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ABOARD AIR FORCE ONE

Cover letter
for NPC speech
Mailing to
Newspapers.

Decisions:

1. A Presidential
Cover letter.

Nessen cover
letter.

X

2. Approve attached
draft.

Read by phone
from AF 1 to
Morgana White



2900
1975
1:37 PST

THE WHITE HOUSE
WASHINGTON

DRAFT LETTER

Dear Editor:

In the last few months, I have read with interest the editorials in your publication and other publications on New York City's financial situation. I believe we share the view that the dilemma facing New York is a matter of great concern to all Americans.

^{The President}
Today ~~I~~ delivered a speech at the National Press Club in which ~~I~~ ^{he} proposed special legislation that would permit the Federal courts to ~~preside~~ ^{preside} over an orderly reorganization of the City's financial affairs, if a default should occur.

^{The Press is}
~~I~~ ^{he} convinced that the proposals ~~made~~ ^{made} today are right for New York, and for all Americans. ~~I~~ ^{He} thought you might like the opportunity to read the full text of ~~my~~ ^{his} speech.

Sincerely,

~~Gerald R. Ford~~
RHN

Drafted by RHN



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DRAFT LETTER

Rebuttal
29021975

Dear Editorial Writer:

In the course of the last few months I have read with great interest the editorials many of you have written on New York City's critical financial situation. While you have not always agreed with my position, nor I with yours, we have shared the belief that the dilemma facing New York, and some other cities, is a matter of great concern to all Americans.

Throughout this period as you know, I have maintained that a Federal bail-out of New York would be unfair to American taxpayers in the rest of the country. Moreover, it would be unfair to New Yorkers who would be forced to relinquish certain traditional sovereign powers of the State to the Federal Government.

In spite of the well-publicized attempts by some people to press this country into a panic over New York City, it clearly is evident that the City's troubles are based upon its history of bad financial management. Therefore, any long-range solution to the problem must ensure that New York can and will maintain a balanced budget in the years ahead.

The Congress currently is deliberating over several proposals intended to prevent New York City from default. I will veto any bill that has as its purpose a bail-out for New York. However, I have today proposed special legislation that would permit the Federal courts, if it



becomes necessary, to preside over an orderly reorganization of the City's financial affairs.

The legislation would provide, in the event of default, for the Federal Government to work with the court to assure maintenance of such services as are necessary for the protection of life and property. It would prevent New York City funds from being tied up in lawsuits and would provide for new borrowing to be secured by pledging future revenues.

But it will not provide a panacea for New York's long-range fiscal problems, which New York must solve on its own.

I am convinced that the actions I have taken today are right for New York, and for all Americans.

Sincerely,

GRF

MEW:MKE:cw

THE TREASURY SECRETARY HAS ASKED GOV. CAREY TO SEND TO HIM ~~IN WRITING~~ THE

FULL DETAILS OF HIS PLAN TO HELP NEW YORK CITY SOLVE ITS FINANCIAL PROBLEM.

HE ALSO HAS ASKED ~~ALL~~ ALL THE PARTICIPANTS TO INDICATE ~~IN WRITING~~ ^{in writing,} THEIR

COMMITMENT TO CARRY OUT THEIR PART IN THE PLAN. ~~Encouraging development~~

~~AND ~~THE~~ all the parties take the actions they promise,~~
~~WHEN THIS AGREES, THE PRESIDENT WILL REVIEW IT TO DETERMINE WHAT, IF ANY,~~

~~ROLE THE FEDERAL GOVERNMENT SHOULD PLAY IN HELPING NEW YORK CITY AND NEW~~

~~YORK STATE TO SOLVE THEIR OWN FINANCIAL PROBLEMS.~~

~~When the plan is reviewed and all the parties take the actions they promise~~

Final action by all the parties in N.Y.
^{is encouraging.}
The adm. will monitor what
is done.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

November 14, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: New York Plan

Governor Carey; Felix Rohatyn, Chairman of MAC; Stanley Steingut, Speaker of the State Assembly; Warren Anderson, Majority Leader of the State Senate; and other New York officials presented the outlines of a plan designed to meet the financial needs of New York City, New York State, and the New York State agencies.

(1) Summary of the Plan

The plan involves measures to:

- (a) Force a restructuring of New York City's short-term debt.
- (b) Generate \$200 million of new city tax revenues.
- (c) Provide \$2.5 billion in new loans to the City from the city pension funds.
- (d) Reduce City contributions to employee pension funds by requiring contributions from the employees, thus reducing by \$85 million City expenditures; and restructure the employee pension plans.
- (e) Generate sufficient State tax revenues (estimated by Governor Carey at \$600-700 million) to balance the State's budget.
- (f) Provide State funding for the Housing Finance Agency to strengthen its financial condition.
- (g) Force a balancing of New York City's budget by fiscal year 1978.
- (h) Reduce welfare and social service costs.

(2) Proposed Federal Role

The Federal Government has been asked to provide seasonal financing on a short-term, self-liquidating basis. For FY 1976, approximately \$1.3 billion would be required during the period December 1975 - March 1976, to be repaid by June 30, 1976. For FY 1977 and FY 1978 the need in the July-March period would peak at \$2.3 billion in March. In each of these fiscal years, the entire amount would be repaid by June 30.

(3) Discussion of the Plan

(a) New York City

The key elements of the plan are a restructuring of New York City's short-term debt and substantial commitments of new cash from the union pension funds. The debt restructuring is in two parts. First, the banks and other institutional investors have agreed to exchange their short-term New York City notes for ten-year City bonds carrying an interest rate of six percent. Secondly, they have agreed to refinance their holdings of MAC bonds to reduce the cash flow drain on the City. These understandings are contained in letters to MAC from the major New York banks and certain union leaders.

Individual holders of short-term City notes (who hold \$1.6 billion) will be offered a long-term (10-15 year) MAC bond, carrying an 8-9 percent interest rate. Holders who do not accept the exchange will be subject, pursuant to new legislation the Governor is introducing, to a three-year moratorium on their right to enforce the terms of notes: that is, their ability to collect principal and interest at maturity. This approach is modeled on the anti-mortgage foreclosure legislation used by New York and other States during the depression.

New loans of \$2.5 billion through FY 1978 will be provided from the city employee pension funds. This commitment, as well as a commitment to restructure their existing holdings of MAC securities and City notes, is reflected in a letter to MAC signed by the heads of the Teachers, Municipal Employee, and Sanitation-men's unions.

The plan also includes legislation for new City taxes of \$200 million and changes in certain pension fund arrangements relieving the City of \$85 million in contribution obligations.

(b) New York State

The key aspect of the State plan is new state taxes to eliminate the \$700 million deficit estimated for the fiscal year ending March 31, 1976. At our meeting, Governor Carey was not specific as to what types of tax measures might be taken. Moreover -- and perhaps more importantly -- Senate Majority Leader Anderson refused to accept the \$700 million figure and was extremely vague as to whether he would support new taxes as opposed to expenditure cuts. The problem with the expenditure cut approach over the short term is that it easily lends itself to gimmickry, such as merely deferring certain outlays into the following fiscal year.

The Governor also indicated that he will seek to achieve reductions in the welfare and social services area. He was vague as to whether these reductions would come through legislation, administrative actions or both.

The State has no concrete plans for meeting the \$4 billion seasonal borrowing requirement it faces in April-June 1976. However, if the overall plan were put in place, it would appear likely that the State would have access to the market to meet this need. And as a fallback, the \$11-plus billion in State employee pension plans could be tapped.

(c) State Agencies

Two major steps are being taken with respect to the agencies. First, no new projects will be undertaken. Second, the Governor is proposing legislation of the type requested by the banking community to bolster the finances of the Housing Finance Agency. Even if the legislation is adopted, however, the banks have not agreed to meet the agencies' financing needs, which amount to approximately \$2.5 billion over the next two years. The state has tentatively identified sources (pension funds, etc.) for approximately \$1.8 billion; it hopes to persuade the banks to take the rest.

Evaluation of Plan

With respect to the City portion, the plan is basically the Administration's bankruptcy proposal by another name. Like our proposal, short-term noteholders will not be paid in cash, but will get long-term bonds (or the equivalent) instead. As would have been the case under our plan, the Emergency Financial Control Board will run the City.

Whether the plan succeeds largely depends on two factors. First, if any element of the legislation is whittled back by the Legislature -- e.g., fudging on the amount of the State's deficit or the amount of new taxes -- the existing commitments may not be kept and, more importantly, the market -- essential for the State in April -- may not be persuaded that the State has in fact done what is necessary.

Equally important is the public's perception -- over the next six months -- of how the State and City are being managed. If reforms continue at their current pace, the problem may be solved. If not, the problem may be as great by April or May as fears return that the State will have to commit more of its credit toward helping the City.

Timetable

We were asked for an answer by Monday but they have been advised that we will give them an answer as soon as possible. As a practical matter, time is of the essence: (1) The U.S. Congress, which may need to act on this matter is planning to recess November 21; and, (2) The restructuring of the short-term debt must be accomplished by December 10. Because of the complexity of the restructuring arrangement, at least two weeks will be required for this to take place.

We have made a summary of the plan without any policy comment and distributed it to Congressional leaders for their review over the weekend. We would secure their reaction on Monday while you are in Europe. When you return, you would then have the opportunity to consult with the Congress on Tuesday and could then announce a decision if you wish.

Options

Option One. To turn down the request for federal assistance and recommend that actions be taken at the state or local level.

Option Two. Agree to support legislation (copy attached) authorizing federal assistance to meet seasonal borrowing needs with any or all of the following conditions and any others to be determined:

- (a) That it is limited to \$1.5 billion with broad authority to revoke assistance if state and city action fails to meet specified conditions.

- (b) That the Governor of New York provides us with written assurance that no further requests for assistance for the City, State, or for any of its agencies will be forthcoming.
- (c) That the substance of such a letter be embodied in a resolution of the state legislature.

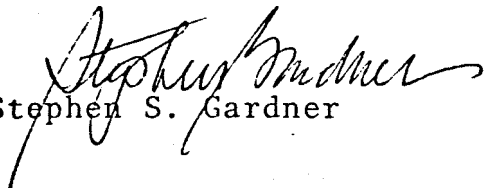
Option Three. Seek agreement from private financial institutions to provide financing for City's seasonal needs and support legislation (copy attached) enabling us to secure such financing with future Federal payments otherwise due the State and City.

These are three basic options available to you. If you are considering Option Two, you have various alternatives with respect to timing. You could:

- (a) Indicate that you will not consider any form of assistance until the State Legislature has acted.
- (b) Describe the kind of Federal assistance you will consider, but state that you will not reach a decision until after the State Legislature has acted.
- (c) Announce you have decided to provide assistance as described above if the Legislature acts in accordance with the plan.

Attached are the following background material:

- Tab A. Letters from the Governor, MAC, Union Leaders and Financial Institutions.
- Tab B. Draft legislation to provide direct federal assistance.
- Tab C. Draft legislation to secure loans by private institution
- Tab D. Additional cash flow requirements, subject to further refinement.


Stephen S. Gardner



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

HUGH L. CAREY
GOVERNOR

November 4, 1975

Dear Mr. President:

I have today sent the attached letter and supporting materials to the President of the Federal Reserve Bank of New York. On behalf of the people of the State of New York, I am requesting that the Federal Reserve consider emergency credit assistance for four agencies of the state that face imminent default on their obligations. I wish to stress to you that these agencies have nothing to do with the fiscal crisis facing New York City. Each of them has an enviable record of financial soundness and prudent management. Each of them for years have been relied upon by the citizens of New York to provide housing, health and environmental facilities essential to the state's well being. Yet these agencies, the models for similar agencies in over 30 other states, now find themselves precluded from the investment market --- a condition that has only been severely aggravated since your recent speech calling for the bankruptcy of New York City.

Should these agencies default, which certainly will occur in the absence of Federal assistance, hundreds of projects involving \$2.5 billion in construction funds will be stopped prior to completion and thousands of workers will be thrown into the unemployment rolls. These projects include hospitals and other health facilities, schools, and housing.

The general credit of the State will not only be placed in jeopardy but, in my opinion, could be critically impaired for many years to come.

Again, all of this does not have to occur. While these agencies have no direct relationship with the New York City problem, unfortunately the investment community views the problem as one and the same. This will continue as long as the Administration remains passive in the face of the New York City crisis.

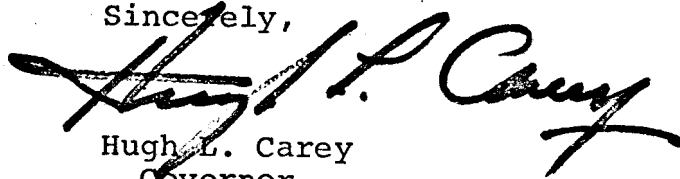
In effect, the contagion of New York City has now spread to agencies of New York State.

In addition, your many statements on this subject continue to assert that the State of New York has sufficient resources to meet the collapse of the city. I would only remind you once more of what your own financial experts know -- the State of New York has its own budget deficit of \$700 million, and is in no position to sustain the city's needs or meet the borrowing needs of these state agencies.

In my sense, Mr. President, as do many others across the country that we are at an economic crossroads unparalleled since those final moments in the darkest Depression. Whatever points you thought necessary to make about the past mistakes of New York City have been made. For our part, we have labored long and hard over the past ten months of my administration to right those wrongs. Now, despite all those efforts, we see the rapid spread of financial confusion and distrust from the city to the State, and potentially to other states as well.

It is not inappropriate, indeed it is in the tradition of our nation for us now to look for and expect positive leadership from a President and his administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Hugh L. Carey". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Hugh L. Carey
Governor

The Honorable Gerald R. Ford
President of the United States
The White House
Washington, D.C.



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

HUGH L. CAREY
GOVERNOR

November 4, 1975

Dear Mr. Volcker:

Pursuant to my responsibilities as Governor of the State of New York, I herewith submit a preliminary application and request for consideration of a 90-day extension of credit, with the option of renewal for an additional 90 days, in the amount of \$576 million pursuant to Section 13 of the Federal Reserve Act (12USC 343). The proceeds of this loan would be applied to meet the immediate needs of the following public benefit corporations which are authorized by statute to operate within New York State:

- Housing Finance Agency
- Medical Care Facilities Financing Agency
- Dormitory Authority
- Environmental Facilities Corporation

Events in recent months and weeks have disrupted the capital markets, closing them to the issues of several agencies which have traditionally enjoyed high ratings and a reputation for prudent and conservative management. New York State and the Federal government, to the extent of their capacity, have an obligation to help contain this crisis and to insure that agencies with sound credit are not destroyed.

The President indicated in his address to the nation last Wednesday that discerning investors would distinguish between sound credits and weak ones, and that the market had already largely discounted the potential insolvency of New York City. Yet, as of this moment, the capital markets are closed to four New York State authorities. Indeed, the prospects of securing financing for these seasoned agencies are considerably dimmer, not brighter, following the President's speech.

Now more than at any other time, I believe, since creation of the Federal Reserve System, the essentials of one of its crucial national purposes are sharply defined by the demands of the current crisis: to provide credit on an emergency basis to sound agencies which find traditional sources of investment temporarily closed to them.

In support of this application, enclosed is a series of analyses prepared by my office which explain the circumstances giving rise to this preliminary application.

I have discussed this request with the Lieutenant Governor, the State Comptroller, the Speaker and Minority Leader of the State Assembly, and the Majority and Minority Leaders of the State Senate, and can report they endorse the course of action proposed in this letter.

I have asked the legislative leaders to stand in readiness to convene a legislative session the week of November 10th. As you know, staff representatives of my office and the legislative leaders have been meeting with financial institutions to discuss steps that have been proposed to strengthen the viability of the State agencies; the legislative session would provide a timely opportunity for State action in support of the State agencies in connection with any definitive action regarding an extension of credit. It is my hope that this letter can lead to early discussion with you of the alternatives open to us and agreement on a common framework for action.

For a complete analysis and explanation of the public purpose to be financed under the proposed loan, and to supply further information, State Budget Director Peter C. Goldmark, Jr. and the directors of the four public authorities involved are prepared to answer any request you may have.

Sincerely,

/s/ Hugh L. Carey

Mr. Paul Volcker
President, Federal Reserve
Bank of New York
33 Liberty Street
New York, New York

Enclosure

THE WHITE HOUSE

WASHINGTON

November 3, 1975

NOTE FOR RON NESSEN

FROM: BILL SEIDMAN



An analysis of the congressional papers in this area will be available from CEA by Tuesday, noon. Suggest that today you indicate that we are studying the matter and that in general we feel that state and local governments have already adjusted their budget in light of the New York City situation.

Attachment

STATE DEFAULT

- Q. Will the State of New York default if New York City defaults?
- A. There is no reason for New York State to default because they are in sound financial position. Once appropriate action has been taken with respect to New York City, New York State should have no problems if officials act in a responsible way.

10/29/75

SPECIFIC CUTS

Q. What specific expenditure cuts do you propose that New York City make?

A. As I mentioned, New York City expenditures appear out of line by comparison to expenditures of other cities. It is up to the appropriate New York State and City authorities to make specific decisions regarding cuts.

10/29/75

IMPACT ON BANKS

Q: How many banks will be placed in difficulty in the event of a New York City default? What are the names of the banks?

A: The federal bank regulatory agencies have conducted an exhaustive review of holdings of New York City securities in our banking system and the potential impact on that system of a default by New York City. They have concluded that no major bank would be materially affected, as a direct consequence of a default by New York City.

While the impact on a handful of smaller banks could be more serious, the Federal Reserve and the FDIC have adequate mechanisms to protect bank depositors and the banking system.

10/29/75

RIPPLE EFFECT

Q. What ripple effect do you expect on the financial community from a New York City default?

A. There are two risks in any major financial reversal: financial and psychological.

We have carefully assessed the financial risk--the impact on the markets, and the impact on the banking system--and we believe these risks are manageable. Markets tend to discount future events and to some significant degree a potential default by New York City has already been discounted. These conclusions have been confirmed by many disinterested observers.

The psychological risks cannot be measured. However, it is clear that the dire predictions and alarmist rhetoric employed by those who seek to force a Federal bail out for New York City have enhanced the psychological risks. It remains of utmost importance that all who concern themselves with the affairs of New York City view the situation objectively.

In short, if all those concerned act responsibly, the ripple effect would be minimal.

10/29/75

LOAN GUARANTEES?

Q: Would you consider any form of financial assistance to assist New York in financing its short term financial needs?

A: Under our proposal, one of the ways in which the City can finance short term needs is by the issuance of certificates authorized by the Court. It must be remembered that in order to begin the judicial process, the City must submit a plan for balancing its budget. If that is done they should be able to raise necessary funds.

10/29/75

FRAUD PROSECUTION

- Q. Do you expect there to be prosecutions in fraud resulting from a default of New York City?
- A. I am confident that the responsible agencies will take whatever action may be appropriate.

10/29/75

IF NEW YORK CITY CAN'T SELL SECURITIES?

Q: Supposing they cannot sell securities or otherwise raise funds to pay for essential services?

A: We have said we will work with the Court to assure essential police, fire and other services are maintained -- whatever it takes to provide these will be done.

10/29/75

OTHER CITIES USE THE LEGISLATION?

Q. Do you expect cities other than New York to utilize the legislation you are proposing?

A. Absolutely not. No other major city in the United States has engaged in consistent deficit spending and, therefore, no city has a cumulative deficit of any size, much less the size of New York's.

However, the statute applies to all cities over 1,000,000 population not just to New York.

10/29/75

IS DEFAULT DEFINITE?

Q. In your estimation is the New York City default a foregone conclusion?

A. City and State officials in recent Congressional testimony stated that the financial resources of the City and State will have been exhausted by December.

Accordingly, if the City and State continue to be unwilling to take the measures necessary to avoid a default, it seems likely that a New York City default will occur.

10/29/75

REUSS PROPOSAL

Q. What is your view of Henry Reuss' proposal to extend loan guarantees to the State of New York for the benefit of the City subject to the City's bringing its budget into balance, the GAO being empowered to audit the City to ensure a balanced budget, securing any Federal exposure by a first lien on all payments which the Federal Government may in the future owe the City or State, and acceptance by the large creditors of New York City of a stretch-out of their debt.

A. However clothed, the proposal basically involves the taxpayers of American financing the cumulative deficit of New York City which I oppose. Moreover, the proposal involves a tremendous expansion of direct Federal control over the fiscal and financial affairs of State and local government.

Further, the practicality of handling the situation in this way is doubtful. Particularly, in dealing with small creditors, union contracts, and other obligations.

10/29/75

TIMING OF SPEECH

Q: Why did you give this speech now?

A: It was becoming increasingly likely that New York City might default because actions to prevent default were not forthcoming. Thus, I think it was important to provide for an orderly system for handling the situation should this occur.

10/29/75

CURRENT DEBT SITUATION

Q: What is the current debt situation in New York and how much additional financing does the City need in order to avoid a default?

A: According to the City's financial plan, the City will require \$4.055 billion between December 1, 1975 and June 30, 1976 to retire maturing short-term debt, to meet debt service obligations on long-term bonds, and to pay operating and capital expenses.

Due to seasonal cash flow patterns, the City will need close to \$1 billion to meet its obligations in December.

10/29/75

CREDIT INVESTMENTS

Q: Are the creditors going to lose their investments?

A: Major states and cities have defaulted before -- for example Arkansas and Detroit -- and in all these cases the creditors have received 100 cents on their dollar. Accordingly, if New York City acts responsibly, eventually all creditors could be paid if New York City officials act responsibly in handling the city's fiscal affairs.

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TIMING OF SPEECH

Q: Why did you give this speech now?

A: It was becoming increasingly likely that New York City might default because actions to prevent default were not forthcoming. Thus, I think it was important to provide for an orderly system for handling the situation should this occur.

10/29/75

CURRENT DEBT SITUATION

Q: What is the current debt situation in New York and how much additional financing does the City need in order to avoid a default?

A: According to the City's financial plan, the City will require \$4.055 billion between December 1, 1975 and June 30, 1976 to retire maturing short-term debt, to meet debt service obligations on long-term bonds, and to pay operating and capital expenses.

Due to seasonal cash flow patterns, the City will need close to \$1 billion to meet its obligations in December.

10/29/75

CREDIT INVESTMENTS

Q: Are the creditors going to lose their investments?

A: Major states and cities have defaulted before -- for example Arkansas and Detroit -- and in all these cases the creditors have received 100 cents on their dollar. Accordingly, if New York City acts responsibly, eventually all creditors could be paid if New York City officials act responsibly in handling the city's fiscal affairs.

10/29/75



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 31, 1975

FOR: RON NESSEN
VIA: PAUL THEIS *PT*
FROM: AGNES WALDRON *aw*
RE: San Francisco Earthquake

Attached is the page from the Encyclopedia Britannica describing the dimensions of the damage, etc. Also attached are the pages from the Congressional Record of 1906, where relief is discussed. (I checked The Record index for 1907 to see if there was reference to any subsequent relief effort and found none.)

Briefly, the damage to property was estimated at \$100 million while the total property loss was estimated at \$300 million.

The relief extended by the U. S. Government via the U. S. Army was from Army stores and consisted of food, medical supplies, tents, blankets, cots, etc. - in other words, material for immediate relief.

The appropriation of \$2.5 million was to replace these stores. There was no appropriation to rebuild the city. As the Britannica article indicates, insurance (which the citizens had providentially purchased) paid out \$300 million. Voluntary gifts from abroad and at home totalled \$10 million. But as the Britannica article states: "The long task of reconstruction was sustained by local courage and persistence."



many fugitive papers until its own demise in 1891, while the 20th-century *San Francisco Examiner* and the *San Francisco Chronicle* dated from the mid-1860s.

Earthquake and Reconstruction.—If the results of a city's early growth are measured not only by absolute achievement but by recuperative vitality, San Francisco met and passed the most severe of tests in 1906. The city had experienced earthquake disturbances in 1864, 1898, and 1900, but on April 18, 1906, a violent earthquake, followed by fire, demolished most of its central business and residential districts. (See EARTHQUAKE: *Great Earthquakes: California* [1906].) Hundreds were killed or injured. Homeless residents camped in thousands on the dunes west of the city, while others fled to outlying towns (incidentally giving impetus for 20th-century suburban growth). The loss in buildings was estimated to be more than \$100,000,000, while the total property loss was believed to be well over three times as much. Within a short time, relief shipments of food and clothing reached the city, and some \$10,000,000 in financial aid came from Europe and America. Although insurance payments in the neighbourhood of \$300,000,000 were forthcoming, the long task of reconstruction was sustained by local courage and persistence. Much of the city was rebuilt to be earthquake and fire resistant, and new plans for civic development made headway as the debris of the old city vanished. With pardonable pride, in 1915 San Francisco invited the world to see the results of its efforts at the Panama-Pacific International Exposition.

Change and Challenge.—The opening of the Panama Canal, celebrated by the aforementioned exposition, maintained San Francisco's traditional eminence as gateway to the Orient. It was the natural choice 30 years later for the historic conference, April-June 1945, at which the United Nations Charter was promulgated; and the Peace Treaty with Japan was signed there in 1951. But other 20th-century developments increasingly changed the character and role of the city. Westward migrations of the American population, drawn by the rich agricultural and new industrial opportunities in California; war industry and shipping during World Wars I and II; and diversified growth in the 1920s and 1950s ushered in a new epoch of metropolitan history—the development of a regional urban complex of which San Francisco was the heart, but not the whole.

Nineteenth-century San Francisco had been the unrivaled urban centre of a vast agricultural region. In the 20th century it became a city of international rank. It retained authority in many social, economic, and cultural activities. But the remarkable growth of population, economic institutions, and cultural centres throughout the metropolitan bay area (as well as in Southern California and, to a lesser extent, the central valley of the state) became the most prominent change and the most urgent source of challenge.

Internally, San Francisco confronted local forms of nationwide needs for technological, political, economic, and social reformation of urban processes. Externally, it faced a social environment no longer embodied in dependent suburban villages; modest, isolated towns; or great rural regions for which San Francisco was the only possible window to the world. Rather, it was in an environment of contiguous urban communities, themselves suffering the strain of rapid, ill-planned growth. From the mid-20th century onward, San Francisco would depend more on the quality of its leadership than on the mere weight of its activity and resources if the city were to retain its distinction as the pacesetter and lodestone of the West.

POPULATION

San Francisco, with a population of 740,316 in 1960, is the principal city in the San Francisco-Oakland standard metropolitan statistical area of five counties (Alameda, Contra Costa, Marin, San Francisco, and San Mateo), 2,486 sq. mi. (6,439 sq. km.), and 2,648,762 inhabitants. Population trends were indicated by the slight decline in San Francisco's size after 1950 and the relatively rapid growth of population elsewhere in the area to an estimated total of 3,056,000 by 1966. With its nearby counties of Marin and San Mateo, San Francisco and the West Bay urban zone had somewhat more than half the metropolitan area population in 1960,

but somewhat less than half in 1966. By the mid-1960s 60% of the area's inhabitants lived in cities of 75,000 or more, and was expected that by the end of the century predominant conditions would form a megalopolis extending outward bay area to the inland cities of San Jose, 45 mi. S; Sacramento, NE on the Sacramento River; Stockton, 50 mi. E on the Joaquin River; and northward throughout much of the Peninsula.

San Francisco's population, like that of the entire area, was predominantly white in 1960. Foreign-born and Oriental people were relatively much more numerous in San Francisco, however, elsewhere in the metropolitan complex. Added to the population of foreign descent, they gave the city a pronounced metropolitan atmosphere. The Italian and Chinese subgroups were particularly conspicuous. The Negro population of San Francisco and of the area approximated the national proportion. Within it were large numbers of men and women new to the city and new to urban life, generally. As in other cities outside the United States, the depressed economic, educational, and domestic status of nonwhite residents, despite improvement over earlier conditions, constituted a severe hazard to urban decency and vitality. During the 1960s, therefore, other minority group efforts at self-assistance, ranging from radical violence to demands for more effective national community programs in favour of the depressed and disadvantaged, evoked continuous public anxiety and received little financial support.

Both in the city and the area, women were slightly more numerous than men. The median age of San Franciscans was higher than that of the area's population, due to the city's smaller number in young age groups and its higher percentage of aged persons. Correlatively, San Francisco's unmarried population was proportionately greater (44%) than that of the area (34%). Economically, San Francisco's residents were more frequently in upper income brackets, and the "poverty pockets" of the city, though painful to contemplate, cost little to ignore. Efforts to eradicate, imperiled somewhat fewer people (relative to certain other distressed points in the metropolitan zone).

Compared with averages throughout the area, the city was much more dense and more immobile. Reflecting its position, San Francisco was the site of urban renewal programs, slums by modern apartments and commercial establishments, as well as programs to construct automobile freeways, part of a new rapid transit system, and new office and public buildings. Conversely, home owners were more numerous in the area at large than in the central city. Ribbons of new development circled the hills and filled the valleys throughout the metropolitan area. Workers thronged the highways each day as they commuted from San Francisco and other major cities of the metropolitan area.

Finally—whether because of the traditional sophistication of the wealthy elite, the vivacity and iconoclasm of its artistic and social critics, or the sensitivity to international social dynamics derived from its long-standing responsibility in world history—the character ascribed to San Francisco by observers and natives alike emphasized the tradition of vitality and animation. Perhaps such an image lacked a firm foundation in the gross statistics of its social structure and position. Nonetheless, it significantly entered into the thought and action whereby the city related its parts to the metropolitan area and sought to control its processes.

GOVERNMENT

San Francisco's five charters were granted respectively in 1856, 1861, 1898, and 1932. Initiative and referendum were first included in the 1898 charter. Under its 1932 charter, San Francisco has a consolidated city and county government in which the mayor, certain executives, the judiciary, and the member Board of Supervisors are elected. The mayor is the city's chief administrative officer and a variety of advisory boards, including police, utilities, civil service, and water supply, based on the Hetch-Hetchy system

E N E P C to pub in San Francisco

Sometimes blindly—but weaving surely,
Each for himself his fate;
We may not see how the right side looks,
We must often weave—and wait.

Mr. President, in the ripeness of a vast experience and, in the fullness of earthly honors, with every duty performed and every obligation redeemed, he has entered into the joys of the blessed. His services in this Senate will be treasured among its proudest memories, and his fame and his career will always remain as a sacred legacy and an inspiring example to the people of his State. As we are in and of a world of mysteries, who knows but that to-day, not afar off, but very near, and in this very presence, the mighty who have heretofore sat within these walls, are silent spectators of these solemn proceedings, having put on immortality in the effulgence and glory of the choir invisible?

Mr. President, I ask for the adoption of the resolutions.

The VICE-PRESIDENT. The question is on agreeing to the resolutions submitted by the senior Senator from Connecticut. The resolutions were unanimously agreed to.

Mr. BULKELEY. Mr. President, as a further mark of respect to the memory of our former colleague, I move that the Senate adjourn.

The motion was unanimously agreed to; and (at 4 o'clock p. m.) the Senate adjourned until Monday, April 23, 1906, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

SATURDAY, April 21, 1906.

The House met at 12 o'clock m.

Prayer by the Chaplain, Rev. HENRY N. COUDEN, D. D.

The Journal of yesterday's proceedings was read.

NATIONAL QUARANTINE.

The SPEAKER. On yesterday the House insisted on its amendment to Senate bill 4250—the quarantine bill—and assented to the request of the Senate for a conference. The Chair appointed the conferees—one of them Representative DAVEY of Louisiana. The Chair is reliably informed by his colleagues and others that Representative DAVEY is not in the city and will not be for some days. Therefore the Chair appoints, vice DAVEY of Louisiana, Representative BARTLETT.

ST. ELIZABETH'S ASYLUM.

Mr. GROSVENOR. Mr. Speaker, I present a privileged report. The Committee on Rules reports back the resolution of the House No. 277 with a substitute, with the recommendation for its adoption.

The SPEAKER. The Clerk will read the substitute.

The Clerk read as follows:

Resolved, That the Speaker of the House of Representatives be, and he is hereby, directed to appoint from the membership of the House a committee of five, with full power and whose duty it shall be to make a full and complete investigation of the management of the Government Hospital for the Insane and report their findings and conclusions to the House; said committee is empowered to send for persons and papers, to summon and compel the attendance of witnesses, to administer oaths, to take testimony and reduce the same to writing, and to employ such clerical and stenographic help as may be necessary, all expenses to be paid out of the contingent fund of the House.

Mr. GROSVENOR. Mr. Speaker, I ask for the previous question on the adoption of the resolution.

Mr. WILLIAMS. Mr. Speaker, if the gentleman will reserve the previous question for a moment, I would like to make a statement of about one minute.

Mr. GROSVENOR. I yield to the gentleman.

Mr. WILLIAMS. I would like to state that the report of the Committee on Rules is a unanimous report, joined in by the minority members as well as the majority.

Mr. GROSVENOR. I ask for a vote.

The previous question was ordered; and under the operation thereof the resolution was agreed to.

On motion of Mr. GROSVENOR, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

FURTHER RELIEF FOR SAN FRANCISCO.

Mr. TAWNEY. Mr. Speaker, I offer the following resolution, and ask unanimous consent to its present consideration.

The SPEAKER. The gentleman from Minnesota asks unanimous consent for the present consideration of the resolution which the Clerk will report.

The Clerk read as follows:

Joint resolution (H. J. Res. 141) for the further relief of sufferers from earthquake and conflagration on the Pacific coast.

Resolved, etc., That for the further relief of sufferers from earthquake and conflagration on the Pacific coast, as provided in the joint resolution approved April 19, 1906, as amended by the joint resolution

approved April 20, 1906, there is hereby appropriated, out of any money in the Treasury, not otherwise appropriated, the sum of \$1,000,000 or so much thereof as may be necessary; and authority is hereby specifically given to the Secretary of War to use this sum and the former appropriation for this purpose, amounting in all to \$2,000,000, not only to buy additional supplies which may be needed for the relief of the sufferers as directed in said resolutions of April 19 and April 20, but also for the purpose of replacing by purchase such subsistence, quartermaster's, and medical supplies which may have been furnished by the Secretary of War for such relief from the stores on hand for the use of the Army.

The SPEAKER. Is there objection?

Mr. WILLIAMS. Mr. Speaker, if the gentleman will yield to me a moment, I wish to say that this legislation is of such exceptional and emergency character that it ought to override all preformed conclusions. For that reason I shall not object to unanimous consent for its consideration.

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

Mr. TAWNEY. Mr. Speaker, I wish to submit and have read, in connection with the resolution, a copy of a letter from the Secretary of War to the President, showing what was done by him in reference to the calamity in California before any action was taken by Congress, and why it is necessary to authorize the expenditure of part of this money for the purchase of supplies, including commissary and medical supplies, so that he can replace those which have already been sent forward to San Francisco. In submitting this copy of the Secretary's letter to the President, I should state to the House that I do so not at the request or upon authority of the Secretary, but upon my own motion, believing that will convey more accurately than I can the necessity for this additional appropriation and the object it is intended to accomplish. I should also state that the Secretary informed me that, while he suggested an additional appropriation of one million, he was advised that the President would recommend a million and a half additional. But, Mr. Speaker, I thought that, inasmuch as the House desires to conclude the consideration of the District appropriation bill, and for that purpose wanted to go into the Committee of the Whole, I would offer this resolution now, and when we receive the recommendation of the President we can then take such action and make such additional appropriation as the House may deem necessary.

The SPEAKER. The Clerk will report.

The Clerk read as follows:

WAR DEPARTMENT,
Washington, April 21, 1906.

MY DEAR MR. PRESIDENT: The situation at San Francisco is such as to require an additional appropriation from Congress to meet the necessities of the people of that stricken city who are immediately in need of shelter and food. The War Department has rendered all the assistance possible, beginning its orders as soon as the first telegram was received from General Funston, about midnight of the 18th instant. Indeed, a telegram was sent by Assistant Secretary Oliver to General Funston immediately upon the receipt of the news of the earthquake, on the morning of the 18th, directing him to render all assistance possible. From the night of the 18th of April all the available stores of the Army, of three departments, have been used for relief purposes, assuming that the action of this Department would be ratified by Congress, in accordance with precedents in similar cases.

The memorandum of the General Staff, which accompanies this letter, shows the telegrams received from General Funston, which gradually developed the extent of the terrible disaster and increased the amount of supplies of every kind needed.

All subsistence and quartermaster supplies and all medical stores of every kind which were in the military depots in San Francisco were destroyed, except the local supplies for the troops stationed at the post at the Presidio, at San Francisco. Accordingly, everything had to be ordered from a distance. There are now on the way by special express trains from every available and convenient point where they were stored 900,000 rations, which means the rations for 900,000 soldiers for one day. The value of these rations is estimated by the Commissary-General to be \$198,000. Two hundred thousand of these rations have probably reached San Francisco this morning, in charge of commissary officers.

The Quartermaster's Department has expressed by special train wall tents, conical tents, hospital tents, and storage tents for the shelter of 100,000 people; 100,000 blankets, 7,500 mattresses, 15,000 bed sacks, and 8,000 cots, part of which have already reached San Francisco from the immediate vicinity, and all of which are hastening to the city by special trains, which have been given precedence over passenger trains.

The quartermaster supplies already delivered in San Francisco, or en route by special express trains in charge of competent military quartermasters, amount in value to \$1,031,734.40.

The medical bureau of this Department has sent five carloads of medical supplies from St. Louis by express, in charge of competent medical officers and hospital stewards. The estimated value of these medical supplies is \$50,000.

It is estimated that the cost of transportation for all these supplies amounts to \$150,000, so that the cost of that which has already been done in the matter of relief for San Francisco is \$1,429,734.40.

On the 19th Congress passed the following resolution:

Resolved, That the Secretary of War is hereby authorized and directed to procure, in open market or otherwise, subsistence and quartermaster's supplies, in addition to such supplies belonging to the military establishment and available, and issue the same to such destitute persons who have been rendered homeless or are in needy circumstances as a result of the earthquake which occurred April 18, and the pending conflagration, and in executing this joint resolution the Secretary of War is directed to cooperate with the authorities of the State of California and the mayors of the cities in San Francisco, Berkeley, Oakland,

Alameda, and such other cities on the Pacific coast as may have sustained damage.

Be it further resolved, That the Secretary of the Treasury, the Secretary of the Navy, and Secretary of Commerce and Labor are hereby directed to cooperate with the Secretary of War in extending relief and assistance to these stricken people herein referred to, to the extent of the use of the naval vessels, revenue cutters, and other vessels and Government supplies under their control on the Pacific coast.

Be it further resolved, That to enable the Secretary of War to execute the provisions of this joint resolution there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,000,000, to be expended under the direction and under the discretion of the Secretary of War."

On the 20th, at my suggestion, the resolution was amended so as to include medical supplies, as follows:

Resolved, That the appropriation of \$1,000,000 made by joint resolution approved the 19th instant, entitled "Joint resolution for the relief of sufferers from earthquake and conflagration on the Pacific coast," shall be available, under the discretion of the Secretary of War, to procure medical supplies, in addition to such supplies belonging to the military establishment, and issue the same in like manner as the subsistence and quartermaster's supplies specifically mentioned in the joint resolution aforesaid."

I have the honor to recommend that Congress be requested to appropriate \$1,000,000 more, in order to meet the cost already incurred over and above the \$1,000,000 appropriated, and to enable the War Department to purchase such additional supplies as may be needed for the purpose.

The present resolution authorizes the expenditure of money for the relief of San Francisco. The supplies which have been sent have been out of the regular Army depots, and were necessary for the support and use of the Army. I respectfully suggest therefore that in the next resolution, which I hope Congress may pass, specific authority be given to the Secretary of War to use both the \$1,000,000 already appropriated and the amount which may be appropriated in the recommended resolution, either to purchase supplies for the relief of San Francisco or to replace by purchase the supplies taken from the regular Army stores for such relief purposes.

I inclose the form of resolution which will accomplish the result sought.

I attach the memorandum of the Chief of Staff, the report of the Quartermaster-General, and the report of the Commissary-General, with their accompanying telegrams and estimates. I also attach a memorandum from the Surgeon-General as to his operations and needs.

The loss of the valuable subsistence, quartermaster's, and medical stores assembled in the depot at San Francisco for use at the Pacific posts and in the Philippines will require a very considerable deficiency estimate in order that they, in addition to the stores now being used for the relief of San Francisco, may be replaced.

The loss may be approximated as follows:

Commissary stores -----	\$150,000
Quartermaster's stores -----	2,941,472
Medical stores -----	357,391
Total -----	3,448,863

I shall submit estimate for these at a later date.

Very respectfully, yours,

WM. H. TAFT, Secretary of War.

The PRESIDENT.

Mr. UNDERWOOD. Will the gentleman from Minnesota yield to me?

Mr. TAWNEY. I will yield to the gentleman from Alabama five minutes.

Mr. UNDERWOOD. Mr. Speaker, I am heartily in favor of this resolution. I think that the American people will thoroughly approve of the action of Congress in making this appropriation and the one that was made the other day. But in making the appropriation I think Congress, even in case of an emergency of this kind, should look to its duty and protect the money of the people. Now, I have the very highest regard and admiration for the gentleman who is Secretary of War. I believe thoroughly in his honesty and integrity, but I do believe that when the Congress of the United States makes an appropriation of a large sum of money, not only for our protection but for the protection of the people for whom we have made the appropriation, we should see that it is properly expended for their benefit. Under these circumstances, this being an emergency resolution, I would not offer, and I do not think it would be proper that it should come from this side of the House or from that side of the House, to interfere with the gentleman from Minnesota by offering an amendment to an emergency resolution of this kind. I appeal to him to do this; here are \$2,000,000 that we appropriate for a specific purpose to help these suffering people. I think this resolution should clearly carry a provision that after it is expended the Secretary of War should report to the Congress what has been done with that money and how it has been expended. I think that is not only in the interest of good government, but I think it is in the interest of the people for whom we are making the appropriation, in order that it may be safeguarded and see that it goes to them and no one else. I do not offer an amendment, but I offer the suggestion to the gentleman from Minnesota in charge of the bill.

Mr. TAWNEY. Mr. Speaker, all of the money that has been appropriated or will be appropriated by this resolution, except \$500,000, has already been expended in this way. The Secretary of War immediately on receiving the news of this terrible disaster, ordered supplies, quartermaster's stores, and medical supplies shipped to San Francisco. The aggregate value shown by

the statement which has been submitted—the aggregate value of the supplies already taken out of the Government storehouses—amounts to about \$1,492,000.

This appropriation is for the purpose of enabling the Secretary of War to replace those supplies which have been thus taken from the storehouses and warehouses under the jurisdiction of the Secretary of War. The purchases authorized by the resolution will have to be made in accordance with the provisions of law governing such purchases. In other words, about \$1,492,000 is necessary to replace the supplies that have already been shipped from Government storehouses, and these supplies will have to be purchased under the same conditions, under the same law that the original supplies were purchased.

Mr. UNDERWOOD. I grant the gentleman all that.

Mr. TAWNEY. So that the Government is amply protected, and the report will have to be made of these purchases under the law as is required in other cases.

Mr. UNDERWOOD. I do not understand the law that way. This is a specific appropriation for an emergency, and, as I understand it, there is no law that would require the Secretary of War to report the expenditure of this money back to Congress.

Mr. TAWNEY. If the gentleman will permit me, I will say this: He is aware of the fact that the supplies which the Secretary of War has already shipped to San Francisco were purchased by appropriations made in the general appropriation for that purpose. Now, this resolution authorizes the Secretary of War to use so much of this million dollars as is carried by this resolution, and all of the appropriation carried by the previous resolution adopted by Congress in the purchase of supplies, under existing law, to replace those which have been taken out. So it leaves a little over \$500,000 which the Secretary of War would be able to authorize to use for the relief of these people, and a report of that expenditure will unquestionably be carried in the annual report of the Secretary.

Mr. UNDERWOOD. The gentleman from Minnesota does not understand my proposition.

Mr. TAWNEY. I am afraid that the gentleman from Alabama has not comprehended my statement.

Mr. UNDERWOOD. I understand that a great deal of the supplies that have been purchased and are to be shipped for the relief of these people are already the property of the Government and that new supplies are to be purchased in place of them, and we want to know where the supplies are sent, who gets the benefit of them, how they are distributed, who is responsible for the distribution; and that report should be made to Congress, not only in the matter of honest administration of the Government, but as a matter of protection to the people for whom the money is being spent.

Mr. TAWNEY. Mr. Speaker, I do not think that that is at all practical or necessary. The people of the United States, who are to-day contributing millions of dollars for the relief of the people of San Francisco and neighboring cities, are not exacting an itemized statement from the people of San Francisco to show the persons to whom they are giving relief and I do not think the Government of the United States should do it.

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

The SPEAKER. Does the gentleman from Minnesota yield to the gentleman from New York?

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

Mr. PAYNE. Mr. Speaker, I would like to ask the gentleman from Minnesota [Mr. TAWNEY] if it is not a fact that every dollar of this expenditure will be audited by the Auditor and a report made to him as to the entire expenditure, and every dollar of it will pass through the same ordeal as every dollar of the hundreds of millions that we appropriate to be expended by the Departments from year to year?

Mr. TAWNEY. It will, unquestionably.

Mr. PAYNE. So there is no occasion to make this a special case in that respect.

Mr. TAWNEY. And I want to say further that the Secretary of War informed the committee this morning that not a dollar of this money will be given to anyone to expend except the bonded officials of the Government of the United States who are engaged in the distribution of the quartermaster's stores and supplies under the control of the Army.

Mr. GAINES of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. TAWNEY. I yield to the gentleman.

Mr. GAINES of Tennessee. Mr. Speaker, one of the points, and I think the main point, the gentleman from Alabama [Mr. UNDERWOOD] makes is this: No one objects to the appropriation—no one could do it under the circumstances—but it is to see that the money that we appropriate is actually used and certainly used to help the people that need the help. In other words, that no middleman gets in and gets the benefit of the

by my side [Mr. BAILEY]. I believe that amendment will give to the carrier an opportunity to question everything that the Commission shall do which he may think interferes with his rights.

Mr. President, for one I should be ashamed to vote for a bill in which I did not have confidence enough to submit it to the final adjudication and determination of that great body to which has been transferred, not only questions of this kind, but the great question of our power to enact laws. When a court has been authorized to determine every grave question that we have presented to us, to determine whether the laws we enact are within our power, whether they come within the constitutional provisions, can we not trust that court with a question of dollars and cents? Dollars and cents are not comparable, after all, with the great questions of personal liberty and personal rights; and every man in this country holds those rights subject to the decision that court may make. I repeat; if you can trust the court in such matters, you can trust them with the questions involved in the pending bill.

I know that this bill will have to stand the criticism of the courts. I believe that every feature of it can be sustained, including the question of what some say is an interference with the functions of the courts by prohibiting an interlocutory injunction; but if the courts should say, in spite of the prohibition on the issuance of the writ of injunction, "We will grant the injunction," the remainder of the bill, in my judgment, will not be affected by that.

I believe that this bill might be benefited by amendments. I believe I can pick out half a dozen Senators here who can sit down and modify the bill to great advantage. I know that will not be done. I know the public expect that this bill will pass the Senate practically as it passed the House. Practically it will, in my judgment. I am in favor of making it certain that every carrier and every shipper shall have his day in court. I will trust the Federal court with that question. I believe it will see to it, as it ought to see to it, that every just and honest complaint can be redressed, if at all, at its hands.

Mr. BAILEY obtained the floor.

FOREIGN OFFERS OF AID TO CALIFORNIA SUFFERERS.

The VICE-PRESIDENT laid before the Senate the following message from the President of the United States, which was read:

To the Senate and House of Representatives:

Immediately after the disaster at San Francisco many offers of assistance in the shape of contributions were tendered by foreign individuals, corporations, governments, and municipalities. The Canadian government, with an instant generosity peculiarly pleasant as a proof of the close and friendly ties which knit us to our neighbors of the North, offered to pass a resolution appropriating \$100,000 for the relief of the sufferers by earthquake and fire. With a generosity equally marked and equally appreciated the Republic of Mexico, our nearest neighbor to the south, voted to appropriate \$30,000, and the Republic of Guatemala voted to appropriate \$10,000 for the same purpose. The Empress of China, in addition to sending money to be used for the Chinese who suffered in San Francisco, offered to send more than double as much to be used for the inhabitants generally. The Japanese Government immediately offered to send across the ocean one of their beautifully equipped hospital ships to be used in any way for the sufferers, and also offered 200,000 yen to the relief committee, in addition to more than 100,000 yen sent to Japanese subjects. The Government of far-distant New Zealand voted \$25,000. The government of Martinique voted 1,000 francs. The municipality of Edmonton, Canada, \$1,000. Many municipalities, corporations, and individuals in England, Germany, France, Japan, Cuba, and other countries immediately proffered aid. Where these offers of aid are made to the private relief committees organized to deal with the distress in San Francisco I have, of course, no official action to take concerning them. Where they were tendered to me in my official capacity I did not feel warranted in accepting them, but I am certain I give utterance to the feelings of all our countrymen when I express my very lively appreciation of the warm-hearted generosity and eagerness to help us in the time of our affliction shown by the governments, the municipalities, the corporations, and the individuals mentioned above. We are deeply grateful to them, and we are deeply grateful for the way in which they showed in such practical fashion the growth of the spirit of brotherhood among the nations.

Most kind and welcome messages of sympathy also were promptly sent to us by the Emperor of Austria, the King of Belgium, the President of Bolivia, the Prince of Bulgaria, the President of Brazil, the President of Chile, the President of Cuba, the King of Denmark, the President of the Dominican Republic, the Khedive of Egypt, the President of France, the German Emperor, the King of Great Britain, the King of Greece, the President of Guatemala, the King of Italy, the Emperor of Japan, the Emperor of Korea, the President of Mexico, the Prince of Monaco, the Queen of the Netherlands, the President of Nicaragua, the King of Norway, the President of Peru, the King of Portugal, the Czar of Russia, the King of Serbia, the King of Spain, the President of the Swiss Confederation, the King of Sweden, the Sultan of Turkey, the President of Venezuela, the governments of Austria-Hungary, Bavaria, Belgium, Brazil, Chile, Costa Rica, Colombia, Cuba, Denmark, Ecuador, France, Great Britain, Guatemala, Greece, Haiti, Italy, Japan, Panama, Persia, Portugal, Paraguay, Peru, the Netherlands, Norway, Switzerland, Spain, Uruguay, Sweden, Russia, and Siam; by the ministers of foreign affairs of Chile, Greece, Nicaragua, Portugal, Paraguay, Guatemala, and Russia; by the Viceroy of India and the Governor-General of Australia; by the governors of Ontario, Hongkong, Ceylon, the Bermudas, Natal, the Azores, the Iwate Prefecture of Japan; by the premiers of New South Wales,

Victoria, South Australia, and New Zealand; by the National Assembly of Salvador; by the Cuban House of Representatives; the National Assembly of Guatemala; by the mayor, senate, and city of Bremen; the mayor, president, and the senate of Havana; the mayors of Adelaide, Queensland, Hobart, Madrid, Osaka; the chambers of commerce of Nagoya, Japan, and Calcutta; the Tea Traders and the Silk Fabric Guild of Yokohama; the Asahi Shimbun of Osaka; by the Canadian Manufacturer's Association of Toronto and the Latin Union of Habana; by the prime minister of England; the lord mayors of London, Liverpool, Bristol, Leeds, Shrewsbury; by workingmen's councils, religious associations, and by a multitude of other associations, organizations, and individuals.

Appropriate expressions of gratitude to all these friends returned by the State Department or by myself, but it seems to me the real depth of grateful feeling awakened in our people by the evidences of genuine sympathy and friendship should be expressed by formal action of the supreme legislative power of the nation. I recommend the passage by the Congress of an appropriate resolution to that end.

THEODORE ROOSEVELT

THE WHITE HOUSE, May 3, 1906.

Mr. PERKINS. Mr. President, I suggest that the President's message be referred to the Committee on Foreign Relations and that that committee be requested to formulate appropriate resolutions, conveying to the foreign governments and consular and other bodies named in the President's message a grateful acknowledgment and appreciation of the people of the whole country, but especially of California, of their benevolent sympathy for and kind offers of financial assistance to the afflicted people of San Francisco, who have suffered so much from the great calamity that has recently fallen upon that city.

The VICE-PRESIDENT. Without objection, the message will be printed and referred to the Committee on Foreign Relations, as requested.

Mr. NEWLANDS. I wish to say a few words regarding the message.

The VICE-PRESIDENT. The Senator from Texas has the floor. Does the Senator from Texas yield to the Senator from Nevada?

Mr. BAILEY. I wish to occupy but a few moments, and the Senator from Nevada can proceed.

The VICE-PRESIDENT. The Senator from Texas does not yield.

REGULATION OF RAILROAD RATES.

The Senate, as in the Committee of the Whole, resumed consideration of the bill (H. R. 12987) to amend an act entitled "An act to regulate commerce," approved February 18, 1887, and all acts amendatory thereof, and to enlarge the powers of the Interstate Commerce Commission.

Mr. BAILEY. Mr. President, the Senator from South Carolina [Mr. TILMAN] does not need my assistance or the assistance of any of his political friends on this side of the Chamber in defending himself or his position against a misconstruction. But the evident satisfaction with which the rebuke to him received by our friends on the other side of the Chamber leads me to fear that if it were left to pass unchallenged the commission might assume that the only argument of those who support the proposition to prohibit preliminary injunctions against the orders of the Commission is based upon our suspicion against both the integrity and the intelligence of all Federal judges.

Speaking for myself—and I have no right to speak for anyone else—I have declared on a former occasion, and I know full well, that I hold an overwhelming majority of all the members of the Senate to construe the laws of Congress in the highest sense possible; I believe in their intelligence; I believe in their integrity; I believe in their patriotism. But, sir, I am not so blind as to myself to see that there are unworthy men amongst them. I am I so shortsighted as to think that, strive as I might, I could ever make the people of the United States forget the unworthy men who wear the judicial ermine of this Republic.

I do not mean that all of those against whose improvidence the issuance of a preliminary injunction I would guard would be under improper motives. When I look to the cases which have been decided, I find that in almost every instance where the railroads have appealed to the Federal judiciary against the railroad rates established by State commissions a preliminary injunction has been promptly granted. I do not say, indeed, do not believe, that these judges were dishonest. If I believe it, I would say it, because, with all my respect for the courts, I have no reverence for them. I revere no living man except those who consecrate their lives to the unselfish service of God. They are the only people in this country for whom I cherish a reverence. For all the others I have only a respect. For the faithful and useful public servant I have a profound respect, but I have no awe of them or reverence for them. I am not one of those who believe that when we stand before the presence of a court we ought to take off our hat and stand as if it were holy ground. It is enough to stand with uncovered head, and standing thus we have the right to stand erect

the carrier has its principal operating office, or in any district through which the road of the carrier may be operated."

The VICE-PRESIDENT. Will the Senator from Maine withhold his motion for an executive session until the Chair lays before the Senate a message from the President of the United States and some messages from the House of Representatives?

Mr. HALE. And for nothing else.

The VICE-PRESIDENT. And for nothing else.

ARMY SUPPLIES AT SAN FRANCISCO.

The VICE-PRESIDENT laid before the Senate the following message from the President of the United States; which was read, and, on motion of Mr. HALE, was referred to the Committee on Appropriations, and ordered to be printed:

To the Senate and House of Representatives:

I herewith transmit a letter from the Secretary of War in respect to the situation as to the Army supplies at San Francisco. His letter contains appendices showing the supplies which have been transmitted to San Francisco and their cost, and set forth the necessity for an additional appropriation of \$500,000, which I recommend be made at once. This is to meet the requirements of the immediate future.

THEODORE ROOSEVELT.

THE WHITE HOUSE, May 8, 1906.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. W. J. BROWNING, its Chief Clerk, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 14397) making appropriations for the support of the Army for the fiscal year ending June 30, 1907, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. HULL, Mr. CAPRON, and Mr. SULZER managers at the conference on the part of the House.

ARMY APPROPRIATION BILL.

The VICE-PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 14397) making appropriations for the support of the Army for the fiscal year ending June 30, 1907, and asking a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. WARREN. I move that the Senate insist upon its amendments, that the request for a conference by the House be granted, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and Mr. WARREN, Mr. FORAKER, and Mr. BLACKBURN were appointed.

REGULATION OF MOTOR BOATS.

The VICE-PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 4094) to amend section 4426 of the Revised Statutes of the United States, regulation of motor boats, which was, on page 3, line 2, after the word "hire," to insert "but not engaged in fishing as a regular business."

Mr. FRYE. I move that the Senate concur in the amendment of the House.

Mr. ALDRICH. I ask that the bill, with the amendment, be referred to the Committee on Commerce. I shall have to do that. I established a precedent the other day and I will have to ask that this amendment take that course. I move that it be referred to the Committee on Commerce.

The motion was agreed to.

MARY E. DUGGER.

The VICE-PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1975) granting an increase of pension to Mary E. Dugger, which was, in line 6, after the name "Jefferson," to insert the initial "L."

Mr. McCUMBER. I move that the Senate concur in the House amendment.

The motion was agreed to.

FORT DOUGLAS MILITARY RESERVATION.

The VICE-PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 5498) granting additional lands from the Fort Douglas Military Reservation to the University of Utah, which was, on page 2, line 16, to strike out all after the word "further," down to and including "Utah," line 20, and insert:

That there is reserved to the United States the perpetual right to maintain, alter, rebuild, and enlarge the sewer which runs from the Fort Douglas military post across said tract of land, or to construct and maintain a new sewer system across the same should it be desirable so to do.

Mr. SUTHERLAND. I move that the Senate concur in the House amendment.

Mr. ALDRICH. I move that it be referred to the Committee on Public Lands or whatever committee it came from.

Mr. CULLOM. It came from the Committee on Military

The VICE-PRESIDENT. The bill originated from the Committee on Military Affairs.

Mr. WARREN. The matter has the full support of the War Department. It has passed the Senate and in the Army appropriation bill. The House has passed the House with an amendment. The bill may receive final action here, so that it is stricken out of the Army appropriation bill agreed by the conferees.

Mr. ALDRICH. Very well.

The VICE-PRESIDENT. The Senator from Maine withdraws his motion to refer. The Senator from Utah that the Senate concur in the amendment of the Representatives.

The motion was agreed to.

NORTHERN PACIFIC RAILWAY LANDS.

The VICE-PRESIDENT laid before the Senate the amendment of the House of Representatives to the relief of certain entrymen and settlers with respect to the Northern Pacific Railway land grant, which was, on page 1, line 8, after the word "abandoned" to insert:

Provided, That all lieu selections made under the act of March 3, 1875, shall be void, and the lands shall be returned to the State where the private lands were located. Sec. 2. That this act shall become effective on the 1st day of July, 1906. Secretary of the Interior.

Mr. ALDRICH. I think I will have to ask that the bill be referred to the Committee on Public Lands.

The VICE-PRESIDENT. The bill and amendment were referred to the Committee on Public Lands.

EXECUTIVE SESSION.

Mr. HALE. Mr. President, I call for the resumption of these matters can wait.

The VICE-PRESIDENT. The Senator from Maine that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate consideration of executive business. After seven minutes in executive session the doors were reopened. At 10 p. m. the Senate adjourned until to-morrow, May 9, 1906, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate.

REGISTER OF LAND OFFICE.

Truman G. Daniells, of Alameda, Cal., to be register of land office at Oakland, Cal. (temporarily removed from San Francisco by Executive order of April 28, 1906, B. Hunt, term expired.

RECEIVER OF PUBLIC MONEYS.

Sargent S. Morton, of California, to be receiver of public moneys at Oakland, Cal. (temporarily removed from San Francisco by Executive order of April 28, 1906, term expired part of his term of four years from May 1, 1905, as receiver at San Francisco.

PROMOTIONS IN THE NAVY.

Ensign Charles T. Wade to be a lieutenant in the Navy from the 1st day of July, 1905, and completed three years' service in that grade.

Lieut. (Junior Grade) Charles T. Wade to be a lieutenant in the Navy from the 1st day of July, 1905, vice H. Davis, promoted.

PROMOTIONS IN THE ARMY.

Lieut. Col. James E. Macklin, Third Infantry, promoted from May 8, 1906, vice Ray, Fourth Infantry, term expired.

Maj. Lea Febiger, detailed inspector-general, promoted to colonel of infantry from May 8, 1906, vice Macklin, Fourth Infantry, promoted.

CONFIRMATIONS.

Executive nominations confirmed by the Senate.

ASSOCIATE JUSTICE OF OKLAHOMA.

Frank E. Gillette, of Oklahoma, to be associate justice of the supreme court of the Territory of Oklahoma.

MARSHAL.

Harmon L. Remmel, of Arkansas, to be United States marshal for the eastern district of Arkansas.

PROMOTIONS IN THE ARMY.

Clerks of Engineers.

its title, and, with the accompanying paper, referred to the committee on Pensions.

He also introduced the following bills; which were severally read twice by their titles, and referred to the Committee on Pensions:

bill (S. 5814) for the relief of Rev. George W. C. Smith;

bill (S. 5815) for the relief of Myron Powers.

Mr. CLAPP introduced the following bills; which were severally read twice by their titles, and referred to the Committee on Pensions:

bill (S. 5816) granting a pension to Nancy A. Underwood (with accompanying papers); and

bill (S. 5817) granting an increase of pension to Milton Wood.

Mr. ELKINS introduced the following bills; which were severally read twice by their titles, and referred to the Committee on Claims:

bill (S. 5818) for the relief of Eloise A. Sickels (with an accompanying paper);

bill (S. 5819) for the relief of the board of education of the Ferry district, Jefferson County, W. Va. (with an accompanying paper); and

bill (S. 5820) to reimburse the estate of Samuel Caldwell, deceased.

Mr. ELKINS introduced the following bills; which were severally read twice by their titles, and referred to the Committee on Pensions:

bill (S. 5821) granting an increase of pension to Oscar P. ... (with accompanying papers);

bill (S. 5822) granting an increase of pension to I. E. Millard

and bill (S. 5823) granting an increase of pension to Nelson ...

Mr. ELKINS introduced a bill (S. 5824) to refund legacy ... illegally collected; which was read twice by its title, and referred to the Committee on Finance.

Mr. DANIEL introduced a bill (S. 5825) to authorize the United States Government to participate in the Jamestown Centennial Exposition on the shores of Hampton Roads, in Norfolk County, Va., in the year 1907, and to appropriate money ... thereof; which was read twice by its title, and referred to the Select Committee on Industrial Expositions.

Mr. ALGER introduced a bill (S. 5826) granting an increase of pension to Isaac C. Phillips; which was read twice by its title and referred to the Committee on Pensions.

Mr. PETTUS introduced a bill (S. 5827) for the relief of the estate of Mrs. Cassa Simpson, deceased; which was read twice by its title, and, with the papers on file in the Secretary's office, referred to the Committee on Claims.

RESOLUTION OF DUTY ON MATERIAL FOR CALIFORNIA BUILDINGS.

Mr. CULLOM. I introduce a joint resolution, and ask that it be read, printed, and referred to the Committee on Finance.

The joint resolution (S. R. 50) providing for the suspension for one year of the duty on structural steel for buildings for cities in California, was read the first time by its title and the second time at length, as follows:

Whereas in view of the fact there is a shortage in structural steel for building material in this country to meet the needs of the city of San Francisco and other California cities destroyed or damaged by earthquake shocks on April 19 and conflagration that followed and that everything should be done to facilitate the reconstruction of the stricken cities: Therefore, be it resolved, etc., That the duty on structural steel and other necessary material intended for use in buildings to be constructed in said cities is hereby declared to be suspended for the period of one year.

Mr. VICE-PRESIDENT. The joint resolution will be read the second time and referred to the Committee on Finance.

AMENDMENT TO GENERAL DEFICIENCY APPROPRIATION BILL.

Mr. ELKINS submitted an amendment proposing to appropriate \$100,000 to pay J. F. Sellers, S. A. Maryman, and F. L. Thompson each for extra services rendered to the Committee on Interstate Commerce of the Senate during the consideration of resolutions on the regulation of railway rates, intended to be read by him to the general deficiency appropriation bill; which was referred to the Committee on Appropriations, and ordered to be printed.

REGULATION OF RAILROAD RATES.

Mr. GALLINGER submitted an amendment intended to be read by him to the bill (H. R. 12987) to amend an act entitled "An act to regulate commerce," approved February 4, 1904, and all acts amendatory thereof, and to enlarge the powers of the Interstate Commerce Commission; which was ordered to be read the second time and printed.

ALICE VIRGINIA HOLLIS.

Mr. ELKINS submitted the following resolution; which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay to Alice Virginia Hollis, widow of C. R. Hollis, late assistant engineer under the Superintendent of the Capitol, a sum equal to six months' salary at the rate he was receiving by law at the time of his demise, said sum to be considered as including funeral expenses and all other allowances.

SEYMOUR HOWELL.

Mr. BURROWS submitted the following resolution; which was considered by unanimous consent, and agreed to:

Resolved, That the chief justice and the judges of the Court of Claims be, and are hereby, requested to return to the Senate the papers in the case of Seymour Howell.

RELIEF OF SUFFERERS IN CALIFORNIA.

The joint resolution (H. J. Res. 141) for the further relief of sufferers from earthquake and conflagration on the Pacific coast was read the first time by its title.

Mr. ALLISON. The Committee on Appropriations this morning considered the joint resolution, having a copy of it in advance of its being formally sent to the Senate. I ask that it may be immediately considered.

There being no objection, the joint resolution was read the second time at length, and considered as in Committee of the Whole.

Mr. ALLISON. On page 1, line 9, after the word "million" and before the word "dollars," I move to insert the words "five hundred thousand;" so as to read "the sum of one million five hundred thousand dollars."

The amendment was agreed to.

Mr. ALLISON. I also move to add at the end of the joint resolution a semicolon and the following words:

And for the purpose of defraying all extra cost to the War Department incurred in mileage of officers, transportation of troops, and all other expenditures which would not have been necessary but for the relief measures herein described and authorized.

The amendment was agreed to.

The VICE-PRESIDENT. The Chair would suggest to the Senator from Iowa that after the words "two million," in line 2, on the top of page 2, the words "five hundred thousand" should be inserted.

Mr. ALLISON. The words "five hundred thousand" should be added there.

The VICE-PRESIDENT. The additional amendment will be stated by the Secretary.

The SECRETARY. On page 2, line 2, after the words "two million" and before the word "dollars," insert "five hundred thousand."

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution was read the third time, and passed.

The joint resolution as passed reads as follows:

Resolved, etc., That for the further relief of sufferers from earthquake and conflagration on the Pacific coast, as provided in the joint resolution approved April 19, 1906, as amended by the joint resolution approved April 20, 1906, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,500,000, or so much thereof as may be necessary; and authority is hereby specifically given to the Secretary of War to use this sum and the former appropriation for this purpose, amounting in all to \$2,500,000, not only to buy additional supplies which may be needed for the relief of the sufferers as directed in said resolutions of April 19 and April 20, but also for the purpose of replacing by purchase such subsistence, quartermaster's, and medical supplies which may have been furnished by the Secretary of War for such relief from the stores on hand for the use of the Army; and for the purpose of defraying all extra cost to the War Department incurred in mileage of officers, transportation of troops, and all other expenditures which would not have been necessary but for the relief measures herein described and authorized.

HOUSE BILLS REFERRED.

H. R. 11037. An act relating to the transportation of dutiable merchandise without appraisement was read twice by its title, and referred to the Committee on Finance.

H. R. 18198. An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1907, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

RELIEF OF SUFFERERS IN CALIFORNIA.

The VICE-PRESIDENT laid before the Senate the following message from the President of the United States; which was

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