

SOLDIERS' ADJUSTED COMPENSATION

HEARINGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE**

**SIXTY-SEVENTH CONGRESS
SECOND SESSION**

ON

3

AN ACT

**TO PROVIDE ADJUSTED COMPENSATION FOR VETERANS OF
THE WORLD WAR, AND FOR OTHER PURPOSES**

—
MAY 19, 1922
—

Printed for the use of the Committee on Finance



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SOLDIERS' ADJUSTED COMPENSATION.

FRIDAY, MAY 19, 1922.

UNITED STATES SENATE,
SUBCOMMITTEE OF COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met pursuant to call at 2.30 o'clock p. m., in the committee room, Capitol, Senator McLean, of Connecticut, presiding.

Present: Senators McLean (chairman), Curtis, Sutherland.

Present, also, Senator Shortridge.

The subcommittee had under consideration H. R. 10874. Sixty-seventh Congress, second session, an act to provide adjusted compensation for veterans of the World War, and for other purposes.

Senator McLEAN. Mr. Mead, we shall be very glad to hear any suggestions you may desire to present to the committee.

STATEMENT OF DR. ELWOOD MEAD, PROFESSOR OF RURAL INSTITUTIONS, UNIVERSITY OF CALIFORNIA, AND CHIEF OF THE LAND SETTLEMENT DIVISION OF THE DEPARTMENT OF PUBLIC WORKS.

Doctor MEAD. As you are aware, the Bureau for Vocational Training is expending several millions dollars a year in the agricultural education of ex-service men. The greater part of this expenditure and of this training is carried on in schools and colleges. The experience of California in the placing of settlers on farms in its State land settlements has, I believe, demonstrated that there is a better plan and it is my desire to place before you our experience and the conclusions that we have reached as a result.

Five years ago California passed a State land settlement act. The purpose of it was to give broader opportunities for people of small or moderate means to become farm owners and to accomplish this result, the State created a board, gave it the money and authority to buy large tracts of land, cut them up into small farms, and sell these to settlers on long time amortized payments with a low interest on deferred payments. The settlers were also to be helped in organizing to cooperate in doing things which the community could do better than the individual and to save money and make money in collective bargaining.

This legislation was passed before we became involved in the World War and its purpose was at first wholly economic, to develop the latent resources of the State, to give to poor men a substitute for the free homestead in the shape of organized advice and direction and long-time credits in paying for farms. It has proven to be a solvent and successful undertaking.

Two years ago this land settlement act was amended to make it a factor in providing opportunities for ex-service men who had to go to the country because of health or who liked farming. The amendment did not relax the conditions of the act that gave the board opportunity to select settlers and to exclude those manifestly unfit, but among those who were qualified, it required that ex-service men should be given a preference. Since that time about 100 ex-service men have become farm buyers in these settlements.

Some of these ex-service men were invalids. They were sent to the country by their physicians. They had to live in the open in order to live at all. Several were tubercular. Some were shell shocked. Later on there was a desire from men who could not qualify under the ordinary conditions of the board because they lacked farming experience. To meet their situation, the United States Bureau of Vocational Training had a number of conferences with the board to see if, through cooperation, we could not establish in the Delhi settlement, the second of the State settlements, a practical training in agriculture by which ex-service men who needed advice and

direction could be given it in a systematic fashion. It was the belief of those in charge of the State settlements and of the Vocational Training Board that if arrangements could be made for such training, it would be exceptionally effective because the settler would get advice on the problems that confronted him as they arose and there would be no lost motion in his education. In addition, the cooperative organizations and the meetings of all of the settlers to discuss their problems and determine what crops to grow and how to market them, would of itself be a great source of encouragement and information. They would be touching elbows with experienced men, making the same struggle as themselves, and all partners in a common adventure, that of developing a large tract of country and meeting the payments on their individual farms.

In addition to what they would learn from their neighbors and from the organized aid and direction given in the settlement, the Vocational Board employed an instructor, selected in cooperation with the State authorities, and this instructor was to give his special attention to the problems of the ex-service men.

In the Delhi settlement this school now includes 15 men. Some were inexperienced. Some were invalids. What has happened has been of exceeding interest to all who are concerned, both those in charge of the State settlements and those connected with the United States Bureau for Vocational Training.

It has compelled all of us to consider what are the imperative needs of the ex-service man who is rural minded, who wants to farm, and who lacks the capital to buy and pay for a farm under the ordinary conditions of private purchase. What is the right place and the right method to fit these men to successfully overcome the obstacles which will confront them and become successful farmers? Can this work be best done in schools and colleges, or by the creation of group settlements out in the country, where the intending farmer is sold his land on conditions which will enable him, if he has industry and thrift, to pay for it out of the crops grown?

It is the belief of those who are in contact with the work in the two State settlements, and this includes both the State and the United States authorities, that the training of the soldier on his own farm is so superior to the giving of agricultural training in schools or colleges, that it ought to be given a thorough trial by the United States Government.

Unless the young man who goes to a school or a college has a background of education sufficient to enable him to fully utilize the benefits of a college education in some other pursuit besides farming, much of his training will have no immediate relation to what he has to do when he comes out of college. I am informed that the allowance for each of these trainees ranges from \$100 to \$150 a month; that the average is about \$135 a month. The temptations to spend this money, which exist in a school or college, are such that very little of this money is saved and at the end of two years, when the young man has finished the training which the Government provides, he goes out as he went in, without any capital. The Government has invested somewhere between \$2,000 and \$4,000 in his training, but, without capital, what he has gained in that training is largely offset by the rather expensive habits that he formed and the disposition to look to the Government to take care of him.

As contrasted to this, the young man who goes into the California State Settlements, if he lacks capital, has a certain credit due to the fact that the Government is paying each month an allowance and the State land-settlement authorities have told these young men who are willing to make a budget of their expenses and live within this budget that they would regard as cash any payments which these ex-service men would agree to make on their farms or on the improvement of their farms out of this allowance, and these budgets are being made.

The young man so situated, instead of being tempted to devote all of his money to living expenses, has a constant and agreeable pressure on him to save every possible cent of it and use it to increase his equity in his farm or, through improvements, to increase its earning power. In addition to that, all the training he gets from his instructor and in the meetings of the settlers bears directly on his individual problems, the things that contribute to his success.

It is impossible in any school or college to anticipate the things that the trainee will need to know, but if he is on his farm, the events from day to day determine what he needs to know and his instructor is there to help him gain that information. The fundamental condition of success, however, is being able to earn the money needed to meet living expenses, develop the farm and meet the payments. In order to do this the authorities in charge of the Delhi settlement have designed a monthly budget plan where the developing expenses, including living expenses, are estimated by the month for a period of two years.

This budget is agreed to by both trainee and his training officer. The budget is then deposited in the First National Bank at Turlock. The check received from the

Government is sent to the bank and is indorsed by the trainee so that it can be paid out by the bank according to the terms of the budget agreed upon.

Fifty dollars a month is allowed on the average, as a fund to cover living expenses. The trainee is urged to put in a garden, raise as many vegetables and small fruit as possible. His budget also allows for the purchase of a cow and the purchase of a farm flock of poultry in the beginning of his operation. This gives him milk, butter, eggs and garden stuff, which, together with the \$50 which he has to spend for clothing, etc., will enable him to have a decent standard of living while developing his allotment.

This plan allows for the expenditure of \$50 to \$100 a month on the development expenses. On a poultry farm, this includes the purchase of land, the leveling and preparation of land for irrigation, the annual irrigation tax and maintenance charges, for the purchase of poultry, the erection of a house, small barn, and poultry houses to accommodate 500 hens the first year and more houses to accommodate more hens ultimately. The second year he installs a water system, as by that time he will have so many hens that it will be a burden to carry the water.

I inclose a sample budget that we have used in the case of Mr. B. Mr. B. is a married man and has two children. His compensation is \$152.50 each month. The Vocational Training Board expect to have his compensation continue for a period of two years. He has property in Ceres on which he expects to realize at least \$500 cash. His wife is an experienced farm woman and apparently is a very good manager. You note that although the State land settlement loans money on his house, poultry house, and his leveling, he expends over \$500 more the first year than he receives from the Government. He should make an income from the poultry during the first year that would amount to \$500 to \$1,000. The second year his income would be greater but the expense will also be greater at the end of the second year. When his compensation stops he should be in a position to make a living and meet his payments from the poultry farm he would have established. At that time he should have 500 laying hens but at the same time he would have 500 pullets that were not laying but which would be an expense in feed and care. It would not be long, however, before the 500 pullets would begin to bring an income, after which time he should be out of danger.

I also include a yearly budget covering the general expense in the development of a poultry farm for a period of three years. This gives a summary of the cost of development, the income that may be expected each year, and recapitulation of the whole situation, showing just how a poultryman might expect to come out at the end of three years. This budget was used as a basis for working out a monthly budget in Mr. B.'s case. There are some modifications, however. Mr. B. plans to live in a house that will cost \$400 instead of \$800 and he will not have a barn for the first year at least.

This budget only applies, of course, to Delhi. If a trainee had to purchase land elsewhere where terms were not so favorable and where interest rates were higher, and if he were living by himself rather than living in an organized community, he would have to have money to expend in the place of that loaned by the State. The State is in a position to give, plus the difference in the terms that are granted by the State and by private individuals. I would estimate the amount at between \$2,500 and \$4,000, even under circumstances where private individuals are granting terms which are considered liberal, since no private concern is in a position to loan money in addition to granting time on the purchase of land.

I am told by members of the Vocational Training Board that there are more trainees in the Delhi district than in all of the States west of the Mississippi River. The progress that these trainees are making in increasing their equity, in learning how to meet the conditions in a particular locality, and in getting themselves established as members of a community are all factors of value in this kind of training, and they are all lacking where the trainee's money goes to meet living expenses in a school or college. I feel that many of these trainees, when they have ended their two years' training in the school or college, will not be able to utilize their knowledge unless the Government follows up that training with the creation of settlements and the advancement of money to help them get started in a group settlement like Durham or Delhi.

SOLDIERS' ADJUSTED COMPENSATION.

FIRST YEAR BUDGET.

Amount to be spent in addition to allowance.

June 30:	
Land.....	\$35.00
Living	50.00
Builds house.....	40.00
Irrigation hydrants and seed.....	25.00
	<u>\$150.00</u>
July:	
Living	50.00
Barn.....	25.00
Well.....	75.00
	<u>150.00</u>
August:	
Living	50.00
Well.....	75.00
Saved.....	25.00
	<u>150.00</u>
September:	
Living	50.00
Cow and hay.....	125.00
	<u>175.00</u>
October:	
Living	50.00
Poultry house.....	50.00
Saved.....	50.00
	<u>150.00</u>
November:	
Living life insur- ance (30), \$30....	50.00
Leveling, labor, al- falfa, \$30.	
Horse.....	125.00
Hay and taxes.....	25.00
	<u>200.00</u>

December:	
Living.....	\$50.00
Light buggy and harness.....	50.00
Land payment.....	50.00
	<u>\$150.00</u>
January:	
Living.....	50.00
Brooder trees (\$70).	60.00
Baby chicks, \$125.	
Oil and incidental stock upkeep.....	40.00
	<u>150.00</u>
February:	
Living.....	50.00
Chicken feed, \$75.	
Seed, fertilizer, hay.	50.00
Chick feed (\$25)....	50.00
	<u>150.00</u>
March:	
Living (chicks, \$112.50).....	50.00
Water system (oil, \$15).....	40.00
Chick feed (\$15)....	60.00
	<u>150.00</u>
April:	
Living.....	50.00
Chick feed.....	75.00
Taxes.....	25.00
	<u>150.00</u>
May:	
Living.....	50.00
Feed.....	75.00
Fencing.....	25.00
	<u>150.00</u>
Total.....	497.50

SECOND YEAR BUDGET.

Amount to be spent in addition to allowance.

June:	
Living (\$35).....	\$50.00
Chick feed.....	75.00
Land payment.....	60.00
	<u>\$185.00</u>
July:	
Living.....	50.00
Chick feed.....	75.00
Veterinary services..	25.00
	<u>150.00</u>
August:	
Living.....	50.00
Chicken feed.....	75.00
Garden seed.....	10.00
Hay.....	15.00
	<u>150.00</u>
September:	
Living.....	50.00
Chick feed.....	75.00
Hay.....	25.00
	<u>150.00</u>

October:	
Living.....	\$50.00
Chick feed (\$125)...	75.00
Poultry units, 40 per cent.....	150.00
	<u>\$275.00</u>
November:	
Living.....	50.00
Chick feed (\$30)....	75.00
Insurance.....	30.00
Taxes.....	25.00
	<u>180.00</u>
December:	
Living.....	50.00
Chick feed (\$30)....	75.00
Land payments.....	60.00
	<u>185.00</u>
January:	
Living.....	50.00
Chick feed.....	75.00
Repairs.....	25.00
	<u>150.00</u>

SOLDIERS' ADJUSTED COMPENSATION.

February:	
Living.....	\$50. 00
Chick feed (\$87.50)...	75. 00
Chicks.....	112. 50
	<u>\$237. 50</u>
March:	
Living.....	50. 00
Chick feed (\$162.50)...	150. 00
Chicks.....	112. 50
	<u>312. 50</u>

April:	
Living.....	\$50. 00
Chick feed.....	150. 00
Taxes.....	25. 00
	<u>\$225. 00</u>
Total.....	470. 00

From chicks and outside sources, \$1,042.

(Blank form used to aid settlers in making out their budgets:)

CALIFORNIA STATE LAND SETTLEMENT BOARD.

ESTIMATE OF EXPENSES AND INCOME FOR FIRST THREE YEARS AFTER SETTLEMENT.

(Date).....

Settler.....

Allotment No.....

Estimated expenses.

	1921	1922	1923		1921	1922	1923
1. Purchase price of land:				4. Operating expenses:			
Initial payment.....				Payment for labor.....			
Payment June 30.....				Horse feed.....			
Payment Dec. 31.....				Blacksmithing.....			
2. Necessary improvements:				Veterinary service.....			
House.....				Harness repair.....			
Hay and horse barn.....				Gasoline, oil, grease.....			
Milk shed.....				Seed.....			
Chicken house.....				Fertilizer.....			
Implement shed.....				Irrigation water.....			
Stock corrals.....				Taxes, insurance.....			
Milk house.....				5. Personal expenses:			
Blacksmith shop, garage.....				Maintenance.....			
Warehouse.....				Laundry and supplies.....			
Leveling.....				Stationery, house supplies.....			
Fencing.....				Food.....			
Piping.....				Clothing.....			
Well.....				Investment.....			
Ditches.....				House furnishings.....			
Structures.....				Savings account.....			
Roads.....				Advancement.....			
Water system (tank-tower and tank or pressure sys- tem, windmill, engine or motor).....				Books, church, charity.....			
Trees or vines.....				Education, organizations.....			
3. Equipment:				Health.....			
Bees.....				Doctor.....			
Beehives.....				Barber and toilet articles.....			
Carpenter tools.....				Drugs.....			
Cultivator.....				Recreation.....			
Dairy stock.....				Theater.....			
Harness.....				Vacation.....			
Hogs.....				Travel.....			
Hog houses.....							
Irrigation headgates.....							
Harrow.....							
Fresno scray or Lambing pans.....							
Wagon.....							
Plow.....							
Mower.....							
Seeder.....							
Shovels, forks, etc.....							
Rake.....							
Stacker.....							
Work stock.....							
Poultry.....							
Sheep.....							
Sheep shelter.....							
Silo.....							
Septic tank.....							
Manure pit.....							
Root cellar or storage.....							
				ESTIMATED INCOME.			
				6. Income:			
				Poultry.....			
				Milk or butter fat.....			
				Hogs.....			
				Hay.....			
				Corn.....			
				Small grain.....			
				Vegetables.....			
				Fruit.....			
				Labor from outside work.....			
				Bills receivable.....			
				Comment:			

SOLDIERS' ADJUSTED COMPENSATION.

Estimated expenses—Continued.

Item.	Minimum settler must have.	Loan.	Own labor.	Cash.
<i>5 acres, at \$250 per acre.</i>				
FIRST YEAR.				
1. Purchase price of land:				
Initial payment.....	\$62.50			\$62.50
Payment June 30.....	35.62			35.62
Payment Dec. 30.....	35.62			35.62
Payment on loans.....	25.38			25.38
Subtotal.....	159.12			159.12
2. Necessary improvements:				
House.....	400.00	\$240.00	\$160.00	
Barn.....	300.00	180.00	120.00	
Chicken house (500 hens).....	625.00	375.00	250.00	
Leveling.....	150.00	90.00	60.00	
Fencing (8 cents per foot).....	100.00	60.00	40.00	
Piping.....	250.00	225.00	25.00	
Well.....	100.00	60.00	40.00	
Water system.....	50.00	(¹)	(¹)	
Trees and vines.....	70.00			
3 acres alfalfa.....	30.00	90.00	60.00	
Subtotal.....	2,075.00	1,320.00	755.00	
3. Equipment:				
Carpenter's tools.....	30.00			30.00
Cultivator.....	15.00			15.00
Dairy cow.....	125.00	75.00		50.00
Harness.....	30.00			30.00
Irrigation headgates.....	50.00	45.00		5.00
Harrow.....	12.50			12.50
Wagon (small).....	75.00			75.00
Plow.....	15.00			15.00
Shovels, forks, etc.....	31.30			31.30
Rake.....	10.00			10.00
Work stock (1 horse).....	125.00	75.00		50.00
Poultry (1,250 chickens).....	187.50			187.50
Septic tank.....	50.00			50.00
Kresby brooder.....	60.00			60.00
Buggy.....	60.00			60.00
Subtotal.....	876.30	195.00		681.30
4. Operating expenses:				
Horse feed.....	50.00			50.00
Gasoline, oil, and grease.....	50.00			50.00
Seed.....	10.00			10.00
Fertilizer.....	25.00			25.00
Irrigation water.....	20.00			20.00
Taxes and insurance.....	10.00			10.00
Chicken feed.....	800.57			800.57
Personal living.....	600.00			600.00
Subtotal.....	1,565.57			1,565.57
Grand total.....	4,675.99	1,515.00	755.00	2,405.99
SECOND YEAR.				
1. Purchase price of land:				
Payment due June 30.....	35.62			35.62
Payment Dec. 31.....	35.62			35.62
Payments on loans.....	164.04			164.04
Subtotal.....	235.28			235.28
2. Necessary improvements:				
Chicken house (500 hens).....	625.00	375.00	250.00	
Fencing (8 cents per foot).....	38.00			38.00
Water system.....	250.00	150.00	100.00	
Trees or vines.....	7.00			7.00
Subtotal.....	920.00	525.00	350.00	45.00

¹ Completed second year.

SOLDIERS' ADJUSTED COMPENSATION.

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Estimated expenses—Continued.

Item.	Minimum settler must have.	Loan.	Own labor.	Cash.
<i>5 acres at \$250 per acre—Continued.</i>				
SECOND YEAR—continued.				
3. Equipment:				
Chickens (1,250).....	\$187.50			\$187.50
Repairs.....	50.00			50.00
Subtotal.....	237.50			237.50
4. Operating expenses:				
Gasoline, oil, and grease.....	50.00			50.00
Seed.....	10.00			10.00
Fertilizer.....	25.00			25.00
Irrigation water.....	20.00			20.00
Taxes, insurance.....	10.00			10.00
Chicken feed.....	1,415.57			1,415.57
Personal living.....	600.00			600.00
Subtotal.....	2,130.57			2,130.57
Grand total.....	3,523.35	\$523.00	\$350.00	2,648.35
THIRD YEAR.				
1. Purchase price of land:				
Payment June 30.....	35.62			35.62
Payment Dec. 31.....	35.62			35.62
Payment on loans.....	194.04			194.04
Subtotal.....	265.28			265.28
2. Necessary improvements:				
Chicken house (100 hens).....	125.00	75.00	50.00	
Fencing (8 cents per foot).....	38.00	22.80	15.20	
Subtotal.....	163.00	97.80	65.20	
3. Equipment:				
Poultry (1,250 chicks).....	187.50			187.50
Repairs.....	50.00			50.00
Subtotal.....	237.50			237.50
4. Operating expenses:				
Gasoline, oil, and grease.....	25.00			25.00
Seed.....	10.00			10.00
Fertilizer.....	25.00			25.00
Irrigation water.....	20.00			20.00
Taxes and insurance.....	10.00			10.00
Chicken feed.....	1,989.63			1,989.63
Personal living.....	600.00			600.00
Subtotal.....	2,679.63			2,679.63
Grand total.....	3,345.41	97.80	65.20	3,182.41

Statement of income for 3 years.

First year:	
Cockerels, 435, at 25 cents.....	\$108.75
Eggs, from 440 pullets, 2,640 dozen, at 30 cents.....	792.00
Total income first year.....	900.75
Second year:	
Cockerels, 435, at 25 cents.....	108.75
Eggs—	
From 440 pullets, 2,640 dozen, at 30 cents.....	792.00
From 396 1-year-old hens, 4,752 dozen, at 30 cents.....	1,425.60
Total income second year.....	2,326.35

Third year:

Cockerels, 435, at 25 cents.....	\$108. 75
Eggs—	
From 440 pullets, 2,640 dozen, at 30 cents.....	792. 00
From 396 1-year-old hens, 4,752 dozen, at 30 cents.....	1,425. 00
From 356 2-year-old hens, 1,782 dozen, at 30 cents, for first 6 months.	534. 60
Sale of old hens at end first 6 months of third year, 356, at 60 cents....	213. 60
Total income third year.....	3,074. 55

Financial statement for first three years.

First year:

Minimum settler must have.....	\$4,972. 99
Amount loaned.....	1,777. 50
	<hr/>
Own labor.....	3,195. 49
	912. 00
	<hr/>
Income.....	2,283. 49
	901. 00
	<hr/>
Cash expense.....	1,352. 49
Original capital.....	1,500. 00
	<hr/>
Cash brought forward.....	117. 51

Second year:

Minimum which settlers must have.....	3,298. 35
Amount loaned.....	525. 00
	<hr/>
Own labor.....	2,773. 35
	350. 00
	<hr/>
Cash brought forward.....	2,423. 35
	117. 51
	<hr/>
Income.....	2,305. 84
	2,326. 60
	<hr/>
Cash brought forward.....	20. 76

Third year:

Minimum which settler must have.....	3,145. 41
Amount loaned.....	97. 80
	<hr/>
Own labor.....	3,047. 61
	65. 20
	<hr/>
Cash brought forward.....	2,982. 41
	20. 76
	<hr/>
Income.....	2,961. 65
	3,074. 80
	<hr/>
Cash brought forward.....	113. 15
	<hr/>
Remaining borrowing power.....	599. 70

Senator McLEAN. Outside of the soldier settlement, just how does this State settlement plan operate?

Doctor MEAD. As I said at first, the fundamental idea is that it is a community development. It is a group settlement.

Senator CURRIS. Just what do you mean by that? Do you have a little town? Do these people settle in it and own their own property, or do they just own farms and connect up?

Doctor MEAD. Each settler lives on his own farm. To give you a clearer conception, I will describe one of the settlements, that at Durham.

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The State board, being authorized to buy land, bought 6,000 acres of what had been a Mexican grant of several times this area.

Senator SHORRIDGE. Who are the members of the state board?

Doctor MEAD. The state board has five members, four of whom were selected by Governor Stephens, because of their unquestioned business sagacity. It was felt that business ability was the first requirement of this undertaking.

These four members included: Mortimer Fleishhacker, president of the Anglo-California Trust Co. of San Francisco; E. S. Wangenheim, owner of large farms and the head of several manufacturing enterprises of San Francisco; ex-United States Senator Frank P. Flint, lawyer and capitalist of Los Angeles; Prescott F. Cogswell, farmer, banker, and business man of Los Angeles. These four men are among the leading business men of the State. I am the fifth member and chairman of the board.

The 6,000 acres of land was purchased out of some 40 tracts offered. It was cut up into 120 farms and 32 farm laborers' allotments. What the latter are, will be explained later. These 120 farms were intended to be of a size to give employment for an individual settler and his family.

Under the ordinary plan of settlement each one of these 120 farmers would have gone in knowing no one and having to shift for himself in everything needed to be done to change raw land into a productive farm. The first thing needed would have been a house, and 120 men would have been out to arrange for their houses, neglecting their farming, postponing doing the things that would increase earning power while they bargained for lumber, bricks, carpenters, plumbers, and masons. Every one of them would have been buying at a disadvantage because unfamiliar with prices and compelled to buy quickly because the family was on the ground and needing a home.

Instead of this unplanned haphazard development of the past, the board sought to organize the development of this large tract of land exactly as manufacturing enterprises to-day are organized. It had employed a competent farmstead engineer who had prepared in advance plans of houses suited to the locality, had gathered information regarding materials, and had arranged for discounts if the settlers bought collectively. This farmstead engineer was able to take this load of bargaining, fixing prices, and finding contractors and workmen off the shoulders of the individual settler. He was able to advise them about the location of their farmhouses and the grouping of their farm buildings, and the result was that the settlers were enabled to go about the business that they understood, that of putting in crops. The settlers saved between 25 and 35 per cent of the cost of their houses, and instead of a miscellaneous collection of shacks or houses lacking in comfort and convenience and houses too costly for the settlers' purses, they were able to have a building development that has won the approval and admiration of all who have seen it.

Senator McLEAN. Is this on irrigated land?

Doctor MEAD. Yes.

Senator McLEAN. By what method did you make your selection of settlers?

Doctor MEAD. Under this act these farms had to be thrown open for 30 days before any of them were sold. Each settler had to make application on a printed form, which gave his qualifications and references as to his character. The law forbids people who have land elsewhere to a value of \$15,000 from applying, and the board required that those who did apply for farms of 20 acres or over must have a capital, either in money or in the equivalent of money, of not less than \$2,500. At the end of the 30-day period the applications were tabulated, and where the papers showed clearly who was the best qualified applicant he was selected, but where there were a large number of applicants for an individual farm, and in this first settlement there were 14 applicants for one farm, those who were regarded as qualified came before the board and made a statement and discussed their plans and gave the board all the information it desired regarding their past experience.

In this first settlement there were five times as many applicants as there were farms, so that the whole property was promptly sold. The majority of the settlers were tenant farmers from California who were attracted by the favorable conditions of purchase—5 per cent in cash, and they were given 36½ years in which to pay the remainder. By paying 5 per cent interest and an amortized payment on principal of 1 per cent or 6 per cent a year, these farm buyers increased their equity in the land each year and at the end of the payment period will own the farm free of any obligations. The payments are so small that they can be met out of the earnings of farms, and the act gives young men who have a little money an opportunity to buy a farm over which they will have complete control and have a lifetime in which to pay for it.

Senator McLEAN. Was it required that each applicant should have \$2,500?

Doctor MEAD. Yes, where the applicant sought to buy 20 acres or more.

Senator McLEAN. If you were to apply that in connection with the veterans do you think many of them would be able to qualify?

Doctor MEAD. The vocational training allowance is a great assistance in this connection and the \$2,500 requirement does not apply where settlers take farm laborers' allotments or poultry farms. In other words, the amount of money required has a direct relation to the acres of land or the cost of the farm which the settler applies for.

Senator McLEAN. Very well. Go on.

Doctor MEAD. The advantages to these settlers in collective bargaining is much greater than is generally realized. The particular settlement to which I have referred is known for its excellent dairy herds.

Senator SHORTRIDGE. Just where is this first settlement?

Doctor MEAD. In Butte County. It is in the Sacramento Valley about 90 miles north of Sacramento.

The land bought was better adapted to dairying than to any other kind of agriculture. The majority of settlers came there understanding this. The situation with regard to the purchase of dairy herds was very similar to that relating to building houses. If they had been left alone and forced to shift for themselves without any cooperation there would have been 120 families competing with each other in the local market for cows, cutting each other's financial throats in bidding against each other in the local markets. But instead of this usual plan, it was arranged that the settlers should organize and select two of their members as a buying committee. The superintendent of the settlement joined this committee and these three had the benefit of the advice and suggestions of the head of the animal husbandry division of the State agricultural college.

The accumulated experience of these three men was used in looking for and buying stock all over the State. Acting upon expert advice, they provided for the testing of all animals for tuberculosis, for buying only pure-bred bulls and cows of high milk yield, so that the two State settlements are now widely known as being the center of sound, healthy stock, and this fact has given a trade value to their young stock and to the milk and cream from their dairies. Milk from these settlements brings a higher price than that from the ordinary dairy. Not only is development cheaper, but the settlers, through the reputation they are establishing and through cooperative bargaining, are enabled to increase their earning power and the result is that these settlements have succeeded while a large percentage of those who bought farms as individuals without any opportunity to cooperate have failed.

Senator McLEAN. Just how are these settlements financed? What interest does each individual have in his property?

Doctor MEAD. Each settler buys his farm very much as he would in private purchase, except that he has a longer time to pay for it. He buys it under a purchase contract and gets a deed when he has completed his payments.

Senator CURTIS. How many acres does he buy? Fifty?

Doctor MEAD. In the first settlement I suppose the farms will average 40 acres, but they are not all of one size. They run from 10 acres to 160 acres, with the average about 40 acres.

As the State holds the title to the land until payments are completed, the improvements placed on these farms by the settler increases the value of the State's equity and it is to the interest of the State to have the farms fully developed so that the earning power of the settler may be increased. Twenty-five hundred dollars is not enough money to develop any of these properties. The settler needs more money. A settler with only this amount would certainly fail if the State did not come to his relief, so there is a provision in the act that the State board may loan the settlers money to help in their development, and these loans aggregate \$3,000. These loans made judiciously in the first year or two have been one of the greatest factors in increasing the earning power of settlers and enabling them to succeed.

Senator McLEAN. About how much money has the State had to advance so far on this project?

Doctor MEAD. The State appropriation, when the first settlement was bought, was \$260,000. That would not have paid for the land, but it was bought on a long time purchase contract, so that the settlers are really paying for it. The State's money was used largely as loans to help settlers make improvements and to complete the irrigation works. The State has advanced to settlers about \$200,000 and spent about as much more on roads and irrigation works.

Senator McLEAN. How much did the land cost?

Doctor MEAD. The purchase price of the land was \$100 an acre.

Senator McLEAN. \$100 an acre?

Doctor MEAD. Yes.

Senator McLEAN. Do you mean \$100 per acre with irrigation on it?

Doctor MEAD. No.

Senator CURTIS. Without irrigation?

Doctor MEAD. Yes.

Senator CURTIS. What does it cost with irrigation on it?

Doctor MEAD. Well, we put in irrigation and our expenses in subdividing, building roads and other development altogether, with a sufficient amount in addition to pay all our operating expenses, made a total cost average of \$175. That was the average price at which it was sold.

Senator CURTIS. What do they raise principally?

Doctor MEAD. Dairying is the principal industry.

Senator SHORTRIDGE. The State bought the land on a 20-year contract, did it not?

Doctor MEAD. Yes.

Senator SHORTRIDGE. And the State sells to the farmer?

Doctor MEAD. It sells on a 36½-year contract.

Senator CURTIS. How long has this project been going?

Doctor MEAD. Five years.

Senator SHORTRIDGE. What is the average number of acres?

Doctor MEAD. About 40 acres.

I have explained the State scheme, as it is the background for the soldier settlement and the training of soldier farmers. It is believed that this has a direct relation to the soldiers' bonuses with its proposed provision for soldiers on the land, and it certainly has a relation to the money expended in vocational training in agriculture.

It has a still wider importance in its relation to the conditions of land tenure in this country.

Nearly one-half of the people who live on farms do not own them. They rent them. Then, in addition to the land owners and the tenants, there are the farm laborers.

The condition of life for the American farm laborer ought to be improved. There was a time when working on a farm meant a stepping stone to owning one. That was when we had cheap land or free land. That condition does not exist to-day, and one of the great problems of our rural life is to keep intelligent, ambitious Americans on the land. The American farm laborer is deserting the country, and he is deserting it because he is more and more being brought into competition with people of low standards of living from other countries, the orientals on the Pacific coast and the immigrants from the Near East in the eastern and middle parts of the country.

If the American is to stay on the land as a farm laborer, he must be freed from this kind of competition, and to do that he must be enabled to have a home—that is, a house and a little tract of land of his own, where his wife and children can live a life of independence and comfort and where they can, in the school, church, and in the social center, have the recognition that is needed to develop independence and ambition, the things that make a desirable character.

Before we had the problem of the soldier to consider, the State land settlement board and those who framed the land settlement act had before them this problem of the farm laborer, and in both settlements provision has been made for the man who had no money to buy a tract of land of 1 to 4 acres where he can have a garden, where he can grow stuff to keep a cow, where he could work when he could not find work outside, and where there would be light, healthy employment for the children.

Great care was taken in the selection and approval of applicants for farm laborers' allotments. This care was to get earnest, intelligent people without regard much to whether they had any money, in fact some of those who have done the best had to borrow the money with which to make the first \$20 payment on their land. The results have been most significant. These settlers have met their payments. They have improved their blocks. Three of them have saved enough money to be able to buy additional land and they have now come out of the laborer class into the farming class. The ability of men without capital to purchase farm laborers' allotments out of the saving from wages had been fully demonstrated before we took up the placing of ex-service men on the land. A considerable number of ex-service men who are taking vocational training have bought farm laborers' allotments at Delhi.

Senator CURTIS. You say that the laborers are not in arrears? Do you mean all laborers' places?

Doctor MEAD. Yes. All of the laborers' allotments.

Senator SUTHERLAND. How about the others?

Doctor MEAD. Some of the farmers have been in arrears but the amount is not serious. There have been cases where men paying for their homes have found it difficult to meet their payments on time but these arrears are not as large as the arrears due banks who have loaned money to settlers who are buying farms.

The first settlement at Durham was followed by the second settlement at Delhi which is larger and has an area of about 9,000 acres. It was in the second settlement that the provision was made that the soldiers should be given preference.

Senator SHORTRIDGE. Where is the second settlement?

Doctor MEAD. In the San Joaquin Valley about 100 miles from San Francisco. The land is a part of the Turlock irrigation district which is one of our largest irrigation enterprises.

The development at Delhi has taken more time as water is distributed to the different farms in underground pipe and it is now about two-thirds developed and two-thirds settled. In the settled portion at Delhi there are about 200 farms and about 40 farm laborers' homes.

One feature of Delhi is the creation of poultry farms to meet the needs of those who lack capital enough to buy land for mixed farming. We found in these hard times that there is a large demand from worthy people who lack capital to qualify as farm buyers. We have about 30 poultry farms, each from 3 to 11 acres in area, whose owners make their living out of eggs and poultry.

I have explained how we deal with the ex-service men who lack capital, but who have been given a training allowance of \$100 to \$150 a month and are willing to set a certain part of this allowance aside to make payments on the expenses of development. The same plan is being followed where these ex-service men take farm laborer's blocks. We are helping them to build a home on their allotments.

Senator McLEAN. What is the source of this income of \$100 to \$150 a month of ex-service men?

Doctor MEAD. It comes from the Federal Government.

Senator SUTHERLAND. Compensation.

Senator McLEAN. Of incapacitated men in any way.

Senator SUTHERLAND. Total permanent disability.

Senator McLEAN. That is what I wanted to have made clear.

Doctor MEAD. Some of the men have been given an allowance because they are partly disabled. The later ones are using the allowance given them to help get established on their small farms, which is a part of their vocational training. The few we have are, of course, a very small fraction as compared to the thousands who are taking training in the schools and colleges. We were very careful in the selection of an instructor for these ex-service men. He must not only understand agriculture, but the kind of agriculture needed in the Delhi district. We looked first for a man who had special experience in poultry farming. We sought a man who had been raised on a farm, who knew what it cost to raise crops and what were the special problems of the agriculture and horticulture in that part of California.

The officers of the State land settlement board, which includes its superintendent, the teacher of these trainees, and the officers of the United States Vocational Training Bureau have all been making a close study of the operation of this plan and of its results. I believe I am correct in saying that all who have been in direct contact with it believe that far better results are being secured to the Government and to the trainees than can be had from the devotion of the same time and same money to training in a college. So strong are we of this opinion that the State settlement authorities would rather take a man who has never been in college than to take one who has had this training.

Senator McLEAN. Do you mean to say that the college training is a handicap?

Doctor MEAD. It is a handicap to this extent, that the habits men form while in college are likely to be a serious obstacle to success. They get to spending money more freely than the profits of farming will permit. They are taught at the colleges by men few of whom have had practical farming experience. They get certain scientific information, but they get it without that sense of responsibility or stimulus to thrift and industry that comes to the man who is carrying on his own undertaking and is responsible for its success. There are few cases that have come under my knowledge where the earning power of a trainee in a college has been increased, but on the farms at Delhi they come out at the end of the two years with their earning power as an individual increased and with a considerable investment in their land and owning improvements which adds to their earning power.

It is my belief that the agricultural practice school for ex-service men that we now have at Delhi represents a type of instruction in agriculture that is destined to be largely used in the future. Heretofore the youth who wanted to get an agricultural education preparatory to farming was expected to take a four years' course in an agricultural college. I do not believe that that idea is to continue. Agriculture is really divided into three parts—agricultural practice, agricultural science, and the business of agriculture. The great majority of people of small or moderate means can not afford the four years' course. What they need is the training in agricultural practice which does not require four years and which is more and more being given in direct contact with farms.

Instead of trying to give that in universities the field of the university will be to train the young men and women who have ample capital to buy farms of their own

and train the teachers and leaders in agriculture. The greater part of the curriculum in the colleges will be devoted to agricultural science and the business of agriculture. The college education as now given does not, therefore, give to the ex-service men the kind of training they need and, because of this, rather than for any criticism of the work itself, I believe that much of the \$15,000,000 or \$20,000,000 that is being spent to-day for vocational training in agriculture can be made of greater practical advantage.

Senator CURTIS. Do you establish stores for these people?

Doctor MEAD. No.

Senator CURTIS. Do you build roads for them?

Doctor MEAD. Yes.

Senator CURTIS. What kind of roads? Are they the ordinary dirt roads?

Doctor MEAD. Yes.

Senator CURTIS. Do you build churches and schoolhouses?

Doctor MEAD. No. The schoolhouses are taken care of by the State.

Senator CURTIS. Have you your plan in written form?

Doctor MEAD. Yes.

Senator CURTIS. I wish you would let me have a copy.

Senator SUTHERLAND. Is your land taxed to build schoolhouses?

Doctor MEAD. Settlers pay taxes like anybody else. The schools are maintained from the school fund exactly as in the surrounding country. In the case of these two settlements land was taken on which no owner had lived for 20 years. Settlers have made it populous and prosperous. The increase in settlers has increased the demand on the school fund. On the other hand, we are increasing taxation.

The point that I wish to emphasize is that the settlers outside of the ex-service men, are all of limited capital and that they and the ex-service men are creating up-to-date, successful American communities without any expense to the general taxpayer. It is a solvent, self-sustaining enterprise, and is made so because of the advantages over the old plan of development where each settler was left to struggle as an unaided individual. The problem of the soldier is in many ways the same as that of the ordinary citizen of small means, except that the soldier has preference.

I have brought our experience before you because of a belief that better results for the individual ex-service man and to the whole nation can be had by a different way of spending the \$15,000,000 or \$20,000,000 a year now being spent to train ex-service men in agriculture.

Senator SUTHERLAND. Who pays the expenses of the instructor?

Doctor MEAD. It is paid from the funds of the Vocational Training Bureau.

Senator SUTHERLAND. By the State government?

Doctor MEAD. The National Government.

Senator SUTHERLAND. Out of what?

Doctor MEAD. Out of the national appropriation.

Senator McLEAN. Doctor, I assume that you think your proposition would apply in connection with the bonus bill?

Doctor MEAD. I have not seen the bill.

Senator CURTIS. My understanding of the bill is that the plan submitted by Doctor Mead is considerably different from that heretofore proposed. It is well to take the two into consideration.

Senator McLEAN. Of course, this includes all of the exservice men?

Doctor MEAD. Yes.

Senator McLEAN. If you have any suggestions that occur to you later on we shall be glad to have you put them in permanent form and send them to the committee. Your experience in California is very interesting and it might be possible that something of the sort could be considered by the committee.

Doctor MEAD. I hope it may.

Senator McLEAN. Of course you realize that the enormous number of men connected with anything of that kind would require elaborate machinery to be centralized in Washington?

Doctor MEAD. If this plan is adopted its development ought to be slow because it is not simply a question of providing land, it is securing qualified managers to organize these communities and superintend the selection of settlers and the development of agriculture.

Senator McLEAN. Yes. We want to start not only the ex-service man, but all the boys, on the right road whenever they go into agriculture. Most of them, I regret to say, start in an uneconomical way, in a wasteful way, because of the lack of assistance which they ought to have and lack of information, both practical and scientific.

Doctor MEAD. Yes.

Senator SHORTRIDGE. It occurs to me that it might be helpful to the committee and to others to have Doctor Mead furnish copies of the statutes of California. I am

under the impression that there was a publication in the nature of a detailed report showing operations under our State law.

Senator CURTIS. I would like to see that, and also their plan of operation.

Senator SHORTRIDGE. I think there was such a publication. I think I was furnished with a copy of it.

Doctor MEAD. Yes.

Senator SHORTRIDGE. It showed in detail accurately what the doctor has covered here.

Senator McLEAN. The question in my mind is whether State legislatures, being much closer to the necessities of and conditions in the different States of the Union can not handle it more economically than it could be undertaken by Congress.

Senator CURTIS. We might put in a provision that if the soldiers take advantage of it that the Government could work through their own organizations to help them in that way.

Doctor MEAD. I am a believer in decentralized organizations, because of the difference in conditions, and I believe you would get more efficient management.

Senator McLEAN. Yes. If you make a mistake in your program, the State legislature can remedy conditions much more easily and expeditiously than it is possible to get an amendment to an act of Congress with all the conflicting interests here. There is no doubt in my mind that there is great merit in your suggestion, if it can be handled satisfactorily and practically.

Doctor MEAD. As indicating the sentiment in California, the last legislature appropriated \$3,000,000 in money to duplicate the state settlement operation solely for exservice men, and has authorized a bond issue of \$10,000,000 to continue it, so that so far as the exservice man in California is concerned, I think he is pretty well taken care of by the State's act, and it is not with us very much of a problem what the Government does.

Senator McLEAN. You have in your State a cooperative rural credit system. Your system of handling fruit has great merit. There are bills now pending here which propose to adopt that system as a Federal system. There has always been a question in my mind as to whether it would not be better for the States to handle that question, not permitting themselves to be devitalized and become moribund and look to Congress for everything they want. You can handle it in California, and apparently you handle it exceedingly well.

Doctor MEAD. Yes.

Senator McLEAN. It seems to me as though it might be done in almost any of the great western states more economically and more effectively than you would expect Congress to do it. These rural credits have to be watched pretty closely. Doctor, if you have any other suggestions, we shall be glad to hear them. You might take a copy of this bill and read it over.

Doctor MEAD. Yes. I might make one further suggestion, and that is, should you decide to make an experiment or demonstration by the creation of a few group settlements. It would not only enable men to obtain farms and to obtain training in farming through actual experience, but it would mean an opportunity to use areas of neglected lands in the East. I think these opportunities are greater than they are with us. Three or four years ago at the request of Secretary Lane I came to Washington and spent several months looking over the Atlantic Seaboard States to see what opportunities they present for group settlement. The neglected lands of Virginia southwest of Richmond impressed me favorably. They are cheap, close to markets and their fertility can be restored. It is almost impossible for an individual to succeed, but if ten or twenty thousand acres with 100 or more families were made a development unit, it would be a successful proposition. If settlers were given time to clear off the brush, to fertilize the land, and if they were furnished with the right kind of instruction, I have no question whatever about the results. I am perfectly sure these settlers would succeed. The creation of a community of this kind would give a new direction to agricultural practice. If an undertaking of this kind were to be carried out as a soldier settlement, it would have an influence beyond the Army or the ex-service man. I believe we are coming to a time in this country when we must begin to provide for community action in agriculture, and we must do certain things to help men of small means to become farm owners that we have not thought necessary in the past.

The reason for the surprising success of the largest cooperative associations of California is that they bring together the people of localities to act as a unit. They are carrying on their operations much more efficiently than would be possible if they were carried on by individuals.

I am afraid you gentlemen are getting tired and you may not want to listen further, but I would like to illustrate the point I have in mind.

A single community of 1,300 acres began with each man owning his own little orchard, each man engaged in its cultivation, each one as utterly separated from his

neighbor in regard to their common interests as if they had lived 100 miles apart. When the orchards reached the stage where there was fruit to sell, a man came out of the city to buy their product. He built a warehouse and found a market for his goods. The city reached out into the country to do the country's business. It seemed perfectly proper to these fruit growers that this should be done.

When these orchards had to be fumigated the owner of a 10-acre orchard could not afford the apparatus that is necessary, so, again, the contractor came out of the city with the apparatus and performed this service, and the owner paid him.

Then a picking equipment was necessary. The individual orchardist could not afford this. This, too, was done by a contractor. As a result not only the business of this community but its other operations were carried on by outside people. Whenever they bought their fertilizer each individual looked out for his supply and bought it and paid retail prices for it. Then the idea was advanced that an organization could be created under which these growers could do all these things for themselves, just as we bring together the different interests needed in manufacturing enterprises.

The proposal was made that the growers themselves should hire somebody to handle the selling of crops of many communities. It was based on the idea that business would be done only with producers. The community we have been talking about had either to buy out the owner of the existing warehouse or build one. They bought out the owner, and each individual grower gave his note for his share. It amounted to \$90 an acre. In a few years it had grown so that the liability increased to \$135 per acre because they had more fruit and had to have a larger warehouse. Then they became owners of the fumigation equipment. Buying as a community they could buy fertilizer in sufficient quantities to get wholesale prices. Boxes were a great part of the expense. If they could have their own sawmill and timber, they would have a supply for all time. So a \$6,000,000 corporation was formed to buy timberland for the manufacture of boxes and this community took stock. Now, all those community activities were put into corporate form—and they have an investment of \$450 per acre. They levy a tax of 2 cents per box on every box of lemons that goes through their warehouse and that 2-cent charge will pay the interest, the sinking fund requirements, on the whole obligation and free them from debt in 10 years.

We are therefore going through an evolution. The farmers of California are getting a training in business, in cooperation, which is entirely unlike that of any other people of the United States.

Senator McLEAN. It is a great lesson. The idea is to cut down all unnecessary expenses. That is what we have to do.

Senator SUTHERLAND. Yes. Cut down all waste.

Doctor MEAD. There was a feeling in California when we made provision for homes for farm laborers that we might be trying to do too much. But it is the kind of help that stimulates hope and ambition and makes a man feel that he amounts to more than he had been thinking he amounted to.

Senator SHORTRIDGE. A man comes there and is known as a laborer and buys a 2-acre tract. He, then, in many instances, as I understand it, works out his own problem?

Doctor MEAD. Oh, yes.

Senator SHORTRIDGE. He works and earns money and when he has accumulated a sufficient sum he commences to build his house?

Doctor MEAD. We have three who have later bought larger areas. One has 10 acres, one 6, and the other 15.

A man comes to us and says, "I have \$500, and I have a vocational allowance of \$140 a month." We will say, "How much of that do you think you can set aside to be applied to the payment of your 40 per cent on a house, if we build you a house, or for other improvements, such as the purchase of a thousand chickens, if that is what is wanted?" He fixes the figure.

Senator SHORTRIDGE. Under existing law he is at liberty to enter into such arrangement for the use of the money which the Government allows him, is he not?

Doctor MEAD. He has the money to do with as he pleases. If we feel that it is reasonable, if we are satisfied he is in earnest, we accept these budgeted payments as cash. He makes his payment in that way. It is working out very well.

Senator McLEAN. We are very much obliged to you, Doctor Mead, for this interesting discussion, and we shall be very glad to have you put such suggestions as may occur to you later on in permanent form.

(Thereupon, at 3.30 o'clock p. m., the hearing was closed).