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WATCH LABEL

STRONG PROTEST AGAINST ADVANCE IN FREIGHT RATES

tions of Eastern Territory Join In Protest

TAR HEEL COMMISSION ISSUES STATEMENT

North Carolina Commission Says The Proposed Increase "Wholly Unjustified" and Points Out That Country Now Looks For Modification In Rates

The News and Observer Bureau, 603 District National Bank Bldg., By EDWARD E. BRITTON

(By Special Leased Wire) Washingtonl July 26 .- The North Carolina traffic association, the chamber of commerce of North Carolina, the North Carolina Corporation Commisat a called meeting held for the pur pose of discussing what should be done order of the Interstate Commerce Commission in the freight rate case in which North Carolina is so vitally in terested.

The decision of the Interstate Com merce Commission enting discriminations against the State which came with the Virginia cities rates has brought from the railroads a rate proposal which cutting out the discriminatory rates increases these rates very while at the same time Wilmington, New Bern, and other coast cities have their water rates taken from them and what the railroads term "dry land" rates substituted, these on the basis of freight rates to Goldsboro. Adopt Strong Protest.

The meeting took place at the Ral eigh hotel, and there were present not only representatives from North Caro lian and Virginia, but there came men From almost all the large cities of the eastern territory to give aid and ad There were some | 150 or more people present among these representatives of traffic associations and cham bers of commerce of New York, Boch Philadelphia, Baltimore, Elmira, Boston, Chicago and Pittsburg. North Carolina view, there being also that both cases will now be reached nesses refrain from consuming time in quickly. sentatives from Virginia. The meeting was a spirited one and was prolonged, another meeting to be field tomorrow when the railroads will be given the ultimatum of the shippers' Carolina Corporation Commission.

of the eastern scaboard cities, this resolution reading:

"Resolved, (1) that the order of the Interstate Commerce Commission in docket 10, 500 and 10,515, does not contemplate a general advance in rates from eastern cities to Virginia cities and a disruption of the relationship between North Alatatic ports.

"(2) That good faith demands that the carriers proced to publish in conformity with the decision of the commission in 10,500 and 10,515 the rates ordered established on basis of present

"(3) If, after compliance with the Commission's order, the carriers ish to make any further changes, that such changes be handled in an orderly way as provided in case of other changes in rates.

"(4) That further general increase in rates to the Southeast are not in conformity with the general tendency of the times, nor in accord with the policy expressed by the traffic executives in conference with the shippers on Decem-Present Ridiculous Proposal.

The feeling among the representatives in the way of increases in rates and these rates. The opinion of the meet-North Carolina traffic association be-

fore the Corporation Commission, is ucts and livestock. "The fight is going to be won for just fregiht rates. There will be no submission to the unreasonable position taken by the railroads. There is no justice Assistant Secretary of the Navy Roosein what they propose. I feel convinced that the order of the Interstate Cor- to address the Southern Tariff Congress poration Commission will be fully sus. at its session in Greensboro, August 15-

The meeting is setting forth its position let it be known that the proposal of the railroads would not be considered, all sections represented agreeing in this position. The rates proposed by of the Greensboro Chamber Carolina, on the last three classes of

the traffic to North Carolina. As showing the interest of the Interstate Commerce Commission in the meeting, it was represented by Director Carolina committee accompanied Sens-of Traffic Harding, while J. H. Fishback, tor Overman: C. W. Roberts, secretary Col. Albert Cox and M. R. Beaman represented the North Carolina Traffic As-W. T. Lee and A. J. Makkey.

North Carolina Corporation Commission, With them being W. G. Womble, Statesville; J. H. Cowan, mayor of Wilsian, with them being W. G. Womble, mington; Norman Y. Chambles, secretary, and the commission. W. T. Lee and A. J. Maxwell, of the the rate clerk of the commission. mington; Norman Y. Chambliss, secre-There were also representatives of the tary Bocky Mount Chamber of Com-10 chambers of commerce of North

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POSTPONE ACTION ON NOMINATIONS OF REPUBLICANS

Representatives From All Sec- Dual Appearance of Names of Frank A. Linney and Henry Lincoln Johnson

> SENATOR SIMMONS HAS CONFIRMATION HELD UP

Amendment To Norris Bill De signed To Facilitate Market ing of Farm Products; Secretaries Wallace and Roose velt To Speak at Greensboro Congress

The News and Observer Bureau, 603 District National Bank Building. By EDWARD E. BRITTON. (By Special Legsed Wire.)

Washington, July 26 .- There was a dual appearance of the nominations of Frank A. Linney, white Republian, and Henry Lincoln Johnson, negro sion, and various shippers of North Republican, before the Senate execufavorable report from the commitces to which they had been referred. in the matter of having carried out the But there was nothing doing in either case today, and the matter of the North Carolina white Republican State chairman and the matter of the Georgia negro Republican national com-mitteeman, the first for district atrney of the Western District of North Carolina, the second for recorder of deeds of the District of Columbia goes over to another day.

Coming up in regular order executive ession there was no action, for Senstor Brandegee of Connecticut, stating that Senator Simmons desired to be heard on the matter, requested that the nominations go over as Senator Simmons was unable to be present at the executive session. The Senate agreed and so the nominations are still help up. The understanding is that when action is taken there will be opposition voiced also by Senators iram Johnson and William E. Borah o both nominations. Indeed, it is aid that Schator Johnson will ask mething about the record of 'Link" Johnson and the \$9,000 which it is claimed went into Georgia against the Johnson presidential nomination candidacy. And Scuator Borah it is inderstood, will have something to

Substitute For Norris Bill. In the Senate today there was oforganizations. Presiding over the the Senate for some time, its purpose In addition, the Chamber of Commerce ference with Dr. Livingston Farrand, meeting was A. J. Maxwell of the North to aid the farmers in the marketing of the United States, in a communication of the United States, of their crops. The substitute pro-After a discussion lasting from 3 vides for the purchase of farm prod. all business transactions as a part of information as to conclusions reactive o'clock till 6:30, a resolution was uets in the United States to sell a general tax program advanced by it as was disclosed, Dr. Cumming stating that adopted, this representing the views of the same in foreign countries, and is the result of a final referendum vote he would make a report tomorrow to the Virginia and Carolina shippers, be said to promise more of value to the ing concurred in by the representatives Southern and Western farmers than organizations within its membership. did the Noris bill. It was introduced by Senator Kellogg, of Minnesota, but it will be of special interest to was drawn following a conference A. W. McLean of the War Finance Corporation and Eugene Meyer, Jr .. managing director of the Corporation. These gentlemen framed the substitute which was introduced by Senator Kel-

It provides means by which the War Finance Corporation will arrange for finances for banks both State and nation, also so as to cover on cotton, tobacco and other crops and to make advances for the growing crops, providing means by which the chnormal surplus accumulation of exported in substantial quantities, billion dollars annually. The measure is one that the administration will support and Senator Sim mons says that it is a measure which will offer large relief in meeting the present serious conditions. It is for such a measure that he with the others of the agricultural "bloe" have of the shippers was that the railroads been making a fight. It cares not had presented a ridiculous proposition alone for finances to handle the accumulated surplus crops but to care there was determination not to accept for the coming crops, the plan being such as to enable banks and any ing as expressed by J. H. Fishback, the reputable and responsible financing Washington attorney, who has kept in institution with sufficient resources close touch with the situation and to take advantage of it to help the represented the shippers with Col. farmers, its provisions broadening the Albert Cox and M. R. Beaman of the powers of the War Finance Corporation in the matter of agricultural prod-

Invited Wallace and Roosevelt A delegation of North Carolinians headed by Senator Overman called upon Secretary of Agriculture Wallace and velt and extended to them an invitation tained before we get through with this 16. Both the secretaries gave assurance they would make every effort to be present and expressed a deep concern

in the South's study of tariff problems. "North Carolina is interested in tariff legislation," Secretary Roberts railroads showed increases from the merce said, "and we want the most-East, including Pittsburgh, to the Cau capable students and ablest debiters of ada line and to the Atlantic, and down the nation on the program. We are to the Chesapeake Bay and into North going to have a large attendance of representative citizens of North Carofreight increased being the most of lina and of the South at the congress. In my opinion it will be representative of Southern scutiment."

The following members of the North Greensboro Chamber of Commerce; George F. Newman, Greensbere; Burke Commissioners George Pell, Hobgood, Durham; George Comer, Hen-

Carolina. The resolution adopted was offered by W. H. Chandler, reprotent that it has requested the Civil Service Commission to hold examinations at

(Continued on page four.)

Customs Official Attacks American Valuation Idea

George C. Davis, of New York Office, Says Tariff Rates Would Have To Be Overhauled If Valuation Provisions Were Adopted; Would Cause Unending Litigation

rates in the Fordney toriff bill will be necessary in order to permit its effective administration, the Senate Finance committee was told today by George C. Davis, chief of the comparative values bureau in the New York customs house, Mr. Davis declared further that if Congress adopted the American valuation plan of levying import duties even more radical change, the rates would have to follow. Attacks Valuation Plan.

The American valuation plan as a cessing duties on foreign values was saw in it the cause for "unending litigation and a general twing up of the Examination of all would be required administered on an Associate valuation competitive basis, basis, meant a "positive prohibition" of said he saw need importations. He dil not, however, enumerate the commodities of which he

Mr. Davis said that none knew what members of the Tariff Commission, each the effect of the change would be and of whom favored the American valua predicted it would take years to learn, tion plan.

Washington, July 26 .- Overhauling of | whereas the customs service, with nearly fifty years of experience under the present plan had back of it court rulings, accepted business practices and a generally stable foundation upor which to work. All of this would be lost in the change, he declared, and another em of litigation gone through before correct interpretation could be had of the bill's provisions. Would Increase Work.

Mr. Davis said there would be an in rease in amount of work placed on the customs rervice by the new duty basis informing the committee that it could abstitute for the present system of as | require that every package entering customs would have to be examined. At saw in it the customs official, who present, he said, inspectors examine only about 10 per cert of the imports. mporting husiness." He added that as he asserted, by the bill's provisions call drawn, some of the rates in the bill, ing for valuations on a comparative or said he saw need for an army of men in assessing the duties under the plan-The committee, also heard Thomas O. Marvin and William S. Culbertson.

Flood Of Protests From South Regarding Pellagra

SALES TAX MEETS MUCH OPPOSITION

House Committee Will Not Consider It, Fordney Says; Tax Suggestions

Washington, July 26 .- The sales tax ways and means committee, Chairman Fordney said today at the opening of have been set aside for the hearings

of the excise taxes on candy and bottled ered an amendment in the nature of saft drinks and amendment of the estate a substitute to what is known as tax provision were among suggestions the Norris bill which has been before made to the committee by witnesses.

Other recommendations of the Chamber of Commerce were repeal of excess profits taxes and war excise taxes, both North Carolina to learn that the bill those on transportation and communithe report of a pellagra epideric as eation and those levied in relation to participated in by Senator Simmons, particular businesses. In the place of State board of health declared the thèse taxes a tax on aif turnovers was disease showed no increase. urged.

A tax on personal expenditures was urged by Representative Mills, Republican, New York. He told the committee that such a tax would encourage thrift and penalize extravagance. A somewhat similar proposal was presented by C. P. Landreth, a Philadelphia manufacturer, and F. P. Miller, a manufacboth advances which have been made turer, of Downing Town, Pa. They suggested a tax on all purchases by inlividuals, partnerships and corporations and estimated on the basis of current bank clearances that this tax would

> Amendment of the estate tax proviswould not be required to pay more than one tax in five years was urged by U. C. Deford, a lawyer of Youngalown. Ohio. The witness cited an inusband and his widow within a period of nine days the same estate had been taxed twice within that time.

TWIN SISTERS 91 YEARS OLD AND STILL ACTIVE

Lenoir, July 26 .- Mrs. Greer, mother of Milton Greer, living three miles east of town, is 91 years of age, and is now visiting her twin sister, in Ashe county. Mrs. Greer and and her sister are both enjoying good health, and are very nctive for ladies approaching the century mark. Their lives - and activities form a remarkable incident, and shows the longevity which may be attained in the climate of this section.

PASSENGER ENGINEER ON S. A. L. MEETS DEATH AS

TRAIN NEARS SUFFOLK, VA. Portamouth, Va., July 26.-Glancing up from the flery mouth of his engine on Seaboard Air Line train Number 16 about three miles east of Suffolk, Va., to address a remark to his engineer, the fireman, Henry Mason, discovered that the locomotive was running without a pilot. A hasty search convinced him the the engineer R. H. Buckner, of this city, was not on the locomotive or tender and that the train, carrying passengers from Birmingham and Atlanta, was literally running

Hastily halting the train, the fireman and the rest of the crew went back along the track about a quarter of a mile, where they found the body of Buckner. His body. slightly mutilated, was found along-aide the track. Buckner, the theory is, was knocked from the tender by a low bridge. Telegrams From Southern States Deny Epidemic or a State of Semi-Famine

DECLARE REPORTS ARE DAMAGING TO THE SOUTH

Meantime, Public Health Service and Red Cross Prepare To Investigate

Washington, July 26 .- Quick response is a method of raising any part of the was made today to President Harding's four billions of revenue needed by call on the Public Health Service and the Federal government next year is the Red Cross to meet the reported opposed by members of the House threat of a pellagra epidemic in a large section of the cotton belt

Officials of the two agencies set imtax revision hearings. Only four days mediately to work in an endeavor to arry out the President's request and ate in the day held a joint conference. Officials of eight Southern states made their response in the form of a protest Imposition of a "purchase tax," repeal that no such serious situation as has been pictured exists.

Surgeon General Cumming and Dr. Joseph Goldberger, pellagra experts, of the Public Health Service, met in contion, urged a general turnover tax on The session was quite lengthy and no

Response From South. The response from the South was

widespread and varied. The Georgia Senate passed a resolution denouncing "damning," and the secretary of the

The Macon Chamber of Commerce telegraphed a protest to the White House, while Florida's State health of ficer contended his State showed a decrease. The State board of health of Alabama also claimed a decrease. The Tennessee health board reported 'nothing unusual," South Carolina admitted an increase, but no "semifamine," and contended there was nothing alarming." Arkansas reported "nothing alarming," and Louisiana reported a decrease. Mississippi acknowledged twice as many cases this year staple agricultural products may be yield approximately four and a half as last, but disclaimed an epidemic or "semi-famine."

In all cases the State Health officials ion of the revenue law so an estate took vigorous issue with the reports of the Public Health Service, which has publicly estimated that due to impoverished dist forced upon them by depression of the cutton market, at least 100, stance where through the death of a 000 persons in the Southern cotton belt would have pellagra and that 10 per cent of them will die. Dr. Cumming said tonight, however, that the Public Health Service would stand by its figures.

Letter From Senator Dial.

Acting upon a letter from Senator Dial, of South Carolina, who called o his attention published reports of the Public Health Service announcement, President Harding wrote Surgeon General Summing and Dr. Livingston Farrand, chairman of the central com-mittee of the Red Cross, urging them to take appropriate steps to meet the situation described to him as being fraught with "semi-famine" and threat of an epidemic of a ravaging disease. No sooner had the President's let ters been published than protests and denials began to pour down.

Public Health Service officials pointed out that their reports only gave warm ing that unless something were done to remedy a "particular kind of semi-starvation" now said to be prevailing. many deaths from pellagra would foi-

After setting out that the depression of the cotton market and conditions generally have reduced thousands of persons to a limited diet, which produces pellagra, the Public Health Serrice reports said:
"It takes about five months of this

particular kind of semi starvation before pellagra begins to manifest itself, but after that it does so with appalling rapidity. The second stage is now we'll under way.

(Continued on Page Seren.)

DEFINITE ORDERS

Secretary of War Adds Camp Jackson and Camp Bragg To Scrap Heap

FAYETTEVILLE TO ASK FOR RECONSIDERATION

Government Will Retain Land But Troops To Be Trans. ferred To Camp Knox Near Louisville; Land Condemna tion Proceedings In Federal Court To Be Ended Today

Washington, July 26.-Reduction of the United States Army to a peace time strength of 150,000 men will be accomplished by July 21 in accordance with the decision of Congress when it refused to appropriate funds for pay of a greater force after October 1. With the reduction Secretary Weeks announced today, there would be a general redistribution of troops, practical abandonment of seven of the great war-time army cantonments, placement of many organizations on the inactive list and skeletonization of others into materially reduced strengths.

The cantonments to be abandoned "at the earliest practicable date as announced by Secretary Weeks are Camps Devens, Massachusetts; Sherman, Ohio; Pike, Arkausas; Grant, Illinois: Jackson, South Carolina; Meade, Maryland, except for a small detachment, and Bragg, North Carolina Those to be retained under the plans of reorganization are Dix, New Jersey; Travis, Texas; Lewis, Washington, and Knox, Kentucky.

War department orders directing the bandonment of Camp Eragg at Faxeleville and Camp Jackson at Columbia i. C., will not hold up the prosecution of condemnation proceedings brought n Federal Court against land owners in the North Carolina camp area, in olving about 50 individual cases, and the taking of evidence in the last of thes issues will be conjuded before Judge H. G. Connor today.

According to advices received from Washington last night the War Department will retain possession of the 120,000 acres bought for Camp Bragg for use in such emergencies as may arise in the future. Sugestions are made that it will be used for civilian military training camps. Troops now stationed there will be removed to Camp Knox, 35 miles from Louisville, Ky. Washington dispatches are not altogether clear on the movement of the regiments at Camp Bragg.

Ask for Reconsideration

Fayetteville heard of the second act-War Department reconsider the order. 'Camp Bragg has looked sicker than this before" declared one Favetteville citizen as he departed for the capital came down to North Carolina and almost gave the camp to the Cape Fear

Disturbed though they are, Favetteville is by no means hopeless about the camp. They have had ramors of abandonment and actual abandonment before. They are leaning strongly upon the possibility of support from General . J. ershing who is understood to hold the opinion that Camp Bragg is the finest site for an artillery camp in the Inited States. Just what steps will be taken after the Fayetteville citizenry mobilizes its energies will not be known until their scouts have reported from

Much Land in Litigation Thirty thousand acres of land remain Three Officers of Schooner Unn the unsettled list, but since the government is to retain the land for mergencies it is presumed here that the litigation now in progress will not be interfered with. Some consternation spread among the litigants here last night when the information came that the camp was to be discarded. Land owners began to wonder if they were

going to get anything but possibly renta for their lands. Most of the perturbation was in the camp of Neill S. Blue, who owns a lit-

tle more than 11,000 acres of land for (Continued on page four.)

ABANDON PLAN TO HUNT FOR LIQUOR SMUGGLERS

Washington, July 26.-Plans for the Naval co-operation in the hunt for iquor smugglers along the North Atlantic coast apparently have been abandoned, prohibition officials declared to They had been discussed tentaday. ively with the Navy Department, officials said, but it was found the prohibi tion unit would have to defray expenses of the craft used and lacks sufficient funds. The prohibition forces are going ahead with the assistance of the coast guard, it was added, in an effort to sweep the seas of the rum runners. Justice department agents are assigned on special requests but are not taking part in the general drive.

FLAMES BADLY DAMAGE STEAMSHIP MAURETANIA

Southampton, England, July 26 .- Fire which broke out yesterday on the steamer Mauretania while she was lying Seys He's Not "Alarmist."

Senstor Dial said today he was not an "alarmist" sand understood that a pellagra epidemic did not exist, but might be expected under the conditions prevalent, especially among small cot will be accommodated on the Berengaria ton planters. Senator Dial said that he and the Carmanis, while those who had knew many laborers who have been laid booked steerage passage will be disoff, workmen and small farmers were tributed among other ships of the Canard line, according to announcement

ILLINOIS GOVERNOR UNDER INDICTMENT



Governor Len Small, of Illinois, the rincipal figure in the most sensational olitical development in that State in nany years, who has been indicted by he Sangamon county grand jury on a charge of embezzlement of State funds. Licutenant Governor Sterling and Veroon Curtis, a banker, were also in dicted on similar charges. Governor Small's claim of immunity from arrest and les determination to resist arrest have been outstanding features in the case during the past few days,

TO ARREST SMALL

Circuit Judge, However, Rules That The Governor Is Subject to Arrest

OFFERS TO SURRENDER Springfield, July 26 .- Governor Small, from the office of one of his counsel in Chicago, tonight offered to surrender himself without resistance to Sangamon county suthorities on warrants charging him with embesziement of state funds

while treasurer of Illinois.

Springfield, July 26.-Although Ciriovernor Len Small was subject to ar est following his indictment on charges of embezzlement and conspiracy to de fraud the State, while State Treasurer, warrants had not been served tonigh and the Governor left the capital, presumably for his home at Kankakee. Truce overlares by State's Attorney

Mortimer, who suggested conference be ual abandonment of the camp last night, tween county authorities and represenand took immediate steps to have the tatives of the Governor, were refused at the executive office. County authorities declared they

were determined to go through with the arrest of Governor Small, following to take up the fight that began four Judge Smith's ruling. They designated years ago when General Leonard Wood no time for service of the warrants or the time which they would allow the Governor for his appearance to arrange

Although Judge Smith ruled against them, Governor Small's counsel still contended that the executive is immune from arrest on the charges made in the indictments.

Former Governor Joseph W. Fifer, of Bloomington, Seclared that under the ruling of the court the Governor could be placed under arrest for the slight est misdemeanor.

ATTEMPTED TO SMUGGLE CHINESE INTO THE U.S.

der Arrest at Pensacola On Serious Charge

Pensacola ,Fla , July 26 Warrants vere issued here this afternoon for the errest of Jack O'Leary, alian Jack Edlington; Heinrich Wentzel, alias Hugo Wentcal, and Ching Wah Lee, aliases Chester Wing and Sen Yuca, charging them with conspiracy to violate the act prohibiting the importation into this country of allen Chinese. All the men are now under arrest.

The charges grew out of the beaching near St. Andrews; July 21, of the auxiliary schooner, Viole, with 44 Chinese aboard. The vessel put in for repairs following, it is said, a miscarriage of plans whereby the vessel would have been met and the Chinese transferred. The Chinese were act ashore and the vessel burned. Bay County authoriies later gathered them up while the three alleged conspirators were arrested quirements if Congress will only grant y Federal authorities.

The three men will be given a preiminary hearing before Commissioner A. W. Davis, tomorrow.

PECANS GROW ON GRAPE VINE NEAR MORRISVILLE, MAIL ARRIER REPORTS.

Pecans growing on a Concord grape vine surely does sound a little nutty, but H. C. Sears, mail carrier on Route No. 1, Morrisville, vouches for thin story:

"Mr. J. F. Council, prominent farmer on Route No. 1, called me to see a sight yesterday that I was not accustomed to seeing every day-pecans grewing on a Concord grape vine, says Mr. Sears. "Mr. Council pulled one of them, cut it open and found a well developed fruit as if it had rown on a pecan-tree. There are others on the vine for anyone to see,

There is a pecan tree about fifty feet from the vine, but the strange thing is how they cromed from one to the other. , It is too much for me and if anyone can figure it out I would be glad to hear from them."

ASKS CONGRESS TO **GIVE CORPORATION** ADDITIONAL POWER

President Wants Railroad Debts Funded and More Help For Agriculture

SENDS SPECIAL MESSAGE TO NATION'S LAWMAKERS

First Step Toward Affording Farm Credits Through War Finance Corporation Taken When Substitute Bill For Norris Measure Appears In

Washington, July 26.-Partial response was made immediately by Congress today to a special message from President Harding, requesting that powers of the War Finance Corporation be broadened to take charge of funding upwards of five hundred million dollars of railroad debt and to provide additional farm credits.

The President in his message, transmitted by messenger, declared the government was 'morally and legally bound to fund the railroad debts and was under "an impelling moral obligation" to provide agricultural credits. Substitute Measure

The first step toward meeting the econd of the two requests—provision for additional farm credits-had in reality been taken in the Senate before the Presidential message was read. Senator Kellogg, Republican, Minnesota, introduced a bill drafted by Secretary of Commerce Hoover and Director Meyer, of the War Finance Corporation, and said to have the approval of the President, as a substitute for the pendng Norris bill to create a \$100,000,000 arm export corporation. The bill, as ntroduced, embraced the President's suggestions to empower the War Fifederal corporation as provided in the Norris bill, to advance credits for agriultural exports.

The President's message dealt particularly with railroad financing and leclared the proposal that the War Pinance Corporation take charge of funding the railroads' debts to the government would cause "no added expense, o added liability, no added tax bur-The President described the proposal as "a simple remedy," con templating receipt and disposition by

deposited by the railroads. Referred to Committee

The message was referred by the Senate to its interstate commerce committee, but Chairman Cummins, in ill health, was out of the city, and when the railroad legislation would be taken up was in doubt. Leaders, however, expected action within the next fort night. Several Senators, opposing any semblance of further government advances to the carriers, state privately would fight the legislaion,

Text of Message "The contract covering operation prosided that the railways should be reurned to their owners in as good condition as when taken over by ernment, and the Transportation Act, recognizing that betterments and addiions belong to capital account, provided that such sums as the railway companies owed the government for betterments and new equipment, added during the period of government operation, might be funded. There has been, at no time, any question about the justice of funding such indebtedness to the government. Indeed, it has been in progress to a measurable degree ever ince the return of the railroads to their owners. It has been limited, however, to such cases as those in which final settlements with the railway administration have been effected. ess is admittedly too slow to meet the difficult situation which the owners of he railroads have been facing, and I believe it essential to restore railway activities and essential to the country's good fortune to hasten both funding and

"Quite apart from the large sums owing to the government, which we are morally and legally bound to fund, the government admittedly owes the railway company large sums on various accounts such, as compensation, depreciation and maintenance.

Need More Funds

"The way now would seem to be clear to very early adjustment and relief, except for the fact that the Railway Administration, though possessing assets, does not command the funds necessary to meet what will be its admitted obligations.

"There is no thought to ask Congress for additional funds. Perhaps five hundred million dollars will be necessary. The railroad administration has, or will have in the progress of funding, ample securities to meet all rethe authority to negotiate these securities and provide the agency for their negotiation.

"With this end in view, you are asked o extend the authority of the War Finance Corporation so that it may purchase these railway funding securities except by the Director General of Railroads. No added expense, no added investment is required on the part of the government, there is no added liability, no added fox burden. It is merely the grant of authority necessary to enable a most useful and efficient government agency to use its available funds to purchase securities for which Congress already has authorized the issue, and turn them into the channels of finance ready to float them.

Agricultural Relief "Pending proposals for relief and their discusion have already brought to. the attention of Congress the very promising possibilities of broadening the powers of the War Finance Corporalive stock production, this corporation has proven itself so helpful in the relief thus far undertaken, that I cannot

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