that he is not defrauded. [Applause.]

Mr. McCULLOCH. Will the gentleman yield?

Mr. DENT. Yes.

Mr. McCULLOCH. Does the gentleman contend that an impartial judge would fail to do that?

Mr. DENT. Certainly I do not contend that.

Mr. McCULLOCH. Why does not the gentleman answer the question, then, as to why he objects to an impartial judge settling this, but desires to put it in the hands of the men who admit the irregularity?

Mr. DENT. The gentleman has got the notion in his head which has been in the heads of some others, and which I can not understand to save my life. It is true that I may be very obtuse on the subject, but I can not, to save my life, see that if you and I have an agreement and we get together and settle it, that that is a judicial question—that that is conferring judicial authority. I never have been able to get that proposition in my head, that it is a judicial question and conferring additional authority for us to settle a matter between ourselves.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield; and if so, to whom?

Mr. DENT. I will yield to the gentleman from Ohio.

Mr. McCULLOCH. I never contended that that was a judicial question; but there has been a question raised of irregularity. It is admitted by the War Department; and there have been other questions raised here, questions not only of irregularity, but questions of criminal action. That question has been raised here; and in view of the fact that it has been raised, as a Member of Congress I am called upon to say who is going to settle it. I would rather have somebody settle it who has not been under charges and against whom there is no implication made. That is my attitude; and as a Representative of my constituents and the taxpayers it is my duty to act upon it, and I will act upon it.

Mr. DENT. Of course, that is all right for the gentleman.

Mr. McCULLOCH. I am asking the chairman of the committee his opinion.

Mr. DENT. I have been trying to give my reasons for objecting to the commission. One reason I have just stated.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. DENT. Yes.

Mr. GREENE of Vermont. I think the gentleman from Alabama is fully able to take care of himself, and I wish simply, as a comrade on the committee, to attempt to supplement his observation made to the gentleman from Ohio [Mr. McCULLOCH]. There seems to be a curious misapprehension to the effect that all obligations, express and implied, up to the armistice were all right, but that the last ones, that were not finished and were not put into formal contracts, are tainted with fraud and therefore must now go to a commission.

Mr. DENT. That is so. That seems to be the distinction.

Mr. GREENE of Vermont. If a few days more had elapsed these very same contracts would have been completed to a formal state, and they would have been paid, and you would not have heard anything about them.

Mr. DENT. That is so.

Mr. LITTLE. Why does the gentleman say they had disposed of all these claims that accrued at the beginning of the war?

Mr. GREENE of Vermont. There are some technicalities there that do not involve questions of good faith at all, such as the simple formal irregularity of a signature; and the substitution of another man's signature would completely validate them.

Mr. LITTLE. Not the affidavit. If anybody will make the affidavit, I will do the rest myself. [Laughter.]

Mr. GREENE of Vermont. Of course, the Government was originally divided into three parts. I did not know which one of them the gentleman had got. [Laughter.]

Mr. WATSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DENT. Yes.

Mr. WATSON of Pennsylvania. I recall that at the time of the declaration of war the newspapers had their columns filled with statements to the effect that the soldiers had no shoes and no clothing.

Mr. DENT. I do not want to yield for the gentleman to make a speech in my time.

Mr. WATSON of Pennsylvania. I do not want to make a speech. I want to ask the gentleman if it was not physically impossible for the Secretary of War to sign all agreements, and therefore he was compelled to sign some agreements by telegraph? I am in favor of the gentleman's bill. In one instance in Philadelphia a firm received a telegram asking for 100,000 yards of cloth for the boys, just before the armistice was concluded. Does not the gentleman think that contract should be paid?

Mr. DENT. Yes. As the gentleman stated, it would have been a matter of physical impossibility for the contracting officer, the chief of the bureau, in the big program that we have here, to have personally signed every contract and made the affidavit. It would perhaps have been a physical impossibility.

Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. DENT. Yes.

Mr. PLATT. As a matter of fact, were not the contracts nearly always quite a way behind the orders for the goods?

Mr. DENT. Yes; that is true.

Mr. PLATT. And the manufacturers very often had to come down here to Washington and dig up the contracts?

Mr. DENT. Yes. And in that connection I want to call the attention of the committee to section 120 of the national-defense act, which in time of war or during imminence thereof gives the President the authority to make orders for war supplies, and requires the contractor to fill those orders, and makes it obligatory on him to give precedence to those orders over any other contracts he may have had before, and then gives the party the right to recover a fair and just value of the property that he delivered to the Government on the strength of that order. That is in the law passed in 1916, before we went into the war.

Mr. GORDON. That is still the law.

Mr. DENT. Yes; that is still the law; and the trouble about that is that there is no method provided by which the party who complied with the order can get his settlement made without going into the Court of Claims.

Mr. FAIRFIELD. Mr. Chairman, will the gentleman yield?

Mr. DENT. Yes.

Mr. FAIRFIELD. Will the gentleman inform the House as to whether any considerable number of these orders date back two or three or four or five or six or eight months? Are they not comparatively recent?

Mr. LITTLE. Are they not practically all after the 1st of July? A member of the committee told me so.

Mr. DENT. My recollection is that most of them did not run back beyond six months.

Mr. LITTLE. A member of the committee told me that they date mostly from the 1st of July.

Mr. GREENE of Vermont. Apropos to what the gentleman from Kansas says, it appears that the Engineer Corps during the war followed the practice that obtained in the Engineer Corps as to production before the war, and it went ahead in good faith and piled up a lot of contracts which were found subsequently to differ technically from the form of contracts by which the War Department generally was governed under the statutes. Therefore they were informal contracts, although they had been made in good faith and the memorandum of agreement had been written and was intended to be complied with.

Mr. DENT. I believe that is true, that they were following the rule of the Engineer Department.

Mr. LITTLE. I do not want to weary the chairman of the committee, but I have great confidence in him, and I want to get some information if I can. Is it not a fact that practically all of these claims are for what in the civil courts would be called unliquidated damages?

Mr. DENT. Oh, I do not agree to that at all.

Mr. LITTLE. I notice Mr. Warwick says that the agreements were not carried out.

Mr. DENT. I hope the gentleman will not take up my time.

Mr. LITTLE. Mr. Warwick intimates that it does not cover anything delivered.

Mr. DENT. I have stated already, as well as I could, what I thought it covered, and I would not like to repeat it, because I want to proceed further with the discussion of this question as to whether this should be done or we should relegate this to a commission or to the Court of Claims.

Mr. HUMPHREYS. I want to ask the gentleman this question about this affidavit: Under the general law, if an Army officer should be personally interested in one of these contracts he would be liable to criminal prosecution just the same, would he not, whether he had signed the affidavit or not?

Mr. DENT. I do not think there can be any question about that.

Mr. HUMPHREYS. The failure to sign the affidavit would not relieve him from criminal responsibility.

Mr. DENT. Not at all. The bill expressly says that it shall not relieve him.

Mr. HUMPHREYS. I know it is so in the event that that is the law.

Mr. DENT. I do not think there is any question in the world about it. If the gentleman will recall the conspiracy statute, covering conspiracies to defraud, it is about as broad a statute, I think, as I ever read in my life; and I am sure it would certainly cover a case where an Army officer and his subordinate deliberately entered into a scheme not to sign a contract in order to keep from making the oath. I do not think there would be any question in the world but what they would be guilty of a conspiracy to defraud the Government.

Mr. HUMPHREYS. Will the gentleman allow me to ask him one more question along that line? He said the officer would be guilty under the conspiracy act. Suppose it should develop that the officer was really personally and financially interested in a contract without entering into any conspiracy, the contractor not knowing it and nobody else knowing it. Is there any statute that would cover that case and render the officer liable to criminal prosecution and punishment?

Mr. DENT. I am not able to put my finger on such a statute, but I am sure that such a statute as that exists. I am sure there must be a statute covering a case of that kind.

I have been asked the question why it is that we should allow the War Department to proceed to settle these matters as they have been allowed to settle the \$15,000,000,000 worth of other contracts.

Mr. GORDON. Will the gentleman yield right on that point? Does the gentleman think as a lawyer that where the War Department has terminated a contract it has a right to settle the unliquidated damages arising to the contractor out of that contract as a result of that termination?

Mr. DENT. Where the party—

Mr. GORDON. Where the Government has terminated a contract, just cut it off, as was done with thousands of contracts after the signing of the armistice. That, of course, would give rise to a claim for unliquidated damages, would it not?

Mr. DENT. It might.

Mr. GORDON. Is not the settlement of a claim for unliquidated damages the exercise of judicial power?

Mr. DENT. I do not think so.

Mr. GORDON. Then you and I do not agree about the law.

Mr. DENT. The gentleman from Ohio has had that notion in his mind all the way through. He is a good lawyer, but to save my life I can not see why parties can not agree together to settle their differences, and why that is a delegation of judicial authority.

Mr. ROBBINS. Would not the same power exist between private parties?

Mr. DENT. Yes.

Mr. GORDON. Private parties can do that, but the Government can not.

Mr. ROBBINS. Because this technical statute requires it to be in writing, you want to shut these people off.

Mr. GORDON. No; you do not understand the question at all. [Laughter.]

Mr. REED. Will the gentleman yield?

Mr. DENT. Yes.

Mr. REED. A farmer from my State came to me three days ago in great trouble. He said the Government had taken some of his land, had fixed the price, and had told him: "Unless you take this price we will take it anyhow and condemn it." They entered upon the land, plowed it up, dug the surface away, put in great concrete foundations; and then came the armistice, and everything was called off. He came to me and said they would not recognize the agreement to purchase the land, and would not recognize any claim for damages. Does this bill reach that?

Mr. DENT. This bill would cover that kind of a case. It authorizes the Secretary of War to settle a case of that kind.

Now, I am opposed to the proposition authorizing a commission, because I believe that you ought not to make a discrimination between the honest contractor who did not get the regularly executed contract and the man that did get one. That

is the first thing. I think the War Department ought to be allowed to settle his contract just the same as the man who had a duly executed contract.

In the second place, I am opposed to it because I think it is straining at a gnat and swallowing a camel when gentlemen urge that there be a commission to settle claims amounting to \$1,600,000,000, when the War Department has been allowed to settle fifteen billions of contracts. I think it is absurd. In the next place, the history of every commission that has ever been created in this country is that it is interminable, and you do not know when there will be a final disposition on the part of the commission. These are the three reasons why I am opposed to the commission idea.

Mr. McCULLOCH. Will the gentleman yield?

Mr. DENT. Yes.

Mr. McCULLOCH. Take the other end of it, take the case mentioned by the gentleman from West Virginia [Mr. REED], where his constituent had had his ground plowed up and went to the War Department and asked for justice, and they would not listen to him, would not do anything for him. If he has a just claim, if this bill passes he must go before that very officer who refused to do him justice. But if we had a commission he could submit his claim to the commission, and therefore he would have a better chance for justice being done.

Mr. DENT. The officer refused because he could not do anything. He could not do it unless this legislation passes. If it does pass, he has a right to go back to the officer, and he will see that justice is done. These are the reasons why I am in favor of this bill instead of a bill creating a commission.

Now, in conclusion—and I am going to reserve the balance of my time—I wish to call the attention of the committee to the fact that this same proposition came up during the Civil War, and it is an interesting fact to know that during the Civil War, and in the midst of that war, charges were made against the Government, and language was used by the investigating committee by Members of the House against the War Department that would make the record now appear as praise.

I would like to call the attention to some of it, although I am not going into it at length. This is some of the language used in the report of the committee of Congress investigating war contracts in 1863:

The mania for stealing seems to have run through all the relations of the Government—almost from the general to the drummer boy; from those nearest the throne of power to the nearest tidewater; nearly every man who deals with the Government seems to feel the desire that it would not long survive, and each had a common right to plunder while it lived.

Colonels intrusted with the power of raising regiments colluding with contractors. * * * While it is no justification the example has been set in the very departments of the Government. As a general thing none but favorites gain access there.

That is the kind of language used during the Civil War about contracts made by the departments until a number of Members of Congress, including Mr. Conkling, called attention to the fact that these charges were absolutely hindering the Government in the prosecution of the war, and finally Congress adopted a bill which has just been called to my attention and is so much like this that had we seen it beforehand we might have been charged with having copied it.

I quote from Bolles's Financial History, page 240:

Many claims, however, were irregular, and these rapidly multiplied during the war. The Court of Claims investigated and reported on a large number; Congress adjusted others; many were referred back by Congress to the departments with special authority for their adjustment. Thus in 1863 Congress authorized the Secretary of the Navy to adjust and settle the claims of contractors for those naval supplies which had been furnished during the preceding year that exceeded by more than 100 per cent the quantities specified in their contracts and without their default.

Mr. ROBBINS. That is, authorized the Secretary himself to settle it?

Mr. DENT. Yes; just like this does.

Mr. DEMPSEY. The Senate bill provides, as I understand it, for the payment for all supplies. It only refers to a commission in the case of unliquidated damages. It does not deal at all with any goods that have been delivered.

Mr. DENT. I do not so understand it.

Mr. DEMPSEY. That is my understanding.

Mr. DENT. To continue:

The chief of any bureau with which any contract of the kind was made could associate with himself the chief of any other bureau to hear the evidence relating to it, but an appeal lay from his decision to the Secretary. The law also provided that no contractor should be allowed, except on the excess furnished by him, and on this "not more than sufficient to make the price thereon equal to the fair market value of the supplies at the time and place of delivery." Nothing, however, was to be allowed any contractor unless there had been an actual loss to him on the whole contract. He was, moreover, required to present his claim within six months from the enactment of the law or be forever barred from "any equitable claim" against the Government.

That was adopted on March 3, 1863, and by permission of the committee I insert at this point a copy of that bill, passed, as I say, in 1863, showing that we have a precedent for doing exactly what we have done:

[Mar. 3, 1863. No. 32.]

Joint resolution authorizing the Secretary of the Navy to adjust the equitable claims of contractors for naval supplies and regulating contracts with the Navy Department.

Be it resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy be, and he is hereby, authorized to adjust and settle the claims of the contractors for naval supplies who during the last fiscal year ending June 30, 1862, have furnished to the department more than 100 per cent above the quantities specified in their contracts and without default therein; and for the purpose of hearing said claims may associate with the chief of the bureau with which the contract was made the chief of any other bureau, subject to an appeal to said Secretary from their decision: *Provided,* That no contractor shall be allowed, except upon the excess over the stipulated quantity and 100 per cent in addition thereto, and upon such excess not more than sufficient to make the price thereon equal to the fair market value of the supplies at the time and place of delivery; nor shall any contractor be allowed any amount under this section unless there has been an actual loss to the contractor upon the whole contract: *And provided further,* That all claimants under any such contracts shall present their claims to the department within six months after the passage of this joint resolution or be forever barred from any equitable claim on account of said contract.

Sec. 2. And be it further resolved, That the chief of any bureau of the Navy Department in contracting for naval supplies shall be at liberty to reject the offer of any person who, as principal or surety, has been a defaulter in any previous contract with the Navy Department; nor shall parties who have failed as principals or sureties in any former contract be received as sureties on other contracts; nor shall the copartners of any firm be received as sureties for such firm or for each other; nor, in contracts with the same bureau, shall one contractor be received as surety for another; and every contract shall require the delivery of a specified quantity, and no bids having nominal or fictitious prices shall be considered. That if more than one bid be offered by any one party, by or in the name of his or their clerk, partner, or other person, all such bids may be rejected; and no person shall be received as a contractor who is not a manufacturer of or regular dealer in the articles which he offers to supply, who has not a license as such manufacturer or dealer. And all persons offering bids shall have the right to be present when the bids are opened and inspect the same.

Sec. 3. And be it further resolved, That the Secretary of the Navy be, and he is hereby, authorized to release and discharge the penalties, or the provisions in the nature of penalties, in certain cases of unfulfilled contracts with the Bureau of Construction, and of provisions and clothing of the Navy Department, made by Nathaniel W. Coffin, William Lang, Henry Newton, Baxter & Sumner, and Tilton, Wheelwright & Co., for the fiscal year ending the 30th of June, 1862, made prior to the proclamation of the President establishing blockades of the southern ports, or to the several acts of Congress passed subsequent thereto, imposing additional duties upon domestic and foreign products, wherein, by reason of said acts and failure of the Government to pay according to the prescribed terms, parties have been obstructed and prevented from a proper fulfillment of the same, to the end that these accounts may be settled and adjusted on terms of equity and justice; and in the settlement of such accounts there shall be associated with the chief of the bureau in which the contract was made the chief of some other bureau of the Navy Department, and their decision shall be passed upon, modified, abridged, rejected, or approved by the Secretary of the Navy as, in his judgment, the law and justice shall require.

Approved March 3, 1863.

Mr. JUUL. Will the gentleman kindly state the volume from which he quotes?

Mr. DENT. I have been quoting from Bolles's Financial History of the United States. Mr. Chairman, I reserve the balance of my time.

By unanimous consent Mr. DENT was granted leave to extend his remarks in the RECORD.

The CHAIRMAN. The gentleman from Alabama has consumed one hour. He has 30 minutes remaining, which time he has reserved.

By unanimous consent, leave was granted to Mr. SNELL, to Mr. FESS, to Mr. LITTLE, and to Mr. FOSTER to extend their remarks in the RECORD.

The CHAIRMAN. The Chair would ask the indulgence of the House to permit him to revise and extend his ruling, if he sees fit to do so. The Chair will state to the gentleman from Kansas [Mr. LITTLE] that his only purpose is to answer the suggestion of the gentleman, which the Chair did not do, relative to the point of order being made in committee. The Chair can state now that, in his opinion, in the cases cited the House was in Committee of the Whole considering the Private Calendar, and when those bills were called up then the point of order was made, and it was the proper time to make it. The Chair simply wanted to put that reason in his ruling.

Mr. LITTLE. The gentleman from Kansas is always glad to see any opinion of the Chair upon a parliamentary question inserted into the RECORD.

Mr. GREENE of Vermont. Mr. Chairman, in the absence of the senior member of the committee on this side, I yield five minutes to the gentleman from Pennsylvania [Mr. MOORE.]

Mr. MOORE of Pennsylvania. Mr. Chairman, I am emphatically in favor of the payment of all just claims that have arisen during this war emergency, but I do not believe we should pass an omnibus bill validating more than 6,600 verbal contracts, if to provide for some good contracts we are to cover up loose

contracts that ought to have the scrutiny of the representatives of the people. At the proper time I shall offer an amendment to this bill proposing that the Secretary of War shall be joined in the oversight of these contract settlements by a congressional committee made up of two Senators and four Representatives—members of both parties.

Mr. GORDON. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. I can not yield in five minutes.

Mr. GORDON. I would like to make a suggestion which, I think, would be of value.

Mr. MOORE of Pennsylvania. That amendment will bring assurance not only to the Congress, which has been ignored in many things up to date during this war, but to the country that the Congress does exercise some oversight over the expenditure of public money; and in this instance the preliminary expenditure is to aggregate \$1,600,000,000, or twice as much as is necessary to conduct the Government under normal conditions for two years.

Those who have awarded these contracts should not object to an audit by those who desire to be satisfied about the validity of them; but this bill as presented proposes to keep with those who made the awards the exclusive right to audit and settle. There is danger in that proposition, as I shall endeavor to show in the few minutes at my command.

This Congress without a dissenting vote passed an appropriation for \$640,000,000 to build aircraft and put the country in position to assert itself in the war on the other side of the water. There was delay in completing the work, and, charges having been made that it had fallen down, the Senate appointed a committee to investigate. The committee presented a report to Congress, in which it said that as a result of the expenditure of this \$640,000,000—

(b) We have not a single American-made chasse (or plane of attack) upon the battle front.

(c) We have not a single American-made heavy bombing plane upon the battle front.

Six hundred and forty million dollars gone, and a senatorial committee made the bald statement that we had not a single battle plane abroad to show for that vast expenditure! How was that tremendous sum of money spent? Who audited the accounts? Evidently the very officials who made the contracts. The War Department was assailed for our failure in aircraft, and charges were made to the President. In his own time the President started an investigation. He appointed former Supreme Court Justice Charles E. Hughes to make an inquiry. I have the Hughes report before me. It goes into the matter of culpability at some length, and has this to say concerning one Col. Edward A. Deeds:

2. The evidence discloses conduct which, although of a reprehensible character, can not be regarded as affording a sufficient basis for charges under existing statutes, but there are certain acts shown, not only highly improper in themselves but of especial significance, which should lead to disciplinary measures. The evidence with respect to Col. Edward A. Deeds should be presented to the Secretary of War to the end that Col. Deeds may be tried by court-martial under articles 95 and 96 of the Articles of War for his conduct (1) in acting as confidential adviser of his former business associate, H. E. Talbott, of the Dayton Wright Airplane Co., and in conveying information to Mr. Talbott in an improper manner, with respect to the transaction of business between that company and the division of the Signal Corps of which Col. Deeds was the head; and (2) in giving to the representatives of the Committee on Public Information a false and misleading statement with respect to the progress of aircraft production for the purpose of publication with the authority of the Secretary of War.

3. The absence of proper appreciation of the obvious impropriety of transactions by the Government officers and agents with firms or corporations in which they are interested compels the conclusion that public policy demands that the statutory provisions bearing upon this conduct should be strictly enforced. It is therefore recommended that the officers found to have had transactions on behalf of the Government with corporations in the pecuniary profits of which they had an interest should be prosecuted under section 41 of the Criminal Code.

That report was made to the President of the United States, who is now abroad, October 25 last. Supporting that report of the Hughes investigation was a report by the Attorney General of the United States confirming it and suggesting that the War Department should proceed to court-martial Col. Deeds in accordance with the recommendation of Justice Hughes.

I quote from the Attorney General's report:

Of all the members of the aircraft boards, the one most severely criticized and against whom most charges have been brought has been Col. E. A. Deeds. The evidence does not disclose any violation by Col. Deeds of the criminal laws. In the early part of 1918 public statements were issued with official authority purporting to set out the progress which had then been made in the production of engines and planes and the prospects of the immediate future. These publications were not only misleading, but they contained false statements and were issued in reliance upon information principally furnished by Col. Deeds, who was acquainted with the actual facts. While the conduct of Col. Deeds in this matter was not criminal and can not be said to have affected actual production, it was inexcusable and reprehensible.

I also find that Col. Deeds was guilty of censurable conduct in acting as confidential adviser of H. E. Talbott and in conveying information to the latter with respect to transaction of business between the Dayton Wright Airplane Co. and the division of the Signal Corps of which Col. Deeds was the head.

Whether or not Col. Deeds should be subjected to disciplinary measures for the acts referred to is a matter to be determined by the War Department. I acquiesce in the recommendation of Judge Hughes that the facts be submitted to the Secretary of War.

President Wilson's Attorney General agreed with Justice Hughes that Col. Deeds should be court-martialed, and put the matter up to the War Department, the department that spent our \$640,000,000 and did not give us a single fighting plane in France. And what did the War Department do? Court-martial Col. Deeds? Not yet. The War Department permitted Col. Deeds to spend a large part of that \$640,000,000, and evidently it did not care to discredit the colonel's work. There is reason to believe it held the colonel in high esteem, notwithstanding the President's inquiry, the report of Justice Hughes, and the recommendation of the Attorney General. We obtain an inkling of the department's attitude in a report of a dinner given to Col. Deeds and reported in the Washington Star of December 21. All the official reports were in, but Col. Deeds had not yet been court-martialed. On the contrary, he was being dined and his praises were being sung by War Department officials, including the Assistant Secretary of War, Mr. Crowell, who is strongly advocating this bill to validate 6,600 oral contracts, and Gen. Squier, who is quoted as saying that the "irregular" things done by Col. Deeds were of considerable service in winning the war.

This "vote of confidence" on the part of those who might possibly be called upon to sit in judgment upon the colonel's alleged "irregularities," as reported by Justice Hughes, the President's investigator, and the Attorney General of the United States, induced him, according to the newspaper report, to rise and "address his associates," whereupon "he was applauded for several minutes." The \$640,000,000 was no longer a matter of concern, for as the colonel stood waiting to speak "the assembly broke into song, declaring lustily that he was 'a jolly good fellow.'" It was at last the colonel's turn, and as placidly as though the Hughes report and that of the Attorney General had never been written, he proceeded to deal with what we might call "the tie that binds." In order that the newspaper report of the colonel's delicate dashes of sentiment may not be distorted, I quote it literally:

Col. Deeds said he hoped his friends, when they returned to private life, would show the unselfish devotion to humanity which characterized their conduct at Washington.

"But let us not in any way commercialize our experience here," said Col. Deeds. "It is quite enough that we have been able to be of some service to our country without advertising that fact. I hope that we will never read in a trade journal or any other newspaper any advertisement by any man who has worked here calling attention to what they did during the crisis through which we have just passed.

"It is too sacred a cause to be tainted by commercialism. Let us not forget that there is still work to do. We are going through a period of reconstruction when qualities which you have shown during the war will be in as great demand.

SPIRITUAL VALUE OF WAR.

"I am a little afraid that we will not get out of the war what France is getting out of it, what England is getting out of it, and what other nations allied with us are getting out of it. We, I fear, will not see and apply the spiritual value of the war."

Assistant Secretary Crowell, of the War Department; Admiral Taylor, representatives of the Italian and French missions, Lieut. Col. Horner, and Lieut. Col. Waldron, testified to the good qualities of Col. Deeds.

So it is seen that Col. Deeds, who was recommended for court-martial by rank outsiders, like Justice Hughes and the Attorney General, commends "his associates" for their splendid services. He was not court-martialed by them—or has not been so far, as we know—the expenditure of \$640,000,000 for aircraft production to the contrary notwithstanding, and despite the fact that the Senate committee reported not a single American fighting plane in France.

Under such circumstances, Mr. Chairman, is it not wise to aid the Secretary of War with a little congressional oversight in relation to these 6,600 oral contracts, for more than \$1,600,000,000, which we are asked to validate?

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania (continuing). Unless we do cooperate with him, I fear we "will not see and apply the spiritual value of the war."

I wanted attention called to this matter, Mr. Chairman, so that in discussing the proposition to-morrow we may determine whether we shall have an amendment for some congressional supervision of these expenditures. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. DENT. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. GARRETT of Tennessee having resumed the chair as Speaker pro tempore, Mr. CRISP, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill H. R. 13274, had come to no resolution thereon.