

10131. By Mr. SPARKS: Petition of the Kansas district Young Women's Christian Association at a meeting in Menlo, Kans., favoring Federal supervision of motion pictures as provided in the Grant-Hudson motion picture bill (H. R. 9986); to the Committee on Interstate and Foreign Commerce.

10132. Also, petition of 13 citizens of Phillipsburg, Kans., urging support of the Sparks-Capper stop-alien amendment, being House Joint Resolution 356, to exclude unnaturalized aliens from the count of the population for apportionment of congressional districts; to the Committee on the Judiciary.

10133. By Mr. SPROUL of Kansas: Petition of citizens of Kansas, urging the passage of House Joint Resolution 356, providing for an amendment to the United States Constitution excluding the approximately 7,500,000 unnaturalized aliens from the count of the population of the Nation for apportionment of congressional districts among the States; to the Committee on the Judiciary.

10134. By Mr. STONE: Resolution signed by J. I. Cunningham, of Shawnee, Okla., urging the passage of the Sparks-Capper bill, alien representation amendment (H. J. Res. 356); to the Committee on the Judiciary.

10135. By Mr. SWING: Petition of the East San Diego Woman's Christian Temperance Union, signed by 90 citizens of San Diego, Calif., urging the passage of the Sparks-Capper stop-alien representation amendment (H. J. Res. 356); to the Committee on the Judiciary.

10136. By Mr. THURSTON: Resolution unanimously adopted by 86 members of the Reformed Presbyterian Church, urging the passage of House bill 9986 to establish higher moral standards in moving-picture films; to the Committee on Interstate and Foreign Commerce.

10137. By Mr. TREADWAY: Unanimous vote of Holyoke League of Women Voters, Holyoke, Mass., favoring the so-called "lame duck" amendment to the Constitution; to the Committee on Election of President, Vice President, and Representatives in Congress.

10138. By Mr. WOLVERTON of West Virginia: Petition of the Woman's Christian Temperance Union of Weston, W. Va., by Alfaretta Fetty, president, and Margaret S. Jackson, secretary, urging Congress to take action for legislation providing for the supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

10139. By Mr. WYANT: Petition of the adult Bible classes of the United Brethren Church, of Youngwood, Pa., favoring an amendment to the Constitution excluding unnaturalized aliens when making apportionment for congressional districts; to the Committee on the Judiciary.

10140. Also, petition of members of First Baptist Church, of West Newton, Westmoreland County, Pa., favoring an amendment to the Constitution excluding unnaturalized aliens when making apportionment for congressional districts; to the Committee on the Judiciary.

10141. Also, petition of Vandergrift Woman's Christian Temperance Union, urging support of Sparks-Capper amendment providing for elimination of approximately 7,500,000 unnaturalized aliens from count in making apportionment for congressional districts; to the Committee on the Judiciary.

10142. Also, petition of Association of Craft Employees, Monongahela division, the Pennsylvania Railroad, favoring more stringent immigration laws; to the Committee on the Judiciary.

10143. By Mr. YATES: Petition of D. R. Lucas, commander Roseland Post, No. 49, Chicago, Ill., urging the passage of the bill in Congress for immediate cash payment of adjusted-compensation certificates; to the Committee on Ways and Means.

10144. Also, petition of R. D. Newland, 1026 Greenwood Avenue, Maywood, Ill., urging the passage of legislation for cash payment of the full face value of adjusted-compensation certificates; to the Committee on Ways and Means.

10145. Also, petition of Clyde H. Andrews, 7319 Yates Avenue, Chicago, Ill., urging the defeat of any legislation calculated to pay in cash the adjusted-compensation certificates

of World War veterans; to the Committee on Ways and Means.

10146. Also, petition of Mrs. S. F. Coone, 132 Circle, Forest Park, Ill., requesting the passage of the bill for the immediate cash payment in full of the adjusted-compensation certificates; to the Committee on Ways and Means.

10147. Also, petition of Emma Kezich, 935 Elgin Avenue, Forest Park, Ill.; urging the passage of an act of Congress to pay immediately in cash the adjusted-compensation certificates; to the Committee on Ways and Means.

SENATE

TUESDAY, FEBRUARY 24, 1931

(Legislative day of Tuesday, February 17, 1931)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (S. 5644) to amend the act entitled "An act to authorize and direct the survey, construction, and maintenance of a memorial highway to connect Mount Vernon, in the State of Virginia, with the Arlington Memorial Bridge across the Potomac River at Washington," approved May 23, 1928, as amended.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Fletcher	King	Schall
Barkley	Frazier	La Follette	Sheppard
Bingham	George	McGill	Shipstead
Black	Gillett	McKellar	Shortridge
Blaine	Glass	McMaster	Smith
Blease	Glenn	McNary	Smoot
Borah	Goff	Metcalf	Steck
Bratton	Goldsborough	Morrison	Stelwer
Brock	Gould	Morrow	Stephens
Brookhart	Hale	Moses	Swanson
Broussard	Harris	Norbeck	Thomas, Idaho
Bulkley	Harrison	Norris	Thomas, Okla.
Capper	Hastings	Nye	Townsend
Caraway	Hatfield	Oddie	Trammell
Carey	Hayden	Partridge	Tydings
Connally	Hebert	Patterson	Vandenberg
Copeland	Heflin	Phipps	Wagner
Couzens	Howell	Pine	Walcott
Cutting	Johnson	Pittman	Walsh, Mass.
Davis	Jones	Ransdell	Walsh, Mont.
Deneen	Kean	Reed	Waterman
Dill	Kendrick	Robinson, Ark.	Watson
Fess	Keyes	Robinson, Ind.	Wheeler

Mr. SHEPPARD. I wish to announce that the senior Senator from Missouri [Mr. HAWES] is detained from the Senate by illness. I ask that this announcement may stand for the day.

Mr. BARKLEY. My colleague [Mr. WILLIAMSON] is unavoidably detained on necessary business. This announcement may stand for the day.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

CONSERVATION OF PUBLIC HEALTH

Mr. RANSDELL. Mr. President, I wish to announce that when the Senate meets to-morrow I shall seek recognition in order that I may address the Senate on how to conserve public health, the most important problem confronting mankind.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Montana, which was ordered to lie on the table:

House Joint Memorial 3

A resolution memorializing Congress for the passage of legislation now pending toward the conversion into cash of the adjusted-compensation certificates

Whereas there have been introduced in the Congress of the United States of America various measures looking toward the conversion into cash of the adjusted-compensation certificates at their full face value; and

Whereas there are a great many disabled veterans and their dependents who are in sore distress and dire need of the relief that will be afforded by such legislation; and

Whereas there are in the State of Montana approximately 35,000 veterans who would be directly benefited by the passage of such legislation; and

Whereas the immediate distribution and circulation of funds from such conversion would at this time materially assist in relieving the present distressful economic condition which prevails throughout this State: Now, therefore, be it

Resolved by the House of Representatives of the State of Montana (the Senate concurring), That the Congress of the United States of America be, and it is hereby, memorialized to pass the legislation now pending looking toward the conversion into cash of the adjusted-compensation certificates; and be it further

Resolved, That a copy of this memorial be transmitted by the secretary of state of the State of Montana to the Senate and House of Representatives of the United States of America, and to each of the Senators and Representatives of the State of Montana in Congress.

W. R. FLACHSENHAR,
Speaker of the House.
FRANK A. HAZELBAKER,
President of the Senate.

Approved February 18, 1931.

J. E. ERICKSON, *Governor.*

UNITED STATES OF AMERICA,
State of Montana, ss:

I, W. E. Harmon, secretary of state of the State of Montana, do hereby certify that the foregoing is a true and correct copy of House Joint Memorial No. 3, being "A resolution memorializing Congress for the passage of legislation now pending toward the conversion into cash of the adjusted-compensation certificates," enacted by the twenty-second session of the Legislative Assembly of the State of Montana and approved by J. E. Erickson, governor of said State, on the 18th day of February, 1931.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State.

Done at the city of Helena, the capital of said State, this 19th day of February, A. D. 1931.

[SEAL.]

W. E. HARMON,
Secretary of State.

The VICE PRESIDENT also laid before the Senate House Joint Memorial No. 4 of the Legislature of the State of Montana, memorializing Congress for the passage of pending legislation relating to permanent veterans' hospitalization for the State of Montana, which was referred to the Committee on Finance. (See joint memorial printed in full when presented by Mr. WHEELER on February 23, 1931, page 5718 of the CONGRESSIONAL RECORD.)

He also laid before the Senate a concurrent memorial of the Legislature of the State of Utah, commending the report and recommendations of the subcommittee of the Senate Committee on Foreign Relations on trade with China, and the resolution submitted to the Senate by Mr. PITTMAN on behalf of the committee, which was ordered to lie on the table. (See concurrent memorial printed in full when presented to-day by Mr. SMOOT.)

He also laid before the Senate the following joint memorial of the Legislature of the State of Oregon, which was referred to the Committee on Commerce:

UNITED STATES OF AMERICA,
STATE OF OREGON,
OFFICE OF THE SECRETARY OF STATE.

I, Hal E. Hoss, secretary of state of the State of Oregon, and custodian of the seal of said State, do hereby certify: That I have carefully compared the annexed copy of House Joint Memorial No. 9 with the original thereof adopted by the Senate and House of Representatives of the Thirty-sixth Legislative Assembly of the State of Oregon and filed in the office of the secretary of state February 17, 1931, and that the same is a full, true, and correct transcript therefrom and of the whole thereof, together with all indorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon. Done at the capitol at Salem, Oreg., this 17th day of February, A. D. 1931.

[SEAL.]

HAL E. HOSS, *Secretary of State.*

House Joint Memorial 9

To the honorable Senate and House of Representatives of the United States of America in Congress assembled:

Your memorialist, the State Legislature of Oregon, in session at Salem, Oreg., on this 26th day of January, 1931, respectfully represents that the Columbia River and its main tributaries, the Snake and Willamette, are navigable streams but require further improvement of channels to meet up-to-date navigation conditions, and that such improvements will make possible the towing of fleets of loaded barges carrying products, which to-day lie dormant or suffer restricted market outlet because of transportation costs; and

Whereas it is possible not only to produce the cheapest possible transportation but also cheap electric power to aid in the development of industries; and

Whereas the people of the Columbia, Snake, and Willamette Rivers districts have organized themselves together and formed the Columbia Valley Association for the purpose of carrying out their program; and

Whereas the program of the Columbia Valley Association provides for development as follows:

(1) By navigation of the rivers so far as possible in the present condition of their channels;

(2) By improvement of the channels so that navigation may be further facilitated and extended;

(3) By canalization through the building of dams whereby such channels may be still further improved;

(4) By reclamation of arid lands through diversion of water stored behind the dams;

(5) By development from the water so stored of hydroelectric power for pumping water for reclamation and all industrial purposes; and

(6) By fostering and securing such industries as require large amounts of electrical energy for their successful operation; and

Whereas the use of these rivers is the Pacific northwestern connecting link for the national inland waterways of the United States; and

Whereas there is now a bill before Congress presented by Senator STEIWER asking for the deepening and widening of the channel of the Columbia to 7 feet in depth and 100 feet wide from Portland to the mouth of the Snake, and 5 feet in depth and 100 feet wide from the mouth of the Snake to Asotin, Wash., and asking for an appropriation of \$858,000 to carry on this work: Now, therefore, be it

Resolved by the House of Representatives of the State of Oregon (the Senate jointly concurring therein), That we approve the program of the Columbia Valley Association and urge that Congress establish this channel improvement as a project and appropriate the \$858,000 of funds necessary for such channel-improvement work, and we believe that this program is in full harmony with that proposed by President Hoover for the development of our inland waterways system and an aid to agriculture and industry; be it further

Resolved, That the secretary of state be instructed to forward one copy of this memorial to the President of the United States, one copy to the President of the United States Senate, Speaker of the House of Representatives, and each member of the Oregon, Washington, Idaho, and Montana delegations in Congress, and to the president of the senate and speaker of the house of the Washington, Idaho, and Montana Legislatures.

Adopted by the house February 6, 1931.

F. J. LONERGAN,
Speaker of the House.

Concurred in by the senate February 13, 1931.

WILLARD L. MARKS,
President of the Senate.

Indorsed: House Joint Memorial No. 9. Introduced by Mr. John B. McCourt and Senators J. E. Bennett and J. H. Upton. W. F. Drager, chief clerk. Filed February 17, 1931, Hal E. Hess, secretary of state.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Oregon, which was referred to the Committee on Immigration:

UNITED STATES OF AMERICA,
STATE OF OREGON,
OFFICE OF THE SECRETARY OF STATE.

I, Hal E. Hoss, secretary of state of the State of Oregon and custodian of the seal of said State, do hereby certify that I have carefully compared the annexed copy of Senate Joint Memorial No. 7 with the original thereof adopted by the Senate and House of Representatives of the Thirty-sixth Legislative Assembly of Oregon and filed in the office of the secretary of state of the State of Oregon February 14, 1931, and that the same is a full, true, and correct transcript therefrom and of the whole thereof, together with all indorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon.

Done at the capitol at Salem, Oreg., this 16th day of February, A. D. 1931.

[SEAL.]

HAL E. HOSS,
Secretary of State.

Senate Joint Memorial 7

To the honorable Senate and House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the Legislative Assembly of the State of Oregon, respectfully represent that—

Whereas unemployment is widespread and of growing concern to all people and interests of our Nation; and

Whereas the influx of foreign labor, from whatever country and particularly from Mexico, bringing lower-grade workers into direct competition with American labor, is an added affliction to an already intolerable situation: Now, therefore, be it

Resolved by the Senate of the State of Oregon (the House of Representatives jointly concurring therein), That we, your memorialists, the Legislative Assembly of the State of Oregon, do

hereby petition the Congress of the United States of America to take action at the earliest possible date to prevent the immigration to this country of all foreign peoples whose economic status is such as to warrant their classification as possible competitors with American labor in American industry or service of whatever kind or character; and be it further

Resolved, That the secretary of state of the State of Oregon be, and he hereby is, authorized and directed forthwith to transmit a certified copy of this joint memorial to the Vice President of the United States, the Speaker of the National House of Representatives, and to each of Oregon's Senators and Representatives in the National Congress urging their support in behalf of the prayer of this memorial.

Adopted by the senate February 3, 1931.

WILLARD L. MARKS,
President of the Senate.

Concurred in by the house February 12, 1931.

F. J. LONERGAN,
Speaker of the House.

Indorsed: Senate Joint Memorial No. 7. Introduced by Senators Hall and Dunne. John P. Hunt, chief clerk. Filed February 14, 1931. Hal E. Hoss, secretary of state.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of North Dakota, which was referred to the Committee on Agriculture and Forestry:

DEPARTMENT OF STATE,
STATE OF NORTH DAKOTA.

To all to whom these presents shall come:

I, Robert Byrne, secretary of state of the State of North Dakota and keeper of the great seal thereof, do hereby certify that the following copy of Senate Resolution C, Twenty-second Legislative Assembly, State of North Dakota, has been compared by me with the original resolution on file in this department, and that the same is a true copy thereof and of the whole of such resolution.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in the city of Bismarck, this 16th day of February, A. D. 1931.

[SEAL.]

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

Concurrent resolution for memorial to Congress. (Senate Resolution C, Hamilton and Atkins)

Be it resolved by the Senate of the State of North Dakota (the House of Representatives concurring), That—

Whereas during the World War and at time that the price fixing act of Congress became effective and was put in operation No. 1 northern wheat was selling as high as \$3.49 per bushel at Minneapolis, and other agricultural products were selling accordingly; and

Whereas the minimum price of \$2.17 per bushel for No. 1 northern wheat at Minneapolis fixed by Congress was in fact made the maximum price; and

Whereas during this time No. 1 northern wheat was selling at an average price of \$4.41 per bushel in the allied governments; and

Whereas during the war the price on all other commodities used by the farmer in connection with agriculture, together with freight and transportation rates, were increased by leaps and bounds, and these prices were for a long time and many of them still are maintained on such commodities, and especially is it true of freight and transportation rates; and

Whereas a large part of the agricultural indebtedness was created during the time that the price of agricultural products was considerably higher than at present, and then during the period of inflation of our currency; and

Whereas the farmer during the period of deflation was made the shock absorber, so that now it takes approximately 6,220 bushels of wheat to pay an indebtedness that could have been paid with 1,000 bushels prior to the price fixing and the deflation periods; and

Whereas as a result of these conditions thousands and hundreds of thousands of once prosperous farmers in this State and Nation have lost their homes and their all by mortgage foreclosures; and

Whereas the price of agricultural products during the present year have in fact been below the cost of production; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness, and the farmers are at the mercy of their mortgagees and creditors throughout this State and Nation; and

Whereas unless immediate relief is given thousands and hundreds of thousands additional farmers will lose their farms and their homes and millions more will be forced into our cities and villages and the army of unemployed will necessarily increase to alarming proportions;

Now, therefore, the Legislative Assembly of the State of North Dakota respectfully petitions the Congress of the United States of America to pass Senate bill 5109, known as the "farmers farm relief bill," in order that the agricultural indebtedness of this State and Nation may be speedily liquidated and refinanced and agriculture saved from utter ruin and destruction.

The farmers ask for no charity; they simply ask "that American agriculture be placed on a basis of equality with other industries."

They ask that the Federal reserve system be made to function for them as it is functioning for other industries. Since the Federal reserve bank is now loaning Federal reserve notes to New York banks at 2 per cent interest, and since our Government refinanced the foreign nations to the extent of \$15,000,000,000 at less than 2 per cent interest, we feel that this bill asks nothing but simply justice and a square deal for agriculture. As a Nation we have protected industries by tariff laws for generations and we feel that the farmer is now entitled to first consideration at the hands of Congress; be it further

Resolved, That sufficient copies of this resolution be printed and the secretary of the state requested to mail a copy to the President of the United States and the President of the Senate of the United States, with the request that the resolution be read from the desk, and a copy to the Speaker of the House of Representatives of the United States with the request that the resolution be read from the desk; and a copy to the governors of all of the States in this Union, and a copy to the presidents of the senate of all of the States in the Union with the request that it be read from the desk; also a copy to be mailed to the speaker of the house of representatives of all of the States in this Union with the request that it be read from the desk.

JNO. W. CARR,
President of the Senate.
J. L. ROSHOLT,
Secretary of the Senate.
C. VERNON FREEMAN,
Speaker of the House.
C. R. VERRY,
Chief Clerk of the House.

Filed in this office this 17th day of February, 1931.

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

The VICE PRESIDENT also laid before the Senate the following concurrent resolutions of the Legislature of the State of North Dakota, which were ordered to lie on the table:

STATE OF NORTH DAKOTA,
DEPARTMENT OF STATE.

To all to whom these presents shall come:

I, Robert Byrne, secretary of state of the State of North Dakota and keeper of the great seal thereof, do hereby certify that the annexed copy of Senate Resolution H, Twenty-second Legislative Assembly, State of North Dakota, has been compared by me with the original resolution on file in this department, and that the same is a true copy thereof and of the whole of such resolution.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in the city of Bismarck, this 16th day of February, A. D. 1931.

[SEAL.]

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

Resolution memorializing the Congress of the United States to refrain from enacting a law placing a tariff or embargo on crude petroleum and the refined products thereof. (Senate Resolution H, Ployhar)

Whereas certain oil producers from the petroleum-producing States are urging the Congress of the United States to enact a law placing a tariff or an embargo on petroleum and its refined products, claiming that such a measure is necessary as a relief measure to the petroleum-producing industries in these States; and

Whereas such a tax would place an additional burden on a product already heavily taxed by excise and sale taxes, in addition to general property and production taxes; and

Whereas the tariff as proposed would place an additional burden of over \$350,000,000 on said product, which must be borne and paid by all owners of automobiles, trucks, and farm tractors by increasing the selling price of gasoline and kerosene from 1 to 5 cents per gallon, and such tariff would benefit but comparatively few citizens; and

Whereas only four or five States of the United States produce oil to any considerable extent and only a few of the citizens of such States, comprising but a small proportion of the population of the United States, would benefit thereby; and

Whereas petroleum and its refined products are necessary in order to carry on farming, trade, and commerce; and

Whereas the condition as now exists in the petroleum industry is only temporary and no more serious than conditions existing in other classes of business; and

Whereas it has been a well-settled policy for the past decade, both by petroleum producers and the Government, to conserve our petroleum deposits; and

Whereas an embargo or tariff would result in hastening the depletion of our petroleum deposits: Be it

Resolved by the Senate of the State of North Dakota, That the Congress of the United States be memorialized to refrain from enacting any laws imposing a tariff or embargo on petroleum products or the refined products thereof; and be it further

Resolved, That the secretary of state be instructed to forward duly authenticated copies of this resolution to both United States Senators from the State of North Dakota at Washington and the

Members of the House of Representatives from the State of North Dakota, to the President of the Senate of the United States, to the Speaker of the House of Representatives at Washington, and to the President of the United States.

JOHN W. CARR,
President of the Senate.
J. L. ROSHOLT,
Secretary of the Senate.

Filed in this office this 14th day of February, 1931.

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

DEPARTMENT OF STATE,
STATE OF NORTH DAKOTA.

To all to whom these presents shall come:

I, Robert Byrne, secretary of state of the State of North Dakota and keeper of the great seal thereof, do hereby certify that the following copy of Concurrent Resolution B-2 has been compared by me with the original resolution on file in this department, and that the same is a true copy thereof and of the whole of such resolution.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in the city of Bismarck, this 16th day of February, A. D. 1931.

[SEAL.]

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

Concurrent Resolution B-2, requesting the Congress of the United States to enact legislation to provide for the immediate conversion into cash of World War veterans' adjusted-compensation certificates. (Holte and Ericson of Kidder)

Be it resolved by the House of Representatives of the State of North Dakota (the Senate concurring):

Whereas a general economic depression, producing a depreciation in the value of all commodities, a stagnation of business, an aggravated condition of unemployment, and serious individual suffering, now exists in the State of North Dakota and throughout the whole Nation; and

Whereas there are now pending before the Congress of the United States certain measures the purpose of which is to alleviate in some degree the existing distressing conditions by providing for the immediate conversion into cash of World War veterans' adjusted-compensation certificates; and

Whereas the American Legion, Department of North Dakota, has just completed a poll among the 20,000 World War veterans resident in this State, which conclusively demonstrates that such veterans almost unanimously favor the enactment by the Congress of the measure providing for the immediate payment, upon application, of the full face value of such adjusted-compensation certificates; and

Whereas the passage of such legislation would bring immediate relief to thousands of veterans and their dependents who are now in need, create new markets, instill new life into American business, and be a well-deserved demonstration of the gratitude of the Nation to those who carried its arms in 1917 and 1918: Now therefore be it

Resolved, That the House of Representatives of the State of North Dakota (the Senate concurring) most respectfully urge upon the Congress of the United States the early enactment of legislation providing for the immediate payment, upon application, of the full face value of such adjusted-compensation certificates; and be it further

Resolved, That the secretary of state of the State of North Dakota be, and is hereby, instructed to forward a duly authenticated copy of this resolution to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and to each representative of the State of North Dakota in the United States Senate and House of Representatives.

C. VERNON FREEMAN,
Speaker of the House.
JNO. W. CARR,
President of the Senate.
C. R. VERRY,
Chief Clerk of the House.
J. L. ROSHOLT,
Secretary of the Senate.

Filed in this office this 14th day of February, 1931, 3 p. m.

ROBERT BYRNE,
Secretary of State.
By CHARLES LIESSMAN,
Deputy.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the New York State Woman's Republican Club, at New York, N. Y., favoring the passage of the so-called Brookhart bill, to require physicians and surgeons administering to or prescribing for patients, under their professional charge, to inform them of the nature of the drugs being administered or prescribed if such drugs or any part of them are narcotic, and warning them of the effects of their continued used, and to regulate the filling of such

prescriptions by pharmacists, and regulating the manufacture of medicinal preparations containing narcotic drugs, and also the passage of legislation to repeal section 3229 so far as it applies to narcotic drugs, etc., which were referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Associated Employers of Indianapolis, Ind., opposing the calling of a special session of the Seventy-second Congress, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the junior committee of the National Patriotic Association, at Chicago, Ill., and Du Pont Chapter, No. 78, National Sojourners, of Delaware City, Del., favoring the passage of legislation providing that the transportation into the United States or any territory subject to the jurisdiction thereof of any article or merchandise from any territory subject to the jurisdiction or control of the Government of the Union of Soviet Socialist Republics (Russia), mined, produced, or manufactured wholly or in part in any such territory, or produced or manufactured from materials, any of which have been mined, produced, or manufactured in any such territory, be prohibited, which were referred to the Committee on Finance.

He also laid before the Senate a communication from L. L. Kisselintcheff, vice president of the Macedonian Political Organization of the United States and Canada, at New York, N. Y., relative to the treatment accorded Mr. Traiko Minoff, a naturalized American citizen in Macedonia, etc., which, with the accompanying papers, was referred to the Committee on Foreign Relations.

He also laid before the Senate papers in the nature of petitions from the committee on legislation of the Men's Association of the First Presbyterian Church, of Yonkers, N. Y., praying for the passage of the so-called Sparks-Capper constitutional amendment, forbidding the counting of aliens in reapportioning the House of Representatives, which were referred to the Committee on Commerce.

He also laid before the Senate a letter in the nature of a petition from Kenneth MacGowan, of MacGowan & Reed (Inc.), of New York, N. Y., praying for the passage of the bill (H. R. 12549) to amend and consolidate the acts respecting copyright and to permit the United States to enter the Convention of Berne for the Protection of Literary and Artistic Works, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial, from the American Paper and Pulp Association, in convention assembled at New York, N. Y., opposing the calling of an extra session of the Seventy-second Congress, which was ordered to lie on the table.

Mr. JONES presented petitions of sundry citizens of Sumner, Wash., praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented a resolution adopted by the Merchants' Association of Kansas City, Mo., favoring the passage of legislation placing a limited embargo on the importation of crude petroleum or imposing an adequate tariff thereon, which was ordered to lie on the table.

Mr. SHEPPARD presented the petitions of Mrs. F. O. Weyrick and other ladies, of Eagle Pass; Mrs. Sophie Bodenheimer and other ladies of San Antonio; and of Rabbi Ephraim Frisch, of Temple Beth-El, and sundry other citizens of San Antonio, all in the State of Texas, praying for the ratification of the World Court protocols this winter or spring, which were referred to the Committee on Foreign Relations.

Mr. SMITH presented a letter in the nature of a memorial from the Diocesan Council of Catholic Women of Charleston, S. C., remonstrating against the passage of the so-called birth control bill, being the bill (S. 4582) to amend section 305 (a) of the tariff act of 1922, as amended, and sections 211, 245, and 312 of the Criminal Code, as amended, which was referred to the Committee on the Judiciary.

Mr. SMOOT presented the following concurrent memorial of the Legislature of the State of Utah, which was referred to the Committee on Foreign Relations:

STATE OF UTAH,
SECRETARY OF STATE'S OFFICE.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the hereunto attached is a full, true, and correct copy of Senate Concurrent Memorial No. 1, memorializing the President and the Congress of the United States to further an international agreement whereby silver may be used as a supplement to gold to form an adequate international monetary base.

Received from the senate on the 28th day of January, 1931, and approved February 3, 1931, by George H. Dern, governor, as appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah at Salt Lake City this 4th day of February, 1931.

[SEAL.]

M. H. WELLING,
Secretary of State.

Senate Concurrent Memorial 1, memorializing the President and the Congress of the United States to further an international agreement whereby silver may be used as a supplement to gold to form an adequate international monetary base. (By Mr. Hunt)

Be it resolved by the Legislature of the State of Utah (the governor concurring therein):

Whereas Utah is the largest producer of silver among the States and, in consequence of the unprecedented low price of this metal, the prosperity of all classes of business and industry in this State is seriously and adversely affected; and

Whereas a study of the relation of gold and silver to world commodity prices and world commerce has led to the conclusion that the subject is one which affects the prosperity and happiness of all nations and all peoples; and

Whereas it is apparent that the world's monetary stock of gold is barely sufficient to stabilize with any degree of security the currencies of only a few of the wealthier nations, and that the debts contracted as a result of the World War will for many years to come cause the future supply of gold to be held in reserves for the protection of currency issues and the payment of interest and principal on such debts and will not add a fluid medium for the settlement of international trade balances, and that all authoritative reports agree in estimating a decreasing rather than an increasing future world's gold production; and

Whereas silver, by long usage, is employed as the exclusive money metal by more than one-half the world's population and represents the accumulated savings of generations of these people whose prosperity and purchasing power largely determine the prosperity of the gold-using countries; that silver is of world-wide distribution, generally in combination with other metals useful and necessary to man, so that any added stability in the price of silver will lead to greater production and less cost of these other useful metals; and that the greater use of silver as a money metal will not restrict its use in the arts and sciences; and that therefore silver is the logical metal to serve in whole or in part as a supplement to gold to form an international monetary base; and

Whereas we believe that if peace can be maintained between nations the people of all countries will continue to progress, and that this progress will be limited only by their environment and their willingness to labor and make use of the tools of invention, provided the world's monetary base is adequate to meet the needs of expanding commercial interchanges; and

Whereas we believe that man, if protected in his liberty and rights of possession, will labor more effectively and enjoy a greater degree of happiness under a system of social organization which permits each individual to enjoy the fruits of his own labor; and

Whereas we believe that the inadequacy of the world's monetary stock of gold to provide for the growing requirements of a higher standard of living will bring into serious question the wisdom of retaining a social system based on the theory of individual initiative and reward: Therefore be it

Resolved by the Legislature of the State of Utah (the governor concurring therein), That we urge upon the President and the Congress of the United States that all possible efforts be made toward the conclusion of an international agreement whereby silver may be used as a supplement to gold to form an international monetary base adequate to meet the needs of all the nations of the world.

The foregoing senate concurrent memorial was publicly read by title and immediately thereafter signed by the president of the senate in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 28th day of January, 1931.

RAY E. DILLMAN,
President of the Senate.

Attest:

H. L. CUMMINGS,
Secretary of the Senate.

The foregoing senate concurrent memorial was publicly read by title and immediately thereafter signed by the speaker of the house in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 28th day of January, 1931.

JAMES C. HACKING,
Speaker of the House.

Attest:

E. L. CROPPER,
Chief Clerk of House.

Received from the senate this 28th day of January, 1931.

GEO. H. DERN, Governor.

Approved February 3, 1931.

Received from the governor and filed in the office of the secretary of state this 3d day of February, 1931.

M. H. WELLING,
Secretary of State.

Mr. SMOOT also presented the following concurrent memorial of the Legislature of the State of Utah, which was referred to the Committee on Irrigation and Reclamation:

STATE OF UTAH,
SECRETARY OF STATE'S OFFICE.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the hereunto attached is a full, true, and correct copy of House Concurrent Memorial No. 3, memorializing the Congress of the United States to pass and the President to approve Senator THOMAS's (of Idaho) bill appropriating \$5,000,000 to the reclamation fund.

Received from the house this 17th day of February, 1931. Approved February 18, 1931, by George H. Dern, governor, as appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah at Salt Lake City this 19th day of February, 1931.

[SEAL.]

M. H. WELLING,
Secretary of State.

House Concurrent Memorial 3, memorializing the Congress of the United States to pass and the President to approve Senator THOMAS's (of Idaho) bill appropriating \$5,000,000 to the reclamation fund. (By Mr. Callister)

Be it resolved by the Legislature of the State of Utah (the governor concurring therein), That whereas the Thomas bill appropriating \$5,000,000 to the Federal reclamation fund, which recently passed the Senate, will very materially aid in developing the West, and assist in relieving the unemployment situation;

We, therefore, respectfully urge the House of Representatives to pass, and the President to approve, said bill, that the provisions thereof may become effective at an early date; be it further

Resolved, That the secretary of state forward certified copies of this memorial to the President of the United States and Speaker of the House of Representatives and to Utah's delegation in Congress.

The foregoing, House Concurrent Memorial No. 3, was publicly read by title and immediately thereafter signed by the president of the senate, in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 17th day of February, 1931.

RAY E. DILLMAN,
President of the Senate.

Attest:

H. L. CUMMINGS,
Secretary of the Senate.

The foregoing, House Concurrent Memorial No. 3, was publicly read by title and immediately thereafter signed by the speaker of the house, in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 17th day of February, 1931.

JAMES C. HACKING,
Speaker of the House.

Attest:

E. L. CROPPER,
Chief Clerk of House.

Received from the House this 17th day of February, 1931.

Approved February 18, 1931.

GEO. H. DERN, Governor.

Received from the governor and filed in the office of the secretary of state this 18th day of February, 1931.

M. H. WELLING,
Secretary of State.

Mr. SMOOT also presented the following concurrent memorial of the Legislature of the State of Utah, which was ordered to lie on the table:

STATE OF UTAH,
SECRETARY OF STATE'S OFFICE.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the hereunto attached is a full, true, and correct copy of Senate Concurrent Memorial No. 4 entitled "Be it resolved by the nineteenth session of the Legislature of the State of Utah, the governor concurring therein, etc."

Received from the Senate this 16th day of February, 1931, approved February 16, 1931, by George H. Dern, governor, as appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah at Salt Lake City, this 18th day of February, 1931.

[SEAL.]

M. H. WELLING,
Secretary of State.

Senate Concurrent Memorial 4. (By Mr. Hunt)

Be it resolved by the nineteenth session of the Legislature of the State of Utah (the governor concurring therein), We approve the report and recommendations presented February 11, 1931, to the United States Senate Committee on Foreign Relations by its subcommittee on trade relations with China and the resolutions presented to the Senate by Chairman PITTMAN, of said subcommittee, therewith.

We highly commend the exhaustive research conducted by the above subcommittee, especially in connection with the relation of silver to world trade, heartily indorse the findings and recommendations resultant therefrom, and urge upon the Foreign Relations Committee of the United States Senate a favorable report to the Senate upon the resolutions offered by the chairman of the said subcommittee.

We respectfully request the Senate of the United States to act promptly and favorably upon said resolutions and the President to carry out their purpose.

We urge the Senators and Representatives of the State of Utah in Congress to use their utmost efforts to expedite action by Congress and by the President in accordance with the report and resolutions referred to herein.

Resolved, That copies of this resolution be sent by the secretary of state to the following: The President; the President of the Senate and the Speaker of the House; Senator WILLIAM E. BORAH, chairman Senate Committee on Foreign Relations; Senator KEY PITTMAN, chairman subcommittee on trade relations with China; Senator REED SMOOT; Senator WILLIAM H. KING; Representative DON B. COLTON; and Representative F. C. LOOFBOUROW.

The foregoing memorial was publicly read by title and immediately thereafter signed by the president of the senate, in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 16th day of February, 1931.

RAY E. DILLMAN,
President of the Senate.

Attest:

H. L. CUMMINGS,
Secretary of the Senate.

The foregoing Senate Concurrent Memorial No. 4 was publicly read by title and immediately thereafter signed by the speaker of the house, in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 16th day of February, 1931.

JAMES C. HACKING,
Speaker of the House.

Attest:

E. L. CROPPER,
Chief Clerk of House.

Received from the senate this 16th day of February, 1931.
Approved February 16, 1931.

GEO. H. DERN, Governor.

Received from the governor and filed in the office of the secretary of state this 17th day of February, 1931.

M. H. WELLING,
Secretary of State.

Mr. KING presented a concurrent memorial (No. 1) adopted by the Legislature of the State of Utah, memorializing the President and the Congress to further an international agreement whereby silver may be used as a supplement to gold to form an adequate international monetary base, which was referred to the Committee on Foreign Relations. (See concurrent memorial printed in full when presented to-day by Mr. SMOOT.)

He also presented House Concurrent Memorial No. 3 of the Legislature of the State of Utah, memorializing Congress to pass and the President to approve the bill of Senator THOMAS of Idaho appropriating \$5,000,000 to the reclamation fund, which was referred to the Committee on Irrigation and Reclamation. (See concurrent memorial printed in full when presented to-day by Mr. SMOOT.)

He also presented a concurrent memorial of the Legislature of the State of Utah, commending the report and recommendations of the subcommittee of the Senate Committee on Foreign Relations on trade relations with China and the resolutions submitted to the Senate by Mr. PITTMAN on behalf of the committee, which was ordered to lie on the table. (See concurrent memorial printed in full when presented to-day by Mr. SMOOT.)

IMPORTATION OF LIQUID SUGAR

Mr. WATERMAN presented telegrams from sundry organizations in the State of Colorado relative to the importation of sugar in liquid form, which were ordered to lie on the table and to be printed in the RECORD, as follows:

LA JUNTA, COLO., February 21, 1931.

HON. CHARLES W. WATERMAN:

In grave danger of losing beet-sugar industry in Arkansas Valley. We fear no 1931 contract for raising beets will be written if liquid sugar is admitted on tariff of sirup. The beet-sugar industry is the major agricultural industry of the Arkansas Valley and its loss would mean serious disaster to the farming and business interests of our valley. Immediate relief is imperative.

LA JUNTA CHAMBER OF COMMERCE.

TRINIDAD, COLO., February 23, 1931.

HON. CHARLES W. WATERMAN,

United States Senate:

The importation of sugar in liquid form threatens the destruction of Colorado's sugar industry. We urge something be done to bring liquid sugar under all tariff provisions of the other forms of sugar.

TRINIDAD LAS ANIMAS COUNTY CHAMBER OF COMMERCE.

OLATHE, COLO., February 24, 1931.

HON. CHARLES W. WATERMAN,

Washington, D. C.:

If liquid sugar is permitted to enter United States practically free, we, the beet growers of western Colorado, will not be able to grow beets this year on account of the factories not being able to operate, and as sugar beets are one of our main crops, it would mean a loss of several million dollars to the farmers of Colorado and will compel beet growers to grow other crops, which are already overdone. We earnestly solicit your efforts to do all in your power to uphold the decision of the Customs Service to retain the same tariff on liquid sugar as on raw sugar.

WESTERN COLORADO BEET GROWERS' ASSOCIATION,
H. BRUCE TURNER, Secretary.

HOLLY, COLO., February 23, 1931.

HON. CHARLES W. WATERMAN,

United States Senate, Washington, D. C.:

Reported to us all sugar factories in Colorado have declared they will write no 1931 beet contracts unless a suitable tariff is placed on liquid sugar. This means thousands of acres additional corn, wheat, and other crops of which we have overproduction will be planted. Sugar beets only crop not overproduced, and seems worth saving to us. Will appreciate your efforts in our behalf.

HOLLY COMMERCIAL CLUB.

TRINIDAD, COLO., February 23, 1931.

CHARLES W. WATERMAN,

United States Senator of Colorado, Washington, D. C.:

Relative to the sugar-tariff situation which is vitally affecting our State as well as our community we urge that you introduce some measure for our protection that will also insure the future of the sugar-beet industry. We request that you use your influence and office immediately to accomplish this, as our beet growers will be unable to obtain contracts this year unless something is done to relieve this condition.

EXECUTIVE COMMITTEE OF THE LASANIMAS COUNTY BOOSTERS,
REPRESENTING MORE THAN 200 INDEPENDENT MERCHANTS,
A. McDONALD,
President of the Lasanimas County Beet Growers Association.

ADJUSTED-COMPENSATION CERTIFICATES

Mr. COUZENS presented a letter in the nature of a petition from Theodore Dubrish, of Ludington, Mich., favoring the legislation recently passed by Congress extending the loan privileges on adjusted-compensation certificates, which was ordered to lie on the table and to be printed in the RECORD, as follows:

LUDINGTON, MICH., February 20, 1931.

HON. JAMES COUZENS,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I am a World War veteran and I am not asking favors, but simply asking you to preserve our World War veterans' rights.

You are trying (I mean the United States Congress) "very hard" to pass the law granting loans on World War veterans' "bonus" certificates up to 50 per cent at 4½ per cent interest. That is a "great deed." You loan the money to European nations at 2 per cent interest and you are charging 4½ per cent interest to your own soldiers. I think they are cheap legislators. You want to pass the bill granting pensions to World War veterans' widows and their children—\$20 to mothers and \$6 to each child. My dear Senator, I don't see how mother and child can live on \$26 a month. Besides being soldiers—country's defenders' wife. Oh, yes; Mrs. Woodrow Wilson, Mrs. Thomas Marshall, and Mrs. Leonard Wood were pensioned by the United States Congress with \$5,000 per year. I want to ask you, Mr. Senator, are those women any better than our wives? Who did more for this country? The soldiers or those women? I think the United States Congress is conspiring against their ex-soldiers. This should be corrected.

And United States Congress always talks to cut the pensions to disabled soldiers, and General Hines always approves. Why, Hines, Veterans' Bureau Director, ought to be cut in wages. Six thousand dollars is too much for him per year, while disabled World War veterans now are getting starving pensions. Standard of living in Washington, D. C., is \$1,800 a year. That is what the clerks get in Government service. And what the disabled soldiers are getting? Eighty dollars per month. Is that not starving pensions? Something ought to be done, and I want you, dear Mr. Senator, to do it. We have enough of that stuff. That Hoover-Mellon gang has ruled the United States Congress long enough.

You don't ask what the soldiers want from the soldiers, but you ask Mellon, Young, or Sloan to tell what the soldiers want. When the war broke out you didn't ask, or the United States Congress

didn't ask what the soldiers wanted; but Congress consulted Wall Street to find out what they wanted. United States Congress does not believe in George Washington's motto that "Right is might."

Mr. Senator, I want you to have the Senate clerk to read this on the Senate floor and at the same time publish it in CONGRESSIONAL RECORD.

Respectfully,

THEODORE DUBRISH,
801 North Rath Avenue, Ludington, Mich.

THE SILVER PROBLEM

Mr. ODDIE. Mr. President, I submit for the RECORD a resolution of the Legislature of the State of Nevada indorsing the resolution of the subcommittee of the Foreign Relations Committee of the Senate, of which my colleague [Mr. PITTMAN] is chairman, which resolution states the case so clearly that I submit it for the RECORD at this point.

The resolution is as follows:

Senate Joint Resolution 7

Senate joint resolution memorializing the Committee on Foreign Relations of the United States Senate to report favorably Senate Resolutions 442 and 443, introduced in the United States Senate February 11, 1931, by Senator PITTMAN, the Senate of the United States to adopt said resolutions, and the President of the United States to carry out the purposes of said resolutions as expeditiously as possible. (Approved February 19, 1931)

Whereas the recent depreciation in the price of silver has had a serious harmful effect on world financial conditions and particularly on the trade and commerce of the United States; and

Whereas the subcommittee of the Foreign Relations Committee of the Senate of the United States on trade relations with China and causes and remedy for depressed conditions of commerce has made its report to said Foreign Relations Committee setting forth the results of its investigations and showing the effect of the fall in the price of silver upon the commerce of the United States with the silver-using countries; and also the need of stabilizing the Government and finances of China and making certain recommendations as to action of the Senate and the President of the United States; and

Whereas Senator PITTMAN has introduced in the Senate of the United States Senate Resolutions 442 and 443, having for their objects the making effective of recommendations contained in the report of said subcommittee: Therefore be it

Resolved by the Senate and the Assembly of the State of Nevada, That the said report of the subcommittee of the Foreign Relations Committee of the Senate of the United States is approved and commended; and be it further

Resolved, That the Foreign Relations Committee of the United States Senate is respectfully requested to favorably report said Senate Resolutions 442 and 443 and that the United States Senate is respectfully requested and urged to pass said resolutions and that the President of the United States is respectfully urged to carry out the purposes of said resolutions as expeditiously as possible; and be it further

Resolved, That the President of the United States is respectfully requested to enter into discussions or negotiations with the Governments for India, Great Britain, France, Belgium, and other governments looking to the suspension of the policy and practice of governments melting up or debasing silver coins and sales by governments of silver, and that the President take such other and further action in the premises as he may deem necessary to eliminate the abnormal fluctuations and depressions in the price of silver; and that he call or obtain an international conference or conferences to the end that agreements or understandings may be obtained with respect to the uses and status of silver as money; and be it further

Resolved, That the secretary of state of the State of Nevada be, and is hereby, directed to transmit certified copies of this resolution to the President of the United States, the President of the Senate of the United States, the chairman of the Committee on Foreign Relations of the Senate of the United States, and to each of the Senators and Representatives in Congress from the State of Nevada.

MORLEY GRISWOLD,
President of the Senate.
V. R. MERALDO,
Secretary of the Senate.
D. H. TANDY,
Speaker of the Assembly.
F. E. WALTERS,
Chief Clerk of the Assembly.

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original Senate Joint Resolution 7, approved February 19, 1931, 11.15 a. m., now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of State at my office in Carson City, Nev., this 20th day of February, A. D. 1931.

[SEAL.]

W. G. GREATHOUSE,
Secretary of State.
By JOHN W. BROOKS,
Deputy.

The VICE PRESIDENT. The memorial will lie on the table.

Mr. ODDIE. The Senate on February 20, 1931, adopted the resolution submitted by my colleague. I hope and believe that the President of the United States will soon act favorably on this resolution.

The resolution (S. Res. 442), as agreed to by the Senate, is as follows:

Resolved, That the Senate, having had under investigation and consideration, through its Committee on Foreign Relations and a subcommittee thereof, our commercial relations with China, the causes of the great and sudden depression in such commerce, and remedies for such depression, and such committee having reported to the Senate, the Senate submits to the President the reports, hearings, and other data in respect thereto, with the respectful suggestion that he shall, if he deem it compatible with the best interests of the Government, enter into discussion or negotiation with governments looking to the suspension of the policy and practice of governments of melting up or debasing silver coins and sales by governments of silver, and that he take such other and further action in the premises as he may deem necessary to eliminate the abnormal fluctuations and depressions in the price of silver.

The Senate further respectfully suggests that the President, if he deem it compatible with the best interests of the Government, call or obtain an international conference, or international conferences, to the end that agreements or understandings may be obtained with respect to the uses and status of silver as money.

Mr. ODDIE. My colleague [Mr. PITTMAN] has for many years made intensive studies of the silver problem and is recognized as one of its foremost authorities. He has worked hard and effectively for a long time on this problem and the results he has already accomplished should have a very important bearing on the advance in the price of silver, which we confidently expect. One result will be the rapid recovery of business and industry throughout the world.

CONTINUATION OF RECLAMATION PROJECTS

Mr. ODDIE. Mr. President, I also present for the RECORD a joint resolution of the Legislature of the State of Nevada in regard to the bill introduced by the junior Senator from Idaho [Mr. THOMAS], providing for a Federal loan of \$5,000,000 to continue the work on reclamation projects in the West. I will state that this was included in the bill to be reported by the Committee on Appropriations this morning, and I hope it will pass.

The memorial was referred to the Committee on Irrigation and Reclamation and ordered to be printed in the RECORD, as follows:

Assembly joint resolution memorializing the President of the United States and Congress to support the so-called Thomas bill for a Federal loan to the reclamation fund. (Approved February 19, 1931)

Whereas practically all construction and betterment work on reclamation projects in the West are being stopped owing to depletion of Federal reclamation funds; and

Whereas Senator THOMAS of Idaho has introduced a bill for a Federal loan of \$5,000,000 to continue this work; and

Whereas we feel that a continuation of this work is imperative at the present time, and that its cessation would precipitate hardships of far-reaching effects: Now, therefore, be it

Resolved, That the President of the United States and the Congress of the United States be memorialized to exert every legitimate aid toward the approval of the so-called Thomas bill; and be it further

Resolved, That the United States Senators from Nevada and our Representative in Congress be urged to render every possible aid in the progress of this measure; and be it further

Resolved, That the secretary of state of the State of Nevada be, and is hereby, authorized and directed to transmit, duly certified copies of this resolution to the President of the United States, to the President of the United States Senate, to the Speaker of the House of Representatives, and to our Senators and Representative in Congress.

MORLEY GRISWOLD,
President of the Senate.
V. R. MERALDO,
Secretary of the Senate.
D. H. TANDY,
Speaker of the Assembly.
F. E. WALTERS,
Chief Clerk of the Assembly.

STATE OF NEVADA,
Department of State, ss:

I, W. G. Greathouse, the duly elected, qualified, and acting secretary of state of the State of Nevada, do hereby certify that the foregoing is a true, full, and correct copy of the original

Assembly Joint Resolution No. 8, approved February 19, 1931, 11.22 a. m., now on file and of record in this office.

In witness whereof I have hereunto set my hand and affixed the great seal of State at my office, in Carson City, Nev., this 20th day of February, A. D. 1931.

[SEAL.]

W. G. GREATHOUSE,
Secretary of State.
By JOHN W. BROOKS,
Deputy.

SECRETARY STIMSON'S POLICY

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent to have printed in the RECORD in connection with my remarks a communication published in the State, a newspaper printed at Columbia, S. C., over the signature of A. L. King, on the subject of Secretary Stimson's policy. The article is an interesting discussion of the subject referred to.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SECRETARY STIMSON'S POLICY

To the EDITOR OF THE STATE:

I was interested in your editorial of February 11, commenting on Secretary Stimson's recent speech, when he undertook to justify the policy of the State Department under the Hoover administration as being in line with what he calls the "Jeffersonian policy," and as being a reversal of the Wilson policy.

Mr. Stimson is a partisan politician; otherwise he would not make the United States Government ridiculous in the eyes of the world by trying to blow hot and cold with one and the same breath.

Mr. Wilson said to Huerta in Mexico:

"The Government of the United States will refuse to extend the hand of welcome to anyone who obtains power in a sister Republic by treachery or violence."

He also said to the Bolshevik Government in Russia (speaking through Secretary of State Colby):

"That the present rulers of Russia do not rule by the will or the consent of any considerable proportion of the Russian people is an incontestable fact. Although nearly two and one-half years have passed since they seized the machinery of the government, promising to protect the constituent assembly against alleged conspiracies against it, they have not permitted anything in the way of a popular election. At the moment when the work of creating a popular representative government based upon universal suffrage was nearing completion, the Bolsheviks, although in number an inconsiderable minority of the people, by force and cunning seized the powers and machinery of government and have continued to use them with savage oppression to maintain themselves in power. It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained."

The note from the State Department of the United States, from which the foregoing is taken, is spoken of by the editor of Current History as a masterly, vigorous, and candid statement, and that editor states that it is pronounced by John Spargo as now universally recognized as one of the great outstanding landmarks in the development of American policy.

It is a well-known fact that it "charted the course" which has been consistently followed by Secretaries Hughes, Kellogg, and Stimson with reference to Russia. Of course, there is this important difference between the Russian situation under the Bolshevik régime and the Mexican situation under Huerta. The Bolsheviks have repudiated the debts made by their predecessors in power and, therefore, so far as Mr. Stimson is concerned, they must be cast out into utter darkness.

In a very informative article in Forum (October, 1930), Raymond Leslie Buell (research director of foreign policy, former professor of government at Harvard University, and writer of international reputation), points out the total lack of any policy in our foreign affairs under the Hoover administration. This article is entitled: "Economic Imperialism, or the Makings of the Next War." Dollar diplomacy backed up by the "big stick" is the order of the day. Present conditions in several Latin American countries, notably Venezuela and Cuba, are a disgrace to civilization and call imperatively for the same action as was recently taken by the American State Department with reference to Liberia. The first cardinal principle of international law recognizes that the right to govern partakes of the nature of a trusteeship, necessarily carrying certain duties and responsibilities. Indeed, Mr. Stimson points this out when he says: "The basic principle of equality in international law is an ideal resting upon postulates which are not always consistently accurate. For independence imposes duties as well as rights."

Surely one of the most cardinal duties resting upon a government seeking to live within the family of nations is that such government must treat its nationals humanely, and also (so far as the Government of the United States is concerned) that it must have as an ideal consent on the part of the governed as to who their rulers shall be.

These rights have been totally denied in Venezuela, and Cuba is under the heel of a despot. To charge all of the unrest and political upheaval in Latin American countries, which has been

so much in evidence recently, to "financial depression" is but to make a smoke screen to cover up and hide the outrageous violations of the cardinal rights of the citizens of those countries.

Woodrow Wilson in his Mobile speech put his finger on the trouble when he said that "concessions" granted to big business interests in America and elsewhere as a condition precedent to investments in those countries invariably violated the laws of justice and fair dealing.

To admit that the United States Government can not use its moral influence to bring about reforms in countries where political conditions violate every principle upon which civilized society is supposed to operate is to admit that civilization itself has failed. When Mr. Stimson undertakes to show that the Wilson policy was contrary to the Jefferson policy, he should recall that it was Jefferson who said:

"Life, liberty, and the pursuit of happiness are the inalienable rights of all men."

A. L. KING.

COLUMBIA.

REPORTS OF COMMITTEES

Mr. JOHNSON, from the Committee on Commerce, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 6114. An act to authorize the United States Shipping Board to sell certain property of the United States situated in the city of Hoboken, N. J., to the Port of New York Authority (Rept. No. 1744); and

S. 6204. An act prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting the safety of navigation (Rept. No. 1745).

Mr. JOHNSON also, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 5781. An act granting to the commissioners of Lincoln Park the right to erect a breakwater in the navigable waters of Lake Michigan, and transferring jurisdiction over certain navigable waters of Lake Michigan to the commissioners of Lincoln Park (Rept. No. 1746);

S. 6202. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes (Rept. No. 1747); and

S. 6206. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes (Rept. No. 1748).

Mr. McNARY, from the Committee on Agriculture and Forestry, to which were referred the following bill and joint resolution, reported them each without amendment and submitted a report, as indicated:

S. 1444. An act for the conservation of rainfall in the United States; and

H. J. Res. 153. Joint resolution to correct section 6 of the act of August 30, 1890, as amended by section 2 of the act of June 28, 1926 (Rept. No. 1749).

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 377) providing for an investigation of the mineral resources of the country as related to farm lands, reported it without amendment.

Mr. SMOOT, from the Committee on Finance, to which was referred the joint resolution (S. J. Res. 112) concerning a bequest made to the Government of the United States by S. A. Long, late of Shinnston, W. Va., reported it without amendment and submitted a report (No. 1750) thereon.

Mr. THOMAS of Idaho, from the Committee on Irrigation and Reclamation, submitted a supplemental report to accompany the bill (S. 5172) for the construction of a reservoir in the Little Truckee River, Calif., and for such dams and other improvements as may be necessary to impound the waters of Webber, Independence, and Donner Lakes, and for the further development of the water resources of the Truckee River, heretofore reported by him with amendments from that committee, which was ordered to be printed as part 2 of Report No. 1418.

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which was referred the bill (H. R. 11368) to fix the annual compensation of the secretary of the Ter-

ritory of Alaska, reported it with amendments and submitted a report (No. 1751) thereon.

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (H. R. 2047) for the relief of R. P. Biddle, reported it with an amendment and submitted a report (No. 1752) thereon.

He also, from the same committee, to which was referred the bill (H. R. 11015) to provide an appropriation for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N. J., July 10, 1926, reported it without amendment and submitted a report (No. 1753) thereon.

Mr. McMASTER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 921. An act for the relief of Andrew Kline (Rept. No. 1754);

H. R. 922. An act for the relief of William S. Murray (Rept. No. 1755);

H. R. 923. An act for the relief of Louis J. Stroud (Rept. No. 1756); and

H. R. 925. An act for the relief of George Curren (Rept. No. 1757).

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 6233) for the relief of Grover Cleveland Ballard, reported it without amendment and submitted a report (No. 1758) thereon.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mr. PARTRIDGE, from the Committee on Enrolled Bills, reported that on to-day, February 24, 1931, that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 1571. An act for the relief of William K. Kennedy;

S. 1851. An act for the relief of S. Vaughan Furniture Co., Florence, S. C.;

S. 2625. An act for the relief of the estate of Moses M. Bane;

S. 2774. An act for the relief of Nick Rizou Theodore;

S. 3553. An act for the relief of R. A. Ogee, sr.;

S. 3614. An act to provide for the appointment of two additional district judges for the northern district of Illinois;

S. 4425. An act to amend section 284 of the Judicial Code of the United States;

S. 4477. An act for the relief of Irma Upp Miles, the widow, and Meredith Miles, the child, of Meredith L. Miles, deceased;

S. 4598. An act for the relief of Lowela Hanlin;

S. 5114. An act to legalize bridges across the Staunton River at Brookneal, route No. 18, Campbell County, and at Clover, Halifax County, route No. 12, State of Virginia;

S. 5255. An act to extend the time for the construction of a bridge across the Chesapeake Bay;

S. 5392. An act to legalize a bridge across the Pigeon River at or near Mineral Center, Minn.;

S. 5649. An act for the relief of the State of Alabama;

S. 5959. An act authorizing the purchase of the State laboratory at Hamilton, Mont., constructed for the prevention, eradication, and cure of spotted fever;

S. 5962. An act to authorize the Secretary of Commerce to continue the system of pay and allowances, etc., for officers and men on vessels of the Department of Commerce in operation as of July 1, 1929;

S. 6041. An act to authorize an appropriation of funds in the Treasury to the credit of the District of Columbia for the use of the District of Columbia Commission for the George Washington Bicentennial; and

S. J. Res. 49. Joint resolution to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama; to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. FLETCHER:

A bill (S. 6238) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.; to the Committee on the Judiciary.

By Mr. REED:

A bill (S. 6239) granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally, to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa.; to the Committee on Commerce.

By Mr. COPELAND:

A joint resolution (S. J. Res. 257) creating a joint committee to formulate a plan for the retirement of officers and employees of the legislative branch of the Government; to the Committee on Rules.

By Mr. McNARY:

A joint resolution (S. J. Res. 258) to amend section 6 of the migratory-bird conservation act, approved February 18, 1929; to the Committee on Agriculture and Forestry.

PROHIBITION OF IMPORTS PRODUCED BY CONVICT LABOR

Mr. ODDIE submitted an amendment intended to be proposed by him to the bill (H. R. 16517) to prohibit importation of products of convict and forced labor, to protect labor and industry in the United States, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. McKELLAR submitted an amendment intended to be proposed by him to House bill 17163, the second deficiency appropriation bill, which was ordered to lie on the table and to be printed:

At the proper place in the bill to insert the following:

"Bureau of Public Roads: For an additional amount for paying and other expenses of constructing the highway from Washington, D. C., to Mount Vernon, Va., including all necessary expenses for the acquisition of such additional land adjacent to said highway as the Secretary of Agriculture may deem necessary for the development, protection, and preservation of the memorial character of the highway, \$2,700,000, to remain available until June 30, 1932."

PRODUCTION COST OF CRIN VEGETAL

Mr. BROUSSARD submitted the following resolution (S. Res. 468), which was ordered to lie over under the rule:

Resolved, That the United States Tariff Commission is hereby directed to investigate, for the purposes of section 336 of the tariff act of 1930, the differences in the cost of production between domestic and foreign crin vegetal.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1571. An act for the relief of William K. Kennedy;

S. 1851. An act for the relief of S. Vaughan Furniture Co., Florence, S. C.;

S. 2625. An act for the relief of the estate of Moses M. Bane;

S. 2774. An act for the relief of Nick Rizou Theodore;

S. 3553. An act for the relief of R. A. Ogee, sr.;

S. 4477. An act for the relief of Irma Upp Miles, the widow, and Meredith Miles, the child, of Meredith L. Miles, deceased; and

S. 4598. An act for the relief of Lowela Hanlin.

The message also announced that the House had passed the bill (S. 3060) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 3213) for the relief of E. F. Zanetta, with an

amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 10658) to amend section 1 of the act of May 12, 1900 (ch. 393, 31 Stat. 177), as amended (U. S. C., sec. 1174, ch. 21, title 26), requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HAWLEY, Mr. TREADWAY, Mr. BACHARACH, Mr. GARNER, and Mr. COLLIER were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 918. An act for the relief of Regine Porges Zimmerman;

H. R. 2434. An act for the relief of Frank R. Scott;
H. R. 4175. An act to extend the benefits of the employers' liability act of September 7, 1916, to Mary Ford Conrad;
H. R. 5450. An act for the relief of Granville W. Hickey;
H. R. 5520. An act for the relief of the estate of Samuel Schwartz;

H. R. 5521. An act for the relief of Louis Czike;
H. R. 5813. An act for the relief of Harold M. Reed;
H. R. 5911. An act for the relief of Lieut. H. W. Taylor, United States Navy;

H. R. 5915. An act for the relief of Barber-Hoppen Corporation;

H. R. 6288. An act for the relief of Frank Rizzuto;
H. R. 6652. An act for the relief of William Knourek;
H. R. 7338. An act for the relief of John H. Hughes;
H. R. 7467. An act for the relief of Chase E. Mulinex;
H. R. 7553. An act for the relief of Lieut. Col. H. H. Kipp, United States Marine Corps, retired;

H. R. 7784. An act for the relief of Mrs. L. E. Burton;
H. R. 7833. An act for the relief of H. L. Lambert;
H. R. 7861. An act for the relief of Lyman L. Miller;
H. R. 7872. An act for the relief of Lucien M. Grant;
H. R. 7936. An act for the relief of Frank Kanelakos;
H. R. 8024. An act for the relief of the Atchison, Topeka & Santa Fe Railway Co.;

H. R. 8224. An act to reimburse D. W. Tanner for expense of purchasing an artificial limb;

H. R. 8785. An act for the relief of the Board of Underwriters of New York;

H. R. 8818. An act for the relief of James M. Pace;
H. R. 8835. An act for the relief of Harry Harsin;
H. R. 8953. An act for the relief of Thomas C. Edwards;
H. R. 8983. An act for the relief of Charles S. Gawler;
H. R. 9035. An act for the relief of Walter L. Turner;
H. R. 9245. An act for the relief of Davis, Howe & Co.;
H. R. 9262. An act for the relief of the Pocahontas Fuel Co. (Inc.);

H. R. 9354. An act for the relief of Okaw Dairy Co.;
H. R. 9780. An act for the relief of J. P. Moynihan;
H. R. 10503. An act for the relief of the Portland Electric Power Co.;

H. R. 10631. An act for the relief of Barnet Albert;
H. R. 12032. An act to provide for the appointment of one additional district judge for the southern district of New York;

H. R. 12059. An act to provide for the appointment of an additional judge of the District Court of the United States for the Eastern District of New York;

H. R. 12215. An act for the relief of Daisy Ballard; and
H. R. 14055. An act to make permanent certain temporary judgements.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 5114. An act to legalize bridges across the Staunton River at Brookneal, route No. 18, Campbell County, and at Clover, Halifax County, route No. 12, State of Virginia;

S. 5255. An act to extend the time for the construction of a bridge across the Chesapeake Bay;

S. 5392. An act to legalize a bridge across the Pigeon River at or near Mineral Center, Minn.;

S. 5959. An act authorizing the purchase of the State laboratory at Hamilton, Mont., constructed for the prevention, eradication, and cure of spotted fever;

S. 5962. An act to authorize the Secretary of Commerce to continue the system of pay and allowances, etc., for officers and men on vessels of the Department of Commerce in operation as of July 1, 1929;

S. 6041. An act to authorize an appropriation of funds in the Treasury to the credit of the District of Columbia for the use of the District of Columbia Commission for the George Washington Bicentennial;

H. R. 8812. An act authorizing the Menominee Tribe of Indians to employ general attorneys;

H. R. 9676. An act to authorize the Secretary of the Navy to proceed with certain public works at the United States Naval Hospital, Washington, D. C.;

H. R. 9702. An act authorizing the payment of an indemnity to the British Government on account of losses sustained by H. W. Bennett, a British subject, in connection with the rescue of survivors of the U. S. S. *Cherokee*;

H. R. 12571. An act to provide for the transportation of school children in the District of Columbia at a reduced fare;

H. R. 15876. An act to provide for the addition of certain lands to the Mesa Verde National Park, Colo., and for other purposes;

S. J. Res. 49. Joint resolution to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama; to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes;

H. J. Res. 404. Joint resolution to change the name of B Street NW., in the District of Columbia, and for other purposes; and

H. J. Res. 416. Joint resolution to increase the amount authorized to be appropriated for the expenses of participation by the United States in the International Exposition of Colonial and Overseas Countries to be held at Paris, France, in 1931.

REDEMPTION AND ALLOWANCE FOR INTERNAL-REVENUE STAMPS

The PRESIDING OFFICER (Mr. ODDIE in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 10658) to amend section 1 of the act of May 12, 1900 (ch. 393, 31 Stat. 177), as amended (U. S. C., sec. 1174, ch. 21, title 26), and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SMOOT. I move that the Senate insist on its amendment, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMOOT, Mr. WATSON, and Mr. HARRISON conferees on the part of the Senate.

ADJUSTED-SERVICE CERTIFICATES

Mr. VANDENBERG. Mr. President, I want again to refer briefly to a subject that has attracted much critical editorial attention during the last few days respecting the real purport of the pending congressional agreement upon the adjusted-compensation certificates legislation.

I never knew a subject to suffer from more incorrigible editorial misunderstanding in some quarters than this agreement which the House and Senate by overwhelming majorities have reached respecting this highly important piece of legislation. Perhaps it could be said, parenthetically, that there are none so blind as those who will not see and none so deaf as those who will not hear. It is not surprising that the country gets an erroneous idea respecting the things Congress has in mind and to which by overwhelming majorities in both Houses the Congress has agreed, in view of this type of persistent misunderstanding which is relentlessly fed to them in certain editorial columns of the country.

Mr. President, this phase of the matter becomes somewhat important when great groups of representative citizens similarly find themselves unwittingly misled, and I am now referring particularly to a newspaper release from New York City on yesterday morning in which Mr. John E. Edgerton, president of the National Association of Manufacturers, gave publicity to a letter addressed to the President of the United States, from which I quote as follows:

Expressing what I know to be the general feeling of manufacturers of the United States, and what I believe to be that of most other thoughtful citizens, I beg you to veto the so-called veterans' loan bill which has already passed Congress.

Mark you these words—

It would inevitably result in larger tax burdens upon an already oppressed productive industry, and thereby retard, if not completely hinder, full recovery from the business depression.

I want to repeat and particularly emphasize those words—
It would inevitably result in larger tax burdens.

Mr. President, when that appeared yesterday morning I sent the following telegram to Mr. John E. Edgerton, president of the National Association of Manufacturers, at New York City:

FEBRUARY 23, 1931.

Your public statement this morning says that pending veterans' loan bill will inevitably result in larger tax burdens. Will you be good enough immediately to wire me how and why? I fear you are still thinking about original full cash-payment plan for which pending loan plan is a substitute. Do you know that the loan bill does not increase the actual values of compensation certificates by a single penny? Do you know that the bill only provides that the veterans shall borrow from their own insurance maturity funds appropriated during the last six years and now in the Veterans' Bureau in Government securities? Do you know that the Government can not lose even incidentally on the transaction, because it will charge higher interest on these loans than it pays for its own money? Do you know that Senator Smoor said on the floor of the Senate last Saturday as follows: "I thought it was understood that there would be no financing at all necessary, but that the amount of money to the credit of all of the veterans, if the securities held in the Treasury of the United States to meet the certificates were disposed of at the present time, would be sufficient to pay whatever the legislation passed on Thursday would require. There is no doubt about that at all." Under these circumstances, do you not wish to withdraw your statement which misleads American business into believing that the pending loan law will burden it to its fatal detriment? Is not your statement itself a needless and unfortunate menace to business under these circumstances?

ARTHUR H. VANDENBERG,
United States Senator.

Mr. President, I waited all day yesterday for an answer to this telegram, assuming that this very prominent and distinguished citizen of the country, having assumed to commit himself positively to this specific criticism of the pending plan, would be ready immediately to respond. No answer having been received, I wired him again last evening, because in good faith I did not wish to discuss his statement until he had had an opportunity to reply. No reply has as yet been received.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Montana?

Mr. VANDENBERG. I yield.

Mr. WHEELER. Does not the Senator think that he is giving undue dignity to the statement issued by Mr. Edgerton? Does not the Senator know that nobody pays very much attention to any statement that is issued by Mr. Edgerton, because of the fact that on almost every occasion he misrepresents all types of legislation that are passed by the Congress of the United States?

Mr. VANDENBERG. The Senator asks me whether or not I do not think I am giving undue emphasis to Mr. Edgerton's statement. To that part of his question I want to reply: I think that when the chief executive of the largest group of manufacturers in the United States is virtually notifying that vast group that something is impending in Congress of vital menace to them because of a statement of alleged facts, when that statement is erroneous, it becomes exceedingly important that this vast membership of his organization should be correctly advised.

As I have said, I have had no answer to my telegram, so I want to answer these questions myself, Mr. President, and

I want to ask any member of the Senate Finance Committee to check me as I do answer them, because I fail to understand why this disagreement respecting fundamental facts should persist in the United States.

Do you know that the loan bill does not increase the actual values of compensation certificates by a single penny?

There is no question in the world that the values are not increased by a single penny. Furthermore, there is no question in the world that a one-payment 20-year endowment insurance policy in any old-line insurance company in this land would have a loan value to-day of 53 per cent instead of 50 per cent, as proposed in the pending loan law.

Now, continuing with these unanswered questions so far as the broadcasting president of the National Association of Manufacturers is concerned:

Do you know that the bill only provides that the veterans shall borrow from their own insurance maturity funds appropriated during the last six years and now in the Veterans' Bureau in Government securities?

I pause for any denial that that is a precise, specific, correct, and scrupulously accurate statement of the reality.

Do you know that the Government can not lose even incidentally on the transaction, because it will charge higher interest on these loans than it pays for its own money?

Neither can there be any question about the answer to that interrogation. If anybody has a right to complain about this pending proposal it is not the Treasury or the taxpayer. It is the veteran himself.

I apprehend that there may be some subsequent suggestion that the added administrative cost will represent some casually increased incidental item; but even upon that score, Mr. President, I am advised that the saving in administration during the subsequent six years when this loan privilege otherwise would be taken up in dribblets from year to year will far more than offset any casual increase in administration cost at the present time.

Mr. President, I do not blame the president of the National Association of Manufacturers for having an erroneous idea respecting this proposed legislation. Streams of information can rise no higher than their source, and the streams of misinformation which have flowed across the country respecting the fiscal structure that is involved in this legislation are perfectly amazing. I think it is extremely unfortunate, because the prophecy of menace frequently can itself precipitate a disaster which otherwise would be absolutely impossible.

A man can yell "Fire" in a crowded theater, although there be not the tiniest flame within 10 blocks of the theater and can precipitate a panic just as deadly and disastrous as if actually the place was in devastating blaze. I protest against this constant and persistent effort to make some sections of the country believe that within this plan lurks some awful raid upon the Public Treasury, when there will not be a single cent taken from the Public Treasury by this legislation, except such funds as are in trust for the veterans themselves, and except such loans as are supported by the certificate values themselves; and it is nothing less than a disaster that misinformation upon this indisputable point should constantly be fed to the American people. There is no new tax whatever involved in this loan plan.

Before I take my seat, I want to call attention to one other very significant thing in this connection, and this is a very encouraging exhibit. I now read from the financial page of the New York Herald Tribune of the issue of last Sunday morning:

Preliminary announcement of a new United States Treasury offering of securities was sent yesterday by the Federal Reserve Bank of New York to member banks, State banks, trust companies, and other institutions in this district. Details of the issue are to be disclosed March 2, and it is assumed by bankers that it relates to the extensive refunding operation on March 15, when \$1,109,000,000 of called 3½ per cent notes are payable.

Bankers are of the opinion that the Treasury will offer approximately \$500,000,000 in 3¼ or 3½ per cent bonds with a maturity of 12 or 15 years. In addition, a large issue of certificates of indebtedness with maturities of six months to a year appears inevitable. Such certificates could be marketed, it is held, with

of our history that this clause had to be eliminated. If the slave trade could have been stopped at that date, slavery would never coupons of 1½ to 2 per cent. It is possible that the Treasury will also utilize the discount-bill method of financing in connection with the refunding operations.

Now, Mr. President, mark you this sentence:

In calling the \$1,109,000,000 of 3½ per cent notes for payment next month, the Treasury anticipated the maturity by about a year.

Mark you also these sentences:

Owing to the great ease in the money market and the lack of other maturities on March 15, it appears certain that a twofold benefit will accrue to the Treasury from the refunding operation. There will be, firstly, a very substantial saving in interest charges since the refunding bonds will bear interest at a slightly lower rate than the notes, while the certificates of indebtedness will be at a far lower figure. The Treasury, secondly, will reduce by the amount of the long-term issue its problem of meeting the heavy maturities of issues due in the next two weeks.

Mr. President, I want to call attention to three phases of our compensation-certificate situation that are directly and significantly involved in this statement.

First, despite all the new difficulties which veterans' compensation legislation is said by its enemies to have precipitated upon the Treasury, yet the Treasury, with complete confidence, voluntarily projects itself into this alleged dilemma by anticipating on its own motion \$1,109,000,000 of other financing by one whole year. I congratulate the Treasury upon having precisely the same view evidently, Mr. President, as does the Congress respecting the fiscal situation in which we find ourselves. The refinancing contemplated in the veterans' bill is not considered sufficiently difficult to deter the Treasury from voluntarily adding to these refinancing operations.

Secondly, I call attention to the fact that it is anticipated that there will be a substantial saving in interest rates. Yes; and I shall be greatly surprised if when the Treasury takes its 4 per cent certificates of indebtedness out of the maturity fund of the Veterans' Bureau and turns them into cash for the purpose of making these veterans' loans and reissues those certificates of indebtedness to the public they will bear a substantially lower rate of interest than 4 per cent, and the Government in this connection actually will be involved in a profit-taking operation instead of a deficit-creating operation.

I may say again, parenthetically, that I submitted this question on January 20 in the form of a letter to the Secretary of the Treasury, to which thus far I have no answer.

Thirdly, I think it wants to be emphatically noted right now that the Treasury plans to issue refunding bonds during the next four weeks without any respect whatsoever and without any relationship whatsoever to any fiscal responsibilities involved in the veterans' compensation legislation which is pending upon the President's desk. I want to make it plain this morning, the 24th day of February, that the Treasury is contemplating a large issuance of refunding bonds within the next three or four weeks related exclusively to its general fiscal operations; I want to make it plain for the reason that, otherwise, a few weeks hence when these refunding bonds shall be issued the same type of critics who now misrepresent this legislation will promptly say, "See, we told you so. Congress passed the veterans' legislation and now the Treasury has got to issue refunding bonds."

I think it is important again for the sake of the realities that the situation should be kept clear; and with these observations, Mr. President, I repeat the hope—perhaps a vain one—that truth yet may catch up with error in this connection.

SECOND DEFICIENCY APPROPRIATIONS

Mr. JONES. From the Committee on Appropriations I report back favorably with amendments the bill (H. R. 17163) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1931, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1931, and June 30, 1932, and for other purposes, and I submit a report (No. 1743) thereon.

The VICE PRESIDENT. The bill will be placed on the calendar.

Mr. WATSON. Mr. President, may I ask the Senator from Washington a question? When does the Senator expect to proceed with the consideration of the deficiency bill just reported by him?

Mr. JONES. I shall ask the Senate to proceed with its consideration to-morrow.

Mr. WATSON. And when does the Senator expect that the conference report on the naval appropriation bill will be presented?

Mr. JONES. The Senator from Maine [Mr. HALE] is chairman of that committee; I am not a member of it, so I can not tell the Senator when the report will probably be presented.

Mr. PHIPPS. Mr. President, in answer to the question of the Senator from Indiana, I may say that the conferees will meet again this afternoon. They spent yesterday afternoon in conference and intend to proceed this afternoon.

Mr. WATSON. With some hope of arriving at a speedy conclusion?

Mr. PHIPPS. Absolutely; that is the purpose of the meeting to be held.

SINKING OF THE "MAINE"

Mr. BORAH. Mr. President, I ask permission to have printed in the RECORD a radio address by the junior Senator from Iowa [Mr. BROOKHART] on the sinking of the *Maine*.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

SINKING OF THE "MAINE"

The sinking of the *Maine* was one of the acute causes of the Spanish-American War, like the murder of an archduke 16 years later exploded the magazine that started the World War. I visited the *Maine* at Norfolk in May, 1896, and was shown through it by Iowa members of the crew. In less than 2 years, and 33 years ago to-day, most of that gallant crew and the ship itself were at the bottom of Habana Harbor, victims of that cruel monster we call war.

It was not certain then—it is not certain now—that Spanish authorities had anything to do with this awful disaster, but the circumstances pointed an accusing finger and the war spirit, already risen high for other and humane reasons, answered "Guilty." And yet we would not have gone to war with Spain for the sinking of the *Maine* alone. It might be accident; it might even be treachery of irresponsible agents, and still the United States would have stood calmly and patiently for the adjustments of peace. Surrounded as it was by a great cause of human liberty, its impulse was irresistible, and we appealed to the force of arms. This has always been the American spirit. Americans do not believe in war for war's sake and we have now outlawed war as a means of international arbitration.

The spirit of this new code runs through all American history. The pioneers of our country were men of peace. They fled from the oppressions of arbitrary power and sought freedom from the rule of the sword of the autocrat.

When oppression followed them to the New World they submitted through long years of injustice and misrule. Then, as a last resort, they arose in revolution and promulgated the greatest instrument of human rights in the history of humankind—the American Declaration of Independence.

This great document not only sets out the reasons for taking up arms in our Revolution, but in prophetic terms it outlines the defense of human liberty as the only cause that will justify any side of any war. Freedom is the word and freedom is Americanism.

Let us now take a glance down the path of time and see if we have been true to this ideal. Our next war was with Great Britain again. The issue this time was the freedom of the seas. While it was not settled by the clash of arms, still the achievements of the American Navy are a bright landmark upon this new road of world freedom.

Our next resort to arms was with Mexico. This is the hardest to defend of all our wars. Many humanitarians have denounced it as a war of aggression. Abraham Lincoln was against it. But whatever the actual fact may be in the established record of history, the American people believed it to be a war for freedom. Texas had arisen in revolution against the tyranny of Mexico and had established an independent republic. This republic wanted to enter the United States and the resulting friction brought on the war. The achievements of Gen. Sam Houston are a proud chapter in the annals of American arms, and the victories of the whole war were the most uniform in our history, but justice must give much credit to superior equipment and training. The taking of so much territory at the mouth of the cannon is hardest to defend, and perhaps its only defense is the march of civilization, with which we defend the taking of most of our country from the Indians.

Next came the great Civil War. The initial cause as proclaimed was the preservation of the Union, but the great underlying cause was the freedom of men. In the original draft of the Declaration of Independence Thomas Jefferson had a clause for the abolition of the slave trade. It is the most regrettable event

have spread far enough to cause a civil war. But the great father of democracy was forced to yield, and then slavery went into the Constitution of the United States. For over 70 years it was the great disturbing issue in politics and the great blot upon the ideals of Americanism. The Congress compromised it and the courts set aside the compromise. Finally it arose in its arrogance and sought to destroy the Union itself—then war, the greatest single war in history up to that date. It has also been the greatest war victory in history. It ended human slavery. This victory has been greater even for the vanquished than for the victors. A generous and big-minded South now asserts this noble truth itself. The pictures of Grant and Lee now hang side by side as the emblems of peace, liberty, and union.

Our next war was the Spanish-American, but for the moment I pass it. We meet in memory of its heroes and their achievements, and it shall therefore be my last words.

Why did we enter the great World War? It was on the other side of a broad ocean. Our people were divided in their sympathies. Have we at last reached a point where our ideals fall down? No. First there arose the old question of the freedom of the seas. The sinking of the *Lusitania* was as provoking as the sinking of the *Maine*. Then the great autocracies seemed on the verge of overrunning the democracies of the world. We owed it as a duty to humanity to make the "world safe for democracy." Lastly, why should not this be a war to end war? So again we called to arms. How glorious was the response! Perhaps the greatest glory was the patriotic loyalty of our German population, who forsook the ties of blood and motherland and stood true to American ideals.

The victory is great also. The emperors of the world have abdicated. Kaiserism and czarism are swept away. A republic rules the German Empire, her greatest soldier at the helm—Hindenburg, the George Washington of Germany. In Russia, too, autocratic tyranny of the most virulent type is displaced by a dictatorship of the people who were slaves or serfs for 500 years under the czars, and this country has declared for economic equality as well as political equality.

Lastly, we have outlawed war by solemn treaty. It is not yet effective, but the die is cast and the hope arises that the World War may yet end war. Beside this great ideal history will place the name of Woodrow Wilson.

Now, in conclusion, I will ask, Does the Spanish-American War fit into this picture of American ideals? Is there a cause in human rights that justified the course we took? The oppression of the Cuban people by Spanish autocracy is a close parallel to the causes of our own revolution. In fact, the cruelty of Spanish rule was more offensive than the rule we ourselves had suffered. From the first American sympathy went out for Cuba Libre. When the *Maine* went down the impulse became irresistible and we decided to drive the last king from the American continent. This is a prophetic forerunner of the greatest act of Woodrow Wilson when from the White House in chief command of an American Army he drove the Kaiser from his throne for the freedom of Germany and the democracy of the world.

"Remember the *Maine*" not as a slogan of war and hatred but as a beacon of the liberty and peace of the world.

VALIDITY OF THE EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, I ask permission to publish in the RECORD a memorandum in support of the validity of the eighteenth amendment, upholding the right of Congress to submit it for ratification by the legislatures instead of by convention in the States. The memorandum was prepared by Edward B. Dunford, attorney for the Anti-Saloon League of America.

The VICE PRESIDENT. Without objection, it is so ordered.

The memorandum is as follows:

MEMORANDUM IN SUPPORT OF THE VALIDITY OF THE EIGHTEENTH AMENDMENT, UPHOLDING THE RIGHT OF CONGRESS TO SUBMIT IT FOR RATIFICATION BY THE LEGISLATURES INSTEAD OF BY CONVENTIONS IN THE STATES

By Edward B. Dunford, attorney for the Anti-Saloon League of America

MEMORANDUM IN SUPPORT OF VALIDITY OF RATIFICATION OF EIGHTEENTH AMENDMENT—UNITED STATES OF AMERICA v. WILLIAM H. SPRAGUE AND WILLIAM J. HOWEY—APPEAL FROM THE UNITED STATES DISTRICT COURT FOR NEW JERSEY

Statement of facts

This is a direct appeal under section 258 of the Judicial Code, as amended (T. 28, sec. 345, C. C. A.), from the judgment of Judge Clark, of the United States District Court of New Jersey, entered December 18, 1930, quashing an indictment under the national prohibition act charging the unlawful transportation and possession of 50 half barrels of beer on the ground that the eighteenth amendment to the Constitution of the United States, for the enforcement of which the statute was enacted, is invalid because it was submitted by Congress for ratification by the legislatures of the States rather than by conventions in the States.

Summary of argument

It is respectfully submitted that the decision of the district court should be reversed for the following reasons:

I. The Supreme Court settled the validity of the eighteenth amendment in 1920, holding it referred to a subject within the

amending power, that it was lawfully submitted and legally ratified.

II. The Constitution, Article V, provides the method of ratification of amendments, "by the legislatures of three-fourths of the several States or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress."

III. The Supreme Court has expressly declared, "The method of ratification is left to the choice of Congress."

IV. The question is *res judicata*. The point made by Judge Clark was raised in 1920 and, in effect, overruled by the unanimous conclusions of the court.

V. Judge Clark's ruling is based upon an implication not found in the Constitution, which he deduces from a vague theory of political science that is contrary to 141 years of constitutional practice and political action.

VI. The Supreme Court in 1920, in the Hawke case, involving the validity of the ratification of the eighteenth amendment, held that there was no implied right of the people, by the States, to pass directly on constitutional amendments by referendum. That being settled, there is less reason to imply a right to act indirectly exclusively through conventions.

VII. The eighteenth amendment was adopted in the same manner as all previous amendments. If it is invalid, then others are also.

VIII. The tenth amendment is an amendment which was adopted in exactly the same manner as the eighteenth amendment. It did not amend Article V.

IX. The practice of ratifying constitutional amendments by conventions was not so well known at the time of the framing of the Constitution as to justify the implication that the framers intended that to be the exclusive method of ratification in any case.

X. Proceedings of Constitutional Convention of 1787 show choice of method of ratification left to Congress.

XI. Congressional debates upon ratification of amendments under Article V show choice of method always held discretionary.

XII. Nature of amendment does not render ratification by legislatures invalid.

XIII. Resolution for eighteenth amendment showed Congress chose ratification by the legislatures.

XIV. Repeated acts of legislation by Congress, the administration of those statutes for 10 years by the executive department, a consistent upholding of such legislation by the courts, a recognition of the amendment by political parties in their platforms and by candidates for public office is conclusive of any doubt upon the validity of the amendment in the absence of a clear conflict with some express provision of the Constitution.

Constitutional provisions involved

Article V of the Constitution provides:

"The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the legislatures of three-fourths thereof, AS THE ONE OR THE OTHER MODE OF RATIFICATION MAY BE PROPOSED BY THE CONGRESS. * * *

(Capitals may.)

The tenth amendment provides:

"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

The eighteenth amendment provides:

"SECTION 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

"SEC. 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation."

Argument

I. The Supreme Court settled the validity of the eighteenth amendment in 1920, holding it referred to a subject within the amending power, that it was lawfully submitted and legally ratified.

In 1920 eight cases arising in different parts of the country and presenting various contentions as to the validity of the eighteenth amendment were consolidated and argued together. They are reported and officially cited as the National Prohibition cases (253 U. S. 350). These cases involved the validity of the amendment from the standpoint of its subject matter, the legality of its submission, as well as its ratification. The court through Mr. Justice Van Devanter announced its conclusions, which were unanimous in support of the validity of the eighteenth amendment, as follows:

"The prohibition of the manufacture, sale, transportation, importation, and exportation of intoxicating liquors for beverage purposes, as embodied in the eighteenth amendment, is within the power to amend reserved by Article V of the Constitution.

"That amendment, by lawful proposal and ratification, has become a part of that Constitution, and must be respected and given effect the same as other provisions of that instrument."

The legality of the ratification of the eighteenth amendment was further considered by the court in *Hawke v. Smith* (253 U. S. 221), where it held that the referendum provisions of State constitutions and statutes had no application to the ratification of amendments to the Federal Constitution. The legality of its ratifi-

cation was again before the court in the case of *Dillon v. Gloss* (256 U. S. 363), in which the court once more unanimously upheld the validity of the amendment as against the contentions that it was invalid, since section 3 required ratification by the legislatures within seven years from the date of submission to the States.

II. The Constitution, Article V, provides the method of ratification of amendments "by the legislatures of three-fourths of the several States or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress."

See text of Article V, page 2.

III. The Supreme Court has expressly declared, "The method of ratification is left to the choice of Congress."

In *Hawke v. Smith* (253 U. S. 221) the precise question was the right of the people to submit to a popular referendum the proposed eighteenth amendment to the Federal Constitution pursuant to the provisions of State constitutions or statutes. Concerning Article V the court declared:

"This article makes provision for the proposal of amendments either by two-thirds of both Houses of Congress, or on application of the legislatures of two-thirds of the States; thus securing deliberation and consideration before any change can be proposed. The proposed change can only become effective by the ratification of the legislatures of three-fourths of the States, or by conventions in a like number of States. The method of ratification is left to the choice of Congress. Both methods of ratification, by legislatures or conventions, call for action by deliberative assemblages representative of the people, which it was assumed would voice the will of the people.

"The fifth article is a grant of authority by the people to Congress. The determination of the method of ratification is the exercise of a national power specifically granted by the Constitution; that power is conferred upon Congress and is limited to two methods—by action of the legislatures of three-fourths of the States or conventions in a like number of States. *Dodge v. Woolsey* (18 How. 331, 343; 15 L. ed. 401, 407). The framers of the Constitution might have adopted a different method. Ratification might have been left to a vote of the people or to some authority of government other than that selected. The language of the article is plain and admits of no doubt in its interpretation. It is not the function of courts or legislative bodies, national or State, to alter the method which the Constitution has fixed.

"All of the amendments to the Constitution have been submitted with a requirement for legislative ratification; by this method all of them have been adopted. * * *

"The power to ratify a proposed amendment to the Federal Constitution has its source in the Federal Constitution. The act of ratification by the State derives its authority from the Federal Constitution to which the State and its people have alike assented."

Whatever may be the view of political theorists, the nature of the action of the people in ratifying amendments to the Constitution of the United States is clearly set forth in the language of Mr. Justice Wayne, in speaking for the United States Supreme Court in *Dodge v. Woolsey* (18 How. 331, 15 L. ed. 401), where he said:

"The departments of the Government are legislative, executive, and judicial. They are coordinate in degree to the extent of the powers delegated to each of them. Each in the exercise of its powers is independent of the other, but all rightfully done by either is binding upon the others. The Constitution is supreme over all of them, because the people who ratified it have made it so; consequently anything which may be done unauthorized by it is unlawful. But it is not only over the departments of the Government that the Constitution is supreme. It is so, to the extent of its delegated powers, over all who made themselves parties to it; States as well as persons, within those concessions of sovereign powers yielded by the people of the States, when they accepted the Constitution in their conventions. Nor does its supremacy end there. It is supreme over the people of the United States, aggregately and in their separate sovereignties, because they have excluded themselves from any direct or immediate agency in making amendments to it, and have directed that amendments should be made representatively for them by the Congress of the United States when two-thirds of both Houses shall propose them, or where the legislatures or two-thirds of the several States shall call a convention for proposing amendments, which in either case become valid, to all intents and purposes, as a part of the Constitution when ratified by the legislatures of three-fourths of the several States or by conventions in three-fourths of them, as one or the other mode of ratification may be proposed by Congress. The same article declares that no amendment which might be made prior to the year 1808 should in any manner affect the first and fourth clauses in the ninth section of the first article, and that no State without its consent shall be deprived of its equal suffrage in the Senate, the first being a temporary disability to amend and the other two permanent and unalterable exceptions to the power of amendment.

"Now, whether such a supremacy of the Constitution, with its limitation in the particulars just mentioned, and with the further restriction laid by the people upon themselves and for themselves as to the modes of amendment, be right or wrong politically, no one can deny that the Constitution is supreme, as has been stated, and that the statement is in exact conformity with it.

"Furthermore, the Constitution is not only supreme in the sense we have said it was, for the people in the ratification of it have chosen to add that 'this Constitution and the laws of the United

States which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land, and the judges in every State shall be bound thereby, anything in the constitutions or laws of any State to the contrary notwithstanding.' And in that connection, to make its supremacy more complete, impressive, and practical, that there should be no escape from its operation, and that its binding force upon the States and the Members of Congress should be unmistakable, it is declared that 'the Senators and Representatives, before mentioned, and the members of the State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by an oath or affirmation to support this Constitution.'"

In *Leser v. Garnett* (258 U. S. 130), in upholding the validity of the nineteenth amendment, the court declared:

"The first contention is that the power of amendment conferred by the Federal Constitution, and sought to be exercised, does not extend to this amendment, because of its character. The argument is that so great an addition to the electorate, if made without the State's consent, destroys its autonomy as a political body. This amendment is in character and phraseology precisely similar to the fifteenth. For each the same method of adoption was pursued. One can not be valid and the other invalid. That the fifteenth is valid, although rejected by six States, including Maryland, has been recognized and acted on for half a century. See *United States v. Reese* (92 U. S. 214, 23 L. ed. 563), *Neale v. Delaware* (103 U. S. 370, 26 L. ed. 567), *Guinn v. United States* (238 U. S. 347, 59 L. ed. 1340, L. R. A. 1916A, 1124, 35 Sup. Ct. Rep. 926), *Myers v. Anderson* (238 U. S. 363, 59 L. ed. 1349, 35 Sup. Ct. Rep. 932). The suggestion that the fifteenth was incorporated in the Constitution, not in accordance with law, but practically as a war measure, which has been validated by acquiescence, can not be entertained.

"The second contention is that, in the constitutions of several of the 36 States named in the proclamation of the Secretary of State, there are provisions which render inoperative the alleged ratifications by their legislatures. The argument is that, by reason of these specific provisions the legislatures were without power to ratify. But the function of a State legislature in ratifying a proposed amendment to the Federal Constitution, like the function of Congress in proposing the amendment, is a Federal function, derived from the Federal Constitution; and it transcends any limitations sought to be imposed by the people of a State."

See also *Hollingsworth v. Virginia* (3 Dall. 378) regarding the nature of the amending process and holding valid the eleventh amendment although the resolution for its submission was not signed by the President. See also *Peter Hand Co. v. United States* (C. C. A. 7th) (2 Fed. (2) 449); *Thibault v. United States* (C. C. A. 2d) (not yet reported).

IV. The question is *res judicata*. The same point made by the district court was raised in 1920, and, in effect, overruled by the unanimous conclusions of the court.

That the same question was presented to this court in the national prohibition cases is conclusively shown from the following language taken from the original bill of complaint in *Feigen-span v. Bodine*, No. 783, page 11, paragraph 9, subsection 5:

"Whatever might be the power of the people of the United States acting through conventions elected for that purpose or otherwise to include in their national Constitution ordinary acts of legislation in contravention of Article I and of the tenth amendment of the present Constitution of the United States, no such power has been exercised or delegated or ratified by the people of the United States in respect of said alleged eighteenth amendment; that the proposal of the alleged amendment was submitted, not to the people of the United States or of any State, but to the several legislatures, which acted in alleged exercise of a special power purporting to be conferred upon them by Article V of the Constitution of the United States."

In No. 30, original, *State of New Jersey v. Palmer*, Attorney General, in the bill of complaint filed by Hon. Thomas F. McCran, attorney general, paragraph 9, subsection 4, page 19, it is said:

"Whatever might be the power of the people of the United States, acting through conventions elected for that purpose or otherwise, to include in the National Constitution ordinary acts of legislation unalterable by the people of the respective and several States contrary to any grant conferred or delegation of power given in the Constitution, and expressly reserved by the tenth article of amendment, and in contravention of ordinary acts of legislation under the power granted to the Congress by Article I of the Constitution of the United States, such as purports to be exercised by the prohibitions and alleged authority of said so-called eighteenth amendment, no such power has been exercised by the people of the United States in respect of such alleged eighteenth amendment, but the proposal was submitted, or attempted to be submitted, in the manner provided in Article V of the Constitution in the alleged exercise of a special power conferred by that article contrary to the true intent and meaning thereof, and that in most of the States the so-called ratification was made by the senate and house of assembly therein, as in each State respectively denominated, some of the houses of which, particularly as in the case of Florida, were elected by the people before the joint resolution containing the proposal was adopted by the Congress."

In the brief of Attorney General McCran, on the motion to dismiss, there appears also the following at page 15:

"If, however, this court shall conclude that Article V indicates a method of alteration by way of incorporating in the fundamental law such legislative matter which restricts the people in their habits of life, heretofore exclusively a State function under

the police power, it nevertheless is clear, it is submitted that such a revolutionary proceeding may only take place by the action of the people assembled in convention, as in the first instance, when the Constitution was originated, though acting under the amending clause by the affirmative vote of three-fourths of the respective States."

The point having been made a part of the original bill of complaint in the national prohibition cases, incorporated in the record, urged upon the court, and a ruling upon it being necessary to a decision, the announced conclusions of the court holding the eighteenth amendment valid render the present question res judicata.

V. The ruling of the district court is based upon an implication not found in the Constitution, which is deduced from a vague theory of political science that is contrary to 141 years of constitutional practice and political action.

There is no express provision of the Constitution requiring any amendment to the Constitution to be submitted to conventions in the States rather than to the legislatures. The district judge's opinion rests upon an implication predicated upon a theory of political science. In the *Hawke* case, supra, this court declared:

"The framers of the Constitution might have adopted a different method. Ratification might have been left to a vote of the people, or to some authority of government other than that selected. The language of the article is plain, and admits of no doubt in its interpretation. It is not the function of courts or legislative bodies, national or State, to alter the method which the Constitution has fixed."

And in *Dodge v. Woolsey*, supra, the court declared with respect to political theories:

"Now, whether such a supremacy of the Constitution, with its limitations in the particulars just mentioned, and with the further restriction laid by the people upon themselves, and for themselves, as to the modes of amendment, be right or wrong politically, no one can deny that the Constitution is supreme, as has been stated, and that the statement is in exact conformity with it."

With respect to the nature of the judicial function, that eminent jurist, Mr. Justice Story, declared, in *Martin v. Hunter's Lessee* (1 Wheat. 304, 346):

"It is manifest that the Constitution has proceeded upon a theory of its own, and given or withheld powers according to the judgment of the American people, by whom it was adopted. We can only construe its powers, and can not inquire into the policy or principles which induced the grant of them."

The district court cites no provision in the Federal Constitution which expressly requires any amendment to be submitted for ratification to conventions in the States. His opinion turns upon an implication which he reads into the Constitution through abstruse reasoning based upon a vague theory of political science which is no part of our basic law.

VI. The Supreme Court in 1920, in the *Hawke* case, supra, involving the validity of the ratification of the eighteenth amendment, held that there was no implied right of the people, by States, to pass directly on constitutional amendments by referendum. That being settled, there is less reason to imply a right to act indirectly exclusively through conventions.

VII. The eighteenth amendment was adopted in the same manner as all previous amendments. If it is invalid, then others are also.

No amendment to the Constitution has ever been submitted by Congress for ratification by conventions in the States. The Supreme Court, in *Hawke v. Smith* (253 U. S. 221), in upholding the method of ratification of the eighteenth amendment, pointed this out when it said (p. 227):

"All of the amendments to the Constitution have been submitted with a requirement for legislative ratification; by this method all of them have been adopted."

If the opinion of the district court is sound, it must follow that either all amendments to the Constitution are void or there is something peculiar about the eighteenth amendment which differentiates it from all others. For a discussion of this see, *infra*, Paragraph XII.

VIII. The tenth amendment is an amendment which was adopted in exactly the same manner as the eighteenth amendment.

The first 10 amendments were proposed at the first session of the First Congress of the United States, September 25, 1789, and were finally ratified by the constitutional number of States by December 15, 1790. In that Congress were many who had been in the Constitutional Convention of 1787. None of these amendments were submitted to conventions. That the tenth amendment did not amend Article V of the original Constitution is succinctly pointed out (since the decision of Judge Clark) in the unanimous opinion of the United States Circuit Court of Appeals for the Second Circuit, holding the eighteenth amendment valid as against the same contentions urged upon Judge Clark. Manton, P. J., declared:

"The tenth amendment could have no application to Article V because the former only reserved 'powers not delegated to the United States' and the power to choose the 'method of ratification' * * * (had been) left to the choice of Congress." (*Hawke v. Smith*, 253 U. S. 226.) * * *

"The tenth amendment embodied a rule of construction affecting the Constitution as it stood and all the preceding amendments, but it had no bearing on the power to choose the method of adoption of amendments already delegated to Congress by Article V."

In Ohio, in 1919, the attempt was made to enjoin the governor from submitting the resolution for the eighteenth amendment to the legislature. In *State of Ohio v. Cox* (257 Fed. 334, 342), District Judge Hollister, in denying the injunction, said:

"It is urged that such a subject as involved here is within the powers reserved to the States or to the people, and article 10 of the Constitution is invoked. * * *

"Counsel do not favor the court with decisions on this subject, but, granting to the claim all that may be argued for it, it must be said that the Members of the Senate and the Members of the House are the representatives of the States and the representatives of the people, respectively, to whom is given the power to propose amendments to the Constitution, which become such only when the representatives of the people in three-fourths of the States concur. Reserved powers are so called because they have never been surrendered. When the requisite number of States concur, the people surrender to the United States additional power. It may be absolute, or it may be concurrent, becoming absolute only when Congress shows an intention of occupying the whole field embraced by the particular subject."

IX. The practice of ratifying constitutional amendments by conventions was not so well known at the time of the framing of the Constitution of the United States as to justify the implication that the framers intended that to be the exclusive method of ratification in any case.

Jameson, in his work on Constitutional Conventions, at page 498, says:

"The science of politics, as especially adapted to our system of republics, scarcely existed at the time that (convention system) originated."

Again, at section 527:

"But it would be wrong to imagine the existence among the people of the United States during the Revolutionary period of a ripened public opinion on the subject of amending their Constitution."

The colonies which formed the United States were originally governed by charters granted by the English Crown. (For text see Thorpe on American Charters.) In Watson on the Constitution it is said (Vol. II, p. 1301 et seq.):

"The doctrine that a constitution can be amended is of comparatively recent origin in the growth of constitutional government * * *

"The first provision for the amendment of a charter is found in the Pennsylvania Frame of April 2, 1683. That instrument contained a provision that it might be amended by the consent of the 'governor and six parts of seven of the freeman in provincial council and general assembly.' The Pennsylvania Frame of 1696 contained a similar provision.

"The Pennsylvania charter of privileges of 1701 provided that, 'The first article of this charter relating to liberty of conscience and every part and clause therein, according to the true intent and meaning thereof, shall be kept and remain, without any alteration, inviolably forever' * * *

"The other colonial charters did not contain provisions for amendments."

Article XIII of the Articles of Confederation of 1777 provided for its amendment if agreed to by the Congress of the United States and afterwards affirmed by the legislature of every State. It did not require changes to be submitted to conventions in the States.

Even the State constitutions in force when the Federal Constitution was framed did not uniformly require amendments to be adopted by the convention method.

In Watson on the Constitution, Volume II, at page 1302, it is said:

"With few exceptions the State constitutions first framed contained no provision for their future amendment.

"But by the year 1787 eight State constitutions embodied such provisions (for amendment). Three—Maryland, Delaware, and South Carolina—conferred the power to amend on the legislatures, under certain restrictions. The other five States—Pennsylvania, Vermont, Georgia, Massachusetts, and New Hampshire—conferred the power upon conventions which should be called for the purpose."

Not only was there no uniform requirement in the State for the consideration of constitutional amendments by conventions in the States, but the vast majority of the State constitutions themselves, in force at the time, had never been submitted to the people for ratification. Of the constitutions adopted during the Revolutionary period only one—that of Massachusetts in 1778—was submitted to the people for popular approval. In the following States the constitutions adopted in the years indicated were not submitted to a popular vote: New Hampshire and South Carolina in 1775; Delaware, Georgia, Maryland, New Jersey, New York, North Carolina, Pennsylvania, and Virginia in 1776; and Vermont in 1777. Rhode Island and Connecticut had no written constitutions at that time. (See Thorpe on American Charters, Constitutions, and Organic Laws.)

Therefore, it appears from the political practice contemporaneous with the framing of the Constitution of the United States that not only was there no well-established principle of political science which required the intervention of a constitutional convention in adopting amendments but that there was likewise no established practice requiring the submission of the entire constitution to a vote of the people for ratification. Indeed, there has been no uniform practice since that time of submitting constitutions to the people. Virginia, the oldest Commonwealth in the Union, has had six constitutions. Three of them (1830, 1850,

1870) were submitted to a vote of the people for ratification, and three (1776, 1864, 1902) were not submitted. The present constitution of Virginia, adopted in 1902, was never submitted to the voters of the State for their approval. In *Taylor v. Commonwealth* (44 S. E. 754), the Supreme Court of Appeals of Virginia held:

"The constitution of 1902, having been acknowledged and accepted by the officers administering the government, and by the people of the State, and being in force throughout the State without opposition, must be regarded as the existing constitution, irrespective of the question as to whether or not the convention which promulgated the constitution had power to do so without submitting it to the people for ratification or rejection."

X. Intended exceptions to amending power expressly made in 1787:

Where any limitation on the amending power was intended it was provided in express terms. Thus there was added the clause prohibiting restriction upon the importation of slaves prior to 1808, and the proviso that no State, without its consent, should be deprived of its equal suffrage in the Senate. Other than the foregoing, that the Constitutional Convention refused to discriminate between the kinds of amendments or matters which might be subject of the amending process is shown by the fact that the convention expressly rejected a proposal to add a clause that would have provided that, "No State, without its consent, shall be affected in its internal police." Where limitations with respect to the amending power were intended they were stated in express terms and not left to implication. This is shown by the following outline of the proceedings of the convention upon Article V providing for amendment. (Watson on the Constitution, vol. 2, p. 1303.)

"There was but little to guide the convention upon the subject of amendments, and it has been said, 'The idea that provision should be made in the instrument of government itself for the method of its amendment is peculiarly American.'

"The first clause of this section is attributable to Mr. Madison, that part which relates to an amendment, prior to 1808, to Mr. Rutledge, and the last clause to Gouverneur Morris.

"The Articles of Confederation provided: 'No alteration should at any time be made in any of the articles unless such alteration be agreed to in a Congress of the United States and be afterwards confirmed by the legislatures of every State.' But this method was not considered desirable for amending the Constitution. Notwithstanding the weakness of the articles and their evident insufficiency, no amendment was made to them. This was doubtless due to a belief that it would be impossible to secure the two requisites, the agreement in Congress to the alteration and the confirmation of such alteration by the legislature of every State of the Union. A different method was determined upon for amending the Constitution, and we will trace that method through the debates of the convention.

"In the plan of Mr. Randolph for a constitution there was a resolution that 'provision ought to be made for the amendment of the Articles of Union whensoever it shall seem necessary, and that the assent of the National Legislature ought not to be required thereto.'

"In the plan submitted by Mr. Pinckney there was the provision, 'If two-thirds of the legislatures of the States apply for the same, the Legislature of the United States shall call a convention for the purpose of amending the Constitution; or, should Congress, with the consent of two-thirds of each House, propose to the States amendments to the same, the agreement of two-thirds of the legislatures of the States shall be sufficient to make the said amendments parts of the Constitution.'

"When the matter first came up in the convention it received very slight consideration and was postponed, but at that time Mr. Gerry remarked: 'The novelty and difficulty of the experiment requires political division. The prospect of such division also gives intermediate stability to the Government.' Later the matter was taken up, when 'several members did not see the necessity of the resolution nor the propriety of making the consent of the National Legislature unnecessary.'

"Colonel Mason urged the necessity of the provision. 'Amendments,' he said, 'will be necessary; and it will be better to provide for them in any easy, regular, and constitutional way than to trust to chance and violence. It would be improper to require the consent of the National Legislature, because they may abuse their power and refuse their assent on that very account.'

"Mr. Randolph concurred in these views. That part of the resolution which read, 'Without requiring the consent of the National Legislature,' was then postponed, while the other provision of the resolution was passed without objection.

"The Committee of the Whole reported to the convention, 'Provision ought to be made for the amendment of the Articles of Union, whensoever it shall seem necessary.' This was adopted without objection and referred by the convention to the committee of detail. The committee changed the article on amendments and reported it to the convention in the following form: 'On the application of the legislatures of two-thirds of the States in the Union, for an amendment of this Constitution, the Legislature of the United States shall call a convention for that purpose,' and in this form it was passed by the convention by unanimous vote and without debate.

"On the 10th of September following, Mr. Gerry in the convention moved to reconsider the article as it had been adopted by the convention, and in support of his motion said: 'This Constitution is to be paramount to the State constitutions. It follows, from this article, that two-thirds of the States may obtain a conven-

tion, a majority of which can bind the Union to innovations that may subvert the State constitutions altogether,' and asked if this was a situation proper to be run into.

"Mr. Hamilton seconded the motion; but, he said, with a different view from Mr. Gerry. He did not object to the consequences stated by Mr. Gerry. There was no greater evil in subjecting the people of the United States to the major voice than the people of a particular State. It had been wished by many, and was much to have been desired, that an easier mode of introducing amendments had been provided by the Articles of the Confederation. It was equally desirable now that an easy mode should be established for supplying defects which would probably appear in the new system. The mode proposed was not adequate. The State legislatures will not apply for alterations, but with a view to increase their own powers. The National Legislature will be the first to perceive and will be most sensible to the necessity of amendments, and ought also to be empowered, whenever two-thirds of each branch shall concur, to call a convention.

"The motion of Mr. Gerry to reconsider was carried by a vote of 9 to 1.

"Mr. Sherman voted to add to the articles the following: 'Or the legislature may propose amendments to the several States for their approbation, but no amendments shall be binding until consented to by the several States.'

"Mr. Wilson moved to insert 'two-thirds of' before the words 'several States,' but this was lost by a vote of 5 to 6. Mr. Wilson then moved to insert 'three-fourths of' before the words 'the several States,' which was agreed to.

"Mr. Madison then moved to postpone consideration of the amended proposition in order to take up the following: 'The Legislature of the United States, whenever two-thirds of both Houses shall deem necessary, or on the application of two-thirds of the legislatures of the several States, shall propose amendments to this Constitution, which shall be valid to all intents and purposes as part thereof, when the same shall have been ratified by three-fourths at least of the legislatures of the several States, or by conventions in three-fourths thereof, as one or the other mode of ratification may be proposed by the Legislature of the United States.' This motion was seconded by Mr. Hamilton.

"At this point Mr. Rutledge said that he could never agree to give a power by which the articles relating to slaves might be altered by the States not interested in that property, and prejudiced against it. In order to obviate this objection, the following words were added to the proposition: 'Provided, That no amendments, which may be made prior to the year 1808, shall in any manner affect the fourth and fifth sections of the seventh article.' This amendment was agreed to, and the proposition of Mr. Madison was then carried by a vote of 9 States to 1, Delaware voting no, and New Hampshire being divided. Mr. Rutledge's amendment referred to slavery, and had no practical effect after 1808, when the importation of slaves was to cease.

"The committee on style reported the article as proposed by Mr. Madison with the amendment as proposed by Mr. Rutledge. When this report was made to the convention there was objection to it.

"Mr. Sherman expressed fears that three-fourths of the States might be brought to do things fatal to particular States; as abolishing them altogether, or depriving them of their equality in the Senate. He thought it reasonable that the proviso in favor of the States importing slaves should be extended, so as to provide that no State should be affected in its internal policy, or deprived of its equality in the Senate.

"Colonel Mason thought the plan of amending the Constitution exceptionable and dangerous. As the proposing of amendments is in both the modes to depend, in the first immediately, and in the second ultimately, on Congress, no amendments of the proper kind would ever be obtained by the people, if the Government should become oppressive.

"Mr. Gouverneur Morris and Mr. Gerry moved to amend the article so as to require a convention on application of two-thirds of the States, and this was adopted.

"Mr. Sherman moved to annex to the article the proviso: 'That no State shall, without its consent, be affected in its internal police, or be deprived of its equal suffrage in the Senate.' This motion was lost."

The proceedings of the conventions in the States which were called to ratify the Constitution of the United States also clearly show that it was the understanding that Congress should have discretion as regards the method of ratification of proposed amendments. Thus Mr. Iredell, a member of the North Carolina convention and afterwards a member of the Supreme Court of the United States, speaking before the State convention, said:

"Any amendments which either Congress shall propose or which shall be proposed by such general convention are afterwards to be submitted to the legislatures of the different States, or conventions called for that purpose, as Congress shall think proper, and, upon the ratification of three-fourths of the States, will become a part of the Constitution. By referring this business to the legislatures, expense would be saved, and, in general, it may be presumed, they would speak the genuine sense of the people. It may, however, on some occasions, be better to consult an immediate delegation for that special purpose. This is therefore left discretionary. It is highly probable that amendments agreed to in either of these methods would be conducive to the public welfare, when so large a majority of the States consented to them. And in one of these modes amendments that are now wished for may, in a short time, be made to this Constitution by the States adopting it." (4 Elliot, 176, 177.)

XI. Congressional debates on submission of amendments under Article V do not support theory of positive duty to submit any amendment for ratification to conventions rather than legislatures.

The history of the attempts to require ratification of proposed amendments by conventions is set forth by Ames in Proposed Amendments to the Constitution. (American Historical Association Reports, 1896, Vol. II, p. 286), where he says:

"Several notable attempts have been made to have certain amendments submitted to conventions in the several States instead of to State legislatures for their ratification or rejection. Such propositions were made in connection with several of the amendments proposed in 1860 and 1861, notably in the case of the Crittenden amendments. The so-called Corwin amendment of 1861, although 'proposed by Congress' to the legislatures of the several States for ratification, was 'ratified' by a constitutional convention ordained by the people of the State of Illinois on February 14, 1862. As the other mode of ratification had been prescribed by Congress, the question naturally arises whether this could be considered a valid ratification, although in connection with this amendment it has no practical significance, as only two other States ratified it, and the progress of the war placed its adoption out of the realm of possibility. This is the only case where a constitutional convention in any State has acted upon an amendment submitted by Congress.

"Since that time attempts have been made by the opponents of the proposed amendments, then under consideration by Congress, to make provision for this method of ratification. It was suggested by them as offering a better chance for the defeat of the amendment in the States. When the thirteenth amendment was about to be submitted to the States this method of ratification was proposed. The true reason for the introduction of this resolution was soon shown to be an effort to accomplish its defeat, for the speech of its author, Mr. Pendleton, of Ohio, instead of being an argument in favor of the ratification by conventions, consisted simply of a statement of his reasons for thinking the time inauspicious for changing the Constitution, the country being engaged in a civil war. The resolution was rejected by a decisive vote.

"A similar attempt was made in vain by Senator Dixon, of Connecticut, when the fifteenth amendment was under consideration. His objection seemed directed against the unequal system of representation in the Connecticut Legislature. He therefore urged his plan when the House suffrage amendment was before the Senate, and he also presented it as an amendment to the resolution which later became the fifteenth amendment. Congress had power, he said, if it ordered the ratification of the amendment to be by conventions, to declare that 'the convention should be chosen in such a manner that it should represent the people.' He further maintained that this was a question upon which the people had never had an opportunity to canvass or to express their opinion, therefore the body called upon to ratify it should be chosen subsequently to its submission. The previous amendments which were submitted to the State legislatures for ratification, especially the first 12, did not relate to the States at all but simply curtailed the powers of Congress. Now the proposition is to provide that a power which has always heretofore been held by the States as their own power and their own right shall be taken from them. It is therefore proper that the people should have an opportunity of making known their will in regard to the proposed change. He was answered by his colleague, Senator Ferry, who declared that the question had been discussed before the people, and he further asserted that the same reason that prevented this mode of ratification from being adopted in the previous cases was pertinent now. Congress and the people have never used that power of submission to convention, because the machinery of conventions was dilatory, expensive, and unwise. The Constitution has provided for the speediest correction by the submission of an amendment to the legislatures. The delays incident to the assembling of a convention may be so many that it may be years before the evil can be removed which the amendment was proposed to remedy."

Judge Clark in his opinion cites the speech of Senator Dixon upon the fifteenth amendment as supporting his contention. It will be noted, however, that Senator Dixon expressly said, "Of course, the intention was that Congress would select and judge as between these forms of submission." In his argument the Senator was seeking to prevail upon Congress to choose submission of the fifteenth amendment to conventions rather than to the legislatures, not because he thought the Constitution required it but because he felt it the better policy.

The sixteenth amendment

When the resolution proposing the sixteenth amendment to the Constitution, S. J. Res. 40 (61st Cong., 1st sess.), to authorize Federal income taxes, was pending before the Senate, Senator Bailey, of Texas, on July 5, 1909, offered an amendment for its submission to conventions in the States rather than to the legislatures. In explaining the reason for offering it he said (p. 4108 of the CONGRESSIONAL RECORD):

"I vote for this amendment, under any circumstances with reluctance, because I do not think it necessary, and I know the submission of it is fraught with extreme danger; but I think the danger of its rejection will be greatly diminished if its ratification is submitted to conventions chosen for the sole and only purpose of passing on it. For that reason I offer this amendment, committing its consideration to conventions instead of to the legislatures."

Senator BORAH said (p. 4110, CONGRESSIONAL RECORD):

"I desire to indorse the amendment suggested by the Senator from Texas [Mr. Bailey] providing for the submission of this amendment to the Constitution to State conventions rather than to State legislatures. I believe it a wise policy for the reason that then it will be an issue before the people, freed entirely of what might be controlling local questions and what might be conditions which would prevent a fair and unprejudiced presentation of the matter upon its merits."

Mr. Sutherland, at that time a Member of the Senate from Utah, now a member of the United States Supreme Court, in speaking of the power of Congress with respect to submission, said (CONGRESSIONAL RECORD, p. 4111):

"In other words, Congress may propose that either the legislature shall act upon the matter or that a convention shall act upon it."

The Bailey amendment was submitted to a vote and defeated by a vote of yeas 30, nays 46, not voting 16. (CONGRESSIONAL RECORD, p. 4120.)

When the resolution was before the House on July 12, 1909, Mr. Henry, of Texas, served notice of intention to offer an amendment to submit it for ratification to conventions instead of legislatures. (CONGRESSIONAL RECORD, p. 4392. See also p. 4438.) A point of order was made against Mr. Henry's amendment, and the Speaker ruled that under the unanimous-consent agreement under which the House was working his amendment was not in order. It was not brought to a vote and there was little discussion of it. The debate in the Senate, however, shows that those who supported the proposal to submit it to conventions did so on the ground that they felt it would offer a better opportunity of securing an expression of the people rather than that there was any constitutional necessity for doing so.

The seventeenth amendment

The agitation of the States for an amendment to the Constitution to permit direct election of United States Senators led the House of Representatives four times to vote to submit to the States such an amendment, but in each Congress the Senate blocked the passage of the resolution. The votes in the House were as follows: On July 21, 1894, the House of Representatives by vote of 141 to 50 (CONGRESSIONAL RECORD, vol. 26, p. 7783), and on May 11, 1898, by vote of 185 to 11 (CONGRESSIONAL RECORD, vol. 31, p. 4825), and on April 13, 1900, by vote of 242 to 15 (CONGRESSIONAL RECORD, vol. 33, p. 4128), and on February 13, 1902, by a viva voce vote (CONGRESSIONAL RECORD, vol. 35, p. 1722).

In 1901 a number of State legislatures petitioned Congress to call a convention, as provided in Article V, to consider an amendment for the popular election of Senators. Other States followed, until in 1909 when the last such resolution was passed, 26 States had formally made this petition. Such a resolution was passed in some States at several sessions of the legislature. For a citation of the resolutions see: "Is a Constitutional Convention Impending?" by Wayne B. Wheeler, 21 Illinois Law Review, pages 782, 786 (April, 1927).

The resolution for the seventeenth amendment, which was submitted and finally ratified on May 15, 1912, was House Joint Resolution 39, Sixty-second Congress, first and second sessions. When this resolution was under consideration no amendment was offered in either House or Senate proposing to submit it to conventions instead of to the legislatures of the States for ratification. There were several references to the resolution passed by the State legislatures petitioning for the calling of a national constitutional convention, a distinctly different matter. (See pp. 1539-1544, 1741, 1743, 1957, 62d Cong., 1st sess.)

Resolution for prohibition amendment preceding one adopted

Prior to the passage of the resolution which became the eighteenth amendment there was under consideration in the Sixty-third Congress House Resolution No. 687, for national constitutional prohibition. That resolution was voted upon in the House on December 22, 1914, the vote being—yeas 197, nays 190, not voting 40, present 1. (CONGRESSIONAL RECORD, 63d Cong., 3d sess., p. 616.) It failed to receive the necessary two-thirds vote. It was not acted upon by the Senate. When that resolution was being considered by the House, Representative Mann, of Illinois, offered an amendment which would have required its ratification by conventions rather than by the State legislatures. As the reason for his action Mr. Mann said (CONGRESSIONAL RECORD, vol. 52, p. 609):

"Under the Constitution of the United States an amendment may be submitted by Congress to become a part of the Constitution when ratified by the legislatures of three-fourths of the several States or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress. I think it is wiser, if this question is to be submitted to the States, that they vote directly for members of a convention in the State, called for the purpose of determining this question, instead of throwing it into legislative bodies elected for and necessarily dealing with many other questions."

Mr. Mann's proposal was rejected by a vote of 211 to 177. (CONGRESSIONAL RECORD, vol. 52, p. 610.) There was little discussion. The point was not made that ratification by conventions was a constitutional necessity.

The eighteenth amendment

When the resolution which became the eighteenth amendment, Senate Joint Resolution 17, Sixty-fifth Congress, was being considered in Congress no attempt was made to have it submitted for ratification to conventions in the States rather than the legis-

latures. The debates upon the resolution fail to show that there was any thought upon the part of the membership that either because of the nature of the subject treated by the proposed amendment or on account of any requirement of Article V of the Constitution was it necessary that it be submitted to conventions in the States for ratification rather than to the legislatures. The proceedings upon that resolution are found in the CONGRESSIONAL RECORD, as follows:

April 4, 1917. Sixty-fifth Congress, first session, by Mr. SHEPPARD, Senate Joint Resolution 17. Introduced and referred to Judiciary Committee. (CONGRESSIONAL RECORD, vol. 55, p. 198.)

June 11, 1917. Reported favorably, with amendments, by Mr. Overman, of the Senate Judiciary Committee. Senate Report 52. (CONGRESSIONAL RECORD, vol. 55, p. 3438.)

July 9, 1917. Unanimous consent asked for consideration. Objection. (CONGRESSIONAL RECORD, vol. 55, p. 4811.)

July 12, 1917. Unanimous consent asked for consideration. Request withdrawn. (CONGRESSIONAL RECORD, vol. 55, p. 4997.)

July 23, 1917. Unanimous consent asked for consideration. Request withdrawn. (CONGRESSIONAL RECORD, vol. 55, p. 5379.)

July 25, 1917. Unanimous consent asked for consideration. Request withdrawn. (CONGRESSIONAL RECORD, vol. 55, p. 5442.)

July 26, 1917. Unanimous agreement for vote agreed to. (CONGRESSIONAL RECORD, vol. 55, pp. 5522-24.)

July 30-31, 1917. Debated in the Senate. (CONGRESSIONAL RECORD, vol. 55, pp. 5548-60, 5585-5627, 5636-5666.)

August 1, 1917. Debated, amended, and passed Senate. (CONGRESSIONAL RECORD, vol. 55, p. 5666.)

August 3, 1917. Referred to House Judiciary Committee. (CONGRESSIONAL RECORD, vol. 55, p. 5723.)

December 11, 1917. Sixty-fifth Congress, second session. Unanimous consent for consideration. (CONGRESSIONAL RECORD, vol. 55, p. 128.)

December 14, 1917. Amended and favorably reported to House by Mr. Carlin (H. Rept. 211; pt. 1). Minority views by Mr. Dyer (H. Rept. 211, pt. 2). Minority report by Messrs. Gard, Igoe, Graham, Steele, Dyer, Flynn, Walsh, and Magee (H. Rept. 211, pt. 3). (CONGRESSIONAL RECORD, vol. 55, p. 337.)

December 17, 1917. Debated, amended, and passed House. (CONGRESSIONAL RECORD, vol. 55, pp. 340, 422-470. Appendix, p. 30.)

December 18, 1917. Senate concurred in House amendments. (CONGRESSIONAL RECORD, vol. 55, pp. 477-478.) Signed by the Speaker of the House and the President of the Senate (pp. 490, 529).

The debate turned upon the policy represented by the amendment rather than upon any suggestion that ratification by the legislatures would render it invalid. Senator Penrose did raise the question whether an amendment transferring police power could be adopted without the consent of all the States. (CONGRESSIONAL RECORD, vol. 55, p. 5636.) A question, among others, settled by the decision of the Supreme Court in the national prohibition cases (253 U. S. 350). Senator SHEPPARD, who sponsored the resolution for the eighteenth amendment on July 30, 1917, in speaking upon the procedure being followed, said: "The method ordained by the Federal Constitution for its own alteration is being strictly followed." (CONGRESSIONAL RECORD, July 30, 1917, vol. 55, p. 5548.) He also quoted from John C. Calhoun and others respecting the amending process.

Senator Kirby, on August 1, said (p. 5647 of the CONGRESSIONAL RECORD):

"There can be no objection certainly to submitting it as all other amendments to the Constitution have been submitted, and there can be no objection, so far as I am concerned, in having it submitted in the language that its friends think ought to be used in its submission and that will tend most strongly to secure its adoption when it shall come to the time for adoption by the different States."

Vice President Curtis, at that time Senator from Kansas, said, August 1, page 5643 of the CONGRESSIONAL RECORD:

"I have listened with some surprise to the speeches of the Senator from Alabama [Mr. Underwood], the Senator from Pennsylvania [Mr. Penrose], the Senator from Ohio [Mr. Pomerene], and the Senator from New York [Mr. Calder]. One would imagine from these speeches that the friends of this measure were proceeding in some way not authorized by the Constitution, when as a matter of fact, the friends of this resolution are proceeding in the only regular way to amend the Constitution of the United States."

"All the friends of this proposition are doing is to ask that this question shall be submitted in the regular way. The Senators might just as well complain about the representation in the United States as to complain that three-fourths of the States shall not have the right to amend the Constitution because their population might be less than that of the one-fourth unfavorable to the amendment of the Constitution. In this body, while the great State of Kansas may not equal the State of Pennsylvania in ability in its representation, yet we equal the State of Pennsylvania in our vote. The State of Kansas equals the vote of New York and all the other more heavily populated States, and it is right that we should have equal power with our vote. The Senators from Pennsylvania, Massachusetts, New York, Ohio, and Alabama might just as well complain of the vote we have and the power that the State of Kansas has here."

XII. Nature of eighteenth amendment does not render ratification by legislatures invalid.

The opinion of Judge Clark attempts to distinguish between the subject matter of amendments and holds that certain amend-

ments are of such a character as must of necessity be submitted by Congress to convention in the States for ratification, saying:

"The purpose of the amending clause, as we have tried to develop it in this opinion, would be violated by the submission of amendments transferring powers from the States to the United States, and such submission would then constitute an abuse of discretion on the part of Congress in its capacity as an administrative agency."

Aside from the reservations named in Article V respecting the importation of slaves and equal representation of the States in the Senate, the Supreme Court has repeatedly refused to make any judicial discrimination with respect to subjects covered by amendments to the Constitution. Great emphasis was laid before this court by counsel in the national prohibition cases upon the theory that the eighteenth amendment prohibiting the manufacture, sale, etc., of intoxicating liquors related to a subject that was not within the amending power under Article V. The court in its conclusions with respect to that matter declared:

"The prohibition of the manufacture, sale, transportation, importation, and exportation of intoxicating liquors for beverage purposes, as embodied in the eighteenth amendment, is within the power to amend reserved by Article V of the Constitution."

Later, in the case of *Leser v. Garnett* (258 U. S. 130) the precise point of attack against the nineteenth amendment, which prohibited the abridgement of the right of suffrage on account of sex, was that it was not a subject within the amending power under Article V, since it in effect destroyed the autonomy of the State. The court upheld the validity of the nineteenth amendment, declaring (p. 136):

"The first contention is that the power of amendment conferred by the Federal Constitution, and sought to be exercised, does not extend to this amendment because of its character. The argument is that so great an addition to the electorate, if made without the State's consent, destroys its autonomy as a political body. This amendment is in character and phraseology precisely similar to the fifteenth. For each the same method of adoption was pursued. One can not be valid and the other invalid. That the fifteenth is valid, although rejected by six States, including Maryland, has been recognized and acted on for half a century."

In a recent treatise, *The Making of the Constitution*, by Charles Warren, page 680, it is said:

"Another theory has been advanced that amendments of those parts of the Constitution (and of the first 10 amendments) which contain certain rights reserved to the people as distinguished from the States can only be ratified by conventions of the people, and that State legislatures are competent to ratify amendments relating to the 'frame of government.' Nothing in the debates in the convention, or in the State conventions of 1788, or in the decisions of the Supreme Court, would seem to afford any basis for discriminating between the various parts or sections of the Constitutions, with respect to its amendability."

XIII. Resolution for eighteenth amendment showed Congress chose ratification by the legislatures.

The point has been made that the wording of the resolution submitting the eighteenth amendment differed in phraseology from the form usually followed, and that it was submitted to the States rather than to the legislatures of the States. This is refuted by the text of the resolution. The resolution and section 3 clearly show that Congress exercised its choice under Article V and elected to submit the question of ratification to the legislatures of the States rather than to conventions in the States. The resolution reads (S. J. Res. 17):

"Sixty-fifth Congress of the United States of America.

"At the second session begun and held at the city of Washington on Monday, the 3d day of December, 1917.

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

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of the Constitution when ratified by the legislatures of the several States as provided by the Constitution:

"SECTION 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

"SEC. 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress."

XIV. Repeated acts of legislation by Congress, the administration of those statutes for 10 years by the executive department, a consistent upholding of such legislation by the courts, a recognition of the amendment by political parties in their platforms and by candidates for public office, is conclusive of any doubt upon the validity of the amendment in the absence of a clear conflict with some express provision of the Constitution.

The Sixty-fifth Congress, by Senate Joint Resolution 17, proposed to the States the eighteenth amendment on December 19, 1917. It was ratified by the legislatures of 46 States on the dates and by the votes shown in the table attached in the appendix (Exhibit A). The Secretary of State proclaimed its ratification, by three-fourths

of the States, on January 29, 1919. Section 1 of the amendment declared its prohibitions should become operative one year after ratification. In *Druggan v. Anderson* (269 U. S. 36) the Supreme Court held it became a part of the Constitution on January 16, 1919, the date upon which the last of the necessary three-fourths of the States had acted, although by its terms its prohibitions were suspended for one year, and that the date of its proclamation by the Secretary of State was not controlling. Congress enacted the national prohibition act for its enforcement on October 28, 1919. Since that date it has enacted the following statutes directly related to its administration:

The supplemental prohibition act of November 23, 1921. (Ch. 134, sec. 5, 42 Stat. L. 222.)

The act of March 3, 1925, relating to forfeited vehicles. (Ch. 438, sec. 2, 43 Stat. L. 116, as amended May 27, 1930, ch. 342, sec. 9, 10, 46 Stat. L. 430.)

The act of March 3, 1927, to create a Bureau of Customs and a Bureau of Prohibition in the Department of the Treasury. (Ch. 348, sec. 1, 44 Stat. L. 1381.)

The Jones-Stalker Act of March 2, 1929. (Ch. 473, sec. 1, 45 Stat. L. 1446.)

Prohibition reorganization act of May 27, 1930. (Ch. 342, sec. 1, 46 Stat. L. 427.)

The Stobbs Act of January 15, 1931.

More than 60 cases involving the validity and construction of these statutes, as well as of the amendment itself, have been considered in which written opinions have been rendered by the Supreme Court. The validity of the eighteenth amendment has been recognized by political parties in their national platforms by direct reference. It has been the subject of discussion by candidates for public office. The Supreme Court many years ago declared in *Maynard v. Hill* (125 U. S. 190):

"A long acquiescence in repeated acts of legislation on particular matters is evidence that those matters have been generally considered by the people as properly within legislative control."

All 19 amendments to the Constitution have been submitted by Congress to the legislatures of the States for ratification. These embrace the first 10 submitted by the First Congress, which included some of the same men who framed the Constitution; the Civil War amendments; and one, the nineteenth, adopted since the eighteenth, and all ratified in the same way.

If, after 10 years, the present case presents a justiciable issue, then a similar question may be raised with respect to each amendment, namely, whether it is of such a nature as could have been lawfully ratified only by conventions in the States. If so, the President may be illegally elected; slavery may still be lawful; citizens improperly mulcted of income taxes over many years; Senators entitled to no pay; and women to no vote, because the twelfth, thirteenth, sixteenth, seventeenth, and nineteenth amendments, respectively, may likewise be void. Such a statement carries its own refutation. The right of Congress to choose the method of ratification is now settled by its 141 years of uniform practice in submitting amendments, the unanimous decision of the Supreme Court, and the acquiescence of the people in the exercise of such a choice. The argument of the District Court is one properly addressed to the legislative branch of the Government but without status in a court of law, since it involves a political question. (*Luther v. Borden*, 7 How. 1.)

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THE TARIFF AND AGRICULTURE

Mr. NORRIS. Mr. President, I ask permission to insert in the RECORD an address by H. E. Miles on the tariff, and a short article by Mr. Miles entitled "Agriculture's Road to Ruin."

The VICE PRESIDENT. Without objection, it is so ordered.

The address and article are as follows:

AN INDUSTRIAL REVOLUTION IMPENDING—THE WAY TO PROSPERITY WORLD-WIDE—EXCESSIVE TARIFFS A PRINCIPAL HINDRANCE—A PROTECTIONIST'S VIEWPOINT

By H. E. Miles, chairman Fair Tariff League

The world is on the eve of an industrial revolution that will give it prosperity, physical comforts, and culture scarcely dreamed of a generation ago. I say this upon two assumptions only: First, that the United States will, from the protectionist's standpoint, reasonably lower its tariff rates and meet its definite responsibilities in helping other nations to adopt American practices and philosophy in production and consumption; and, secondly, that other nations will adopt these, without which they face ruin, and will lower their tariffs, as their statesmen know they must.

The new practices have been proven and firmly established in the United States, there only, and mostly since the World War. They are the antithesis of all that Europe believes and does. It is the task therefore of the United States to show the way.

Having said that marvels are to be accomplished in the next few years, let us first indicate briefly with what accelerating pace the world now progresses.

There elapsed 300,000 dreadful years from the time when man fashioned his first implement by chipping a stone to a scraping or cutting edge until the industrial revolution of 1760-1790, when steam power was first harnessed and began to lift from men's shoulders nine-tenths of their physical strain.

For the next two or three generations, however, improvements came slowly. Men still worked from sunup to sundown, and often 16 hours a day. Children entered the mills almost as soon as they could walk. This with the approval of philanthropists, who said that it was better than the only alternative—starvation. The employer, his family, and apprentices lived together and mostly upon porridge, each person dipping with his spoon from a common bowl.

Wages in England, for instance, were fixed by law at the level of bare subsistence, and, if from any misfortune a family resorted often to the poor relief, officers of the law lessened the family expenses by taking away some of the children, never to be seen again. They were sent to remote places to work, without pay, without instruction, and for the meanest necessities only, under conditions conducive to crime, disease, and death, until 24 years of age, as says Thorold Rogers in his *Six Centuries of Work and Wages*.

It was as bad as present-day bootlegging for anyone to make and sell merchandise unless he had served an apprenticeship without pay and unmarried until his twenty-fourth year. Rogers tells of a child apprenticed in his eighth year and of 300 mill workers, only 6 of whom had finished their apprenticeship and received wages.

We have come far in the last hundred years, and especially the last fifteen.

Now is to come the second industrial revolution, to do as much for mankind in a single generation as was accomplished in the last 100 years, or in the 300,000 years before that.

This revolution is based upon two interrelated American accomplishments—the development of automatic machinery whereby a single worker's output equals that of 50 and sometimes a thousand workers a few years ago, and upon mass consumption proportionate to this increased production.

Mass production and mass consumption are interdependent. Without both neither is possible. They are now possible only in the United States because only here is there free distribution of manufactured products over a vast area with a population of 123,000,000 people. Allowing for differences in per capita purchasing power, this market is five or six times greater than Germany's, Great Britain's, or France's.

International tariffs account in the main for the differences in methods in the United States and elsewhere. I say this as a confirmed protectionist whose views were earnestly approved by Presidents Roosevelt, Taft, and Wilson, and by Secretary of Commerce Mr. Hoover, now President, and now by representatives of one and

one-half million farmers and wage earners, and by economists and others now working with me. It is because there is no tariff between our States that we mass produce, and that we alone concentrate intensely upon the production of semiautomatic and automatic machinery of almost limitless capacity; that we own nearly half the railroad mileage of the world, three-fourths of the telephone and telegraph equipment and other like commercial facilities, and that American salesmanship and consumption are keeping pace with production.

In age a child among the nations, our wealth under George Washington was about \$7,000,000,000; at the end of the Civil War, about \$50,000,000,000; in 1900, only \$88,000,000,000; and now about \$400,000,000,000. It equals the combined wealth of the six other great powers acquired in all the centuries by Great Britain, France, Germany, Italy, Russia, and Japan. The increase in the eight years since 1922—\$80,000,000,000—nearly equals the total wealth of \$88,000,000,000 in 1900 acquired in the 300 preceding years.

Lest we think too well of ourselves, be it noted that all these estimates of national wealth are "dollar estimates" as commonly made, giving the money values as of the several periods with no allowance for price appreciations. The gain in physical possessions is much less than the dollar figures indicate, but significant indeed, especially the international comparisons, inasmuch as they are figured on the same basis. Also our enormous war losses are absorbed in the postwar figures. The amount of these losses is indicated by the expenditures of our Federal Government of over \$44,000,000,000 in the four years, 1918-1921, or \$11,000,000,000 annually against pre-war expenditures of about \$700,000,000 annually.

The United States, because of its methods, now impossible elsewhere, produces 50 per cent of most of the world's basic manufactured commodities; steel and petroleum, 64 per cent; copper, 49 per cent; coal, 43 per cent. Of print paper, a measure of general enlightenment, it produces 43 per cent and consumes 50 per cent; of cotton it produces 69 per cent. It produces 40 per cent of the world's total output of manufactures.

In the service of commerce it possesses nearly one-half of the world's railway mileage, 75 per cent of its telephones and telegraphs, about 90 per cent of its automobiles. It possesses nearly one-half of the world's gold, and thereby in its own will largely determines the prices of all commodities in all countries, as shown by Reginald McKenna, England's great banker and economist.

It is not right that this one-fifteenth of the world's population and one-nineteenth of its land area produces and consumes 40 per cent of all its manufactured commodities with \$90,000,000,000 of net profits annually and more and more hours for leisure and for the culture that naturally follows.

The other fourteen-fifteenths of the world's people must rapidly approach our level. We must do our utmost to this end, both for the good of the world and that our own prosperity may grow apace through enormously increased exports and services.

Our mass production has already wrought what I call the miracle of American production by coupling the world's lowest wage costs of production with incomparably its highest returns to wage earners.

In 1883 Charles F. Hill, statistician of the Department of State, submitting his evidence, said: "Here is the positive proof that American mechanics in the aggregate accomplish exactly double the result of the same number of British mechanics. They are therefore very justly paid double the wages."

In 1910 the average American factory worker used two and one-half times more horsepower and produced two and a half times more output than the English worker, always our nearest competitor. Our wages were correspondingly higher with our wage costs about the same.

In 1920 our output per worker was about 25 per cent more than pre-war and Europe's 12 per cent less. To-day our output per factory worker averages 55 per cent to 60 per cent more than in 1910. Now we seek only to better our own records.

In 1920 the American female operator easily wove 4,500 yards of cotton cloth per week for a wage of \$14.50. Now, she weaves 12,500 yards for \$16.50. She operates from 75 to 90 looms against 6 to 12 looms in England. Of our 9,000,000,000 yards of cotton cloth produced annually two-thirds is made at less cost than in England, though our wages are two or three times higher.

In 1920 in India the average weekly wage of cotton-mill operatives was \$1.25 per week; but India was buying denims and drills in the United States because they cost less here.

A new automatic machine makes 73,000 electric-light bulbs every 24 hours, displacing 2,000 hand operatives.

An American worker shapes 50,000 bricks per hour with a not-expensive machine for 2 cents per thousand bricks. He shapes so many that he earns \$10 per day. A woman knits 1,800 pairs of good cotton socks per day for one-sixth of 1 cent per pair and earns \$3 a day and three or four times the European wage.

Of the wage cost in making glass bottles, 97 per cent has been eliminated recently. A man who used to produce 100 2-ounce prescription bottles by hand now produces 3,906 bottles. A single machine produces 8,000 5-gallon glass bottles (carboys) every 24 hours. It can produce all that are consumed in the United States.

In St. Louis recently 70 men digging sewers with machines did the work of 7,000 men with pick and shovel.

In harvesting wheat with the sickle still used in some countries 45 to 50 hours of labor are required per acre of 15 bushels. The hand cradle, common in Europe, requires 35 to 40 hours. The horse-drawn harvester requires 3 to 4 hours, with an accom-

panying thresher charge of 10 cents per bushel. The new "combine," harvester and thresher, takes from $\frac{3}{4}$ to 1 hour at a total cost of 3 cents to 5 cents per bushel. With four and a half million less people on our farms than in 1909, the output of our farms has increased 50 per cent in the last 30 years and 20 per cent in the last 10 years. Agriculture keeps step with manufacturing.

Mr. Ford is said to predict a \$24 daily wage, a 5-day work week, and a 9-month work year with the remaining time for leisure, enjoyment, and culture. However nearly this is achieved, the prediction is prophetic and sane.

Automatic and semiautomatic machinery is in its infancy, with apparently nothing that it can not do. As Mr. Edison says, our great need is for training facilities to multiply the number of inventors of these machines.

Europe can not use them as we do, because each country is relatively small, with limited home consumption; it lives largely by exports and gets only small orders of great variety to meet the strangely varied requirements of various countries.

The average Scotch tweed mill has 70 looms and 8,400 different patterns and color combinations. America's greatest woolen maker has 10,000 looms with relatively few patterns. The best silk mill in Lyon, France, has about 40 looms and is constantly changing its patterns. America's largest producers have from 1,000 to 2,000 looms each. In Bradford, England, men's suitings are made in eight different widths to meet the fixed requirements of foreign markets. American producers make almost exclusively a single width that finishes at 52 to 54 inches. Yorkshire steel mills almost never see an order for 500 tons. They will make 25 tons at a time. Orders for 10,000 to 40,000 tons are not unusual in the United States.

From America's experience in production has come a new philosophy, that of unstinted consumption. If you want anything, get it. The poor shall possess equally with the rich all ordinary comforts and many luxuries. Indeed, there shall be no poor who are normal and willing to work.

This would be a philosophy of insanity were it not predicated upon the accepted and practiced principle that he who possesses must produce in proportion.

Such is the will of our people to make good that the loss on \$5,000,000,000 of credits for installment purchases is little greater than on the customary retail credits to people of means.

With all our spending our savings deposits have quadrupled in 30 years. They total \$29,000,000,000. The lean year of 1930 greatly exceeded the fat year, 1929.

Europe's philosophy is the opposite of ours. It is a philosophy of deprivation and thrift. Do without, stint, stint, stint. Save, save, save, however small your income. All this so that exports may be large. Her output per worker can not increase, while authorities predict that if America maintains her present rate of increase for the next 25 years, 45 men will do the work now done by 75 men and formerly by 100, with corresponding increases in wealth, comfort, and leisure.

This will require, however, an enormous increase in American exports and such doubling and trebling of consumption abroad as the world longs for and needs.

Europe overemphasizes exports. If, and only if, she virtually abolishes the tariffs within her borders, she will have a free area of distribution greater than ours, a population three times greater, and per capita consumption and prosperity like ours. We will benefit from this enormously.

Now her tariff barriers strangle her. She can not mass produce because she can not mass distribute and consume. With few exceptions, steel and toys in Germany and chinaware in some countries, were one European country to export a competing commodity into another, England excepted, it would pay some 30 per cent duty, and sometimes twice this, only to meet in the receiving country the same product produced there at virtually the same cost and paying no duty. Under this condition each country produces for export mostly articles of quality and design peculiar to itself in relatively small quantities and of such special interest that rich people, and they only, careless of prices, will buy despite tariff charges.

If a European country should mass produce in our fashion, it would have to throw one-half of the products into the sea for want of buyers. Shut off Ohio, Pennsylvania, or Massachusetts from other States by a high tariff and in six months, after great distress and possible bloodshed, its condition would duplicate Europe's in wages, output, and consumption. Our original thirteen States were approaching this condition with its attendant hatreds and discriminations, because under our first Constitution each State made its own tariff and was as mean as could be about it. New York paid tariff duties on its firewood from Connecticut and its cabbages from New Jersey.

Europe's best statesmen see their difficulty and are making headway in the formation of an economic (not political) United States of Europe with free distribution among its 350,000,000 people. They fail, however, to see the attendant revolutionary changes in production methods, wages, per capita consumption, and wealth consequent upon free distribution within her borders. Europe can't, but she must. Union or ruin. She must; but when will hatreds and contentions yield to cooperation and mutual benefit?

Meantime, with our declining costs of production, our exports of finished manufactured products have quadrupled in 20 years, rising from \$654,000,000 in 1910 to \$2,532,000,000 in 1929, and nearly one-half of our total exports go to Europe.

Europe, unable to compete, lives only because she is using a great part of our \$24,000,000,000 of foreign loans, and with other

countries is borrowing about \$800,000,000 from us annually. She says that we are making of her countries American dependencies.

THE AMERICAN TARIFF OF 1930

Customs tariffs determine the extent and flow of international trade. Europe must minimize her internal barriers and lower her external barriers. America must reduce her tariff greatly.

It is time to tell the truth. Other countries rightly hate and despise us for our present tariff, because upon its face, fairly interpreted, it portrays us as flagrantly dishonest, self-convicted out of our own mouths. Our tariff dishonesty immeasurably injures countless millions here and abroad.

Rightly devoted to the protection of our standards and ideals, we know and universally declare that a just protective tariff rate must fairly represent the difference in costs of production here and abroad, and then we permit of the nomination and election of Representatives and Senators who, under the pressure of selfish interests, make almost all of our protective duties from three to five and fifty times those differences in costs.

For 50 years our tariffs have virtually prohibited the importation of thousands of articles that we should receive in moderate quantities. Our tariffs require that virtually all of the imported articles sold in our standard retail stores shall retail at five times the foreign factory selling price.

The common assertion that our rates on dutiable imports average from 36 per cent to 40 per cent is utterly untrue except as applied to goods actually brought in. Rates running from 60 per cent to 90 per cent, 150 per cent, and sometimes 200 per cent and more are often prohibitive and therefore not disclosed in the figures commonly used. Other relatively low rates are sometimes almost as dishonest and discriminatory, for, as Secretary Mellon says: "In many lines we more than meet competition," i. e., our costs are lower than foreign costs.

In 1908 Andrew Carnegie, shaking his finger at the tariff-making committee of the House of Representatives, said: "Take back your protection on steel. We are men now, and we can beat the world at the manufacture of steel." Years before Mr. Schwab had shown him that we could sell rails in England at the Englishman's cost of production, and with nearly as good profits to us as on domestic sales. Chairman Payne, of this committee, had said that our steel makers needed no protection, because their costs were as low as abroad. Under pressure, however, the committee gave substantially the same duties that now add \$300,000,000 to domestic mill prices, with a cost to consumers of about twice this sum. It was to this committee that Speaker Joseph Cannon took a prominent Member of Congress and exclaimed, "What is the matter with you fellows? Why don't you give this man what he wants and ask him why afterwards? Why! Four of you are on this committee upon his suggestion." That is the way rates are always made.

Speaking to me of the wool and woollens schedule which President Taft called indefensible, Chairman Payne flushed with shame and anger said, "I could change them just as easily if they would only let me." Dalzell, of Pittsburgh, and four other members, wholly inexperienced and under Cannon's lash, virtually wrote the entire bill, which was forced through the House, almost without debate or explanation, as was the bill of 1930 and the present tariff. Not one Congressman in twenty knew with any exactness what he voted for.

Since its formation in 1901 the Steel Trust has made us pay for every pound as if it were made in Europe and had paid ocean freights and the tariff. Consequently the common stock of one producer, originally all water, has yielded in dividends and market value \$3,000,000,000. Another like trust in electrical machinery has done as well. Aluminum has done better.

The present tariff authorizes and invites the makers of finished steel products, hardware, cutlery, cash registers, nails, screws, files, kitchen ware, etc., to add one and one-third billion dollars to their factory prices and permits no imports except as each import pays its share of this huge total. Whatever part of this total is added is doubled to consumers in retail prices.

If only one-half of the legalized tariff allowances are added to the merchandise sold in our general stores, the cost to consumers is \$10,000,000,000 annually, as computed by experienced Federal statisticians. And one-half of this is over and above the requirements of honest protection.

The common alarm clock with bell top costs 40 cents at a German factory. The duty of 200 per cent makes it retail here at about \$2.40, or six times the foreign factory price.

The tariff on the mechanical toys in which Germany specializes is so high that when added to the usual buyer's costs for foreign travel, freights, etc., they fairly retail here for five times the German price.

The lowest duty on razors is 18 cents each plus 65 per cent, although a safety razor is made and sold in Brooklyn, N. Y., for 5 cents, with one blade, and Gillette razors in 1928 monopolized the Italian market.

Our higher duties on scissors run from 125 per cent to 250 per cent. Duties on knives of from 100 per cent to 175 per cent cause high quality imported knives to retail at five times foreign costs. These duties so decrease imports and encourage the production of poor qualities here that not one man or woman in a thousand knows what a good knife is nor the joy in good cutting tools.

Our edge tools—chisels, planes, screw drivers, saws, etc.—retail throughout England, but we embargo hers by 45 per cent duties.

In 1927 the duties paid by our women on imported cotton braids totaled \$303,000, while the duties on nine metal products of which we produced \$1,400,000,000 worth were only \$225,000.

Imports were virtually prohibited, while the tariff sanctioned the addition of \$302,000,000 to domestic factory prices, this amount to be doubled in retail prices. Wearing apparel upon which is the least bit of embroidery, lace, braid, ruching, fringe, etc. (par. 1529, tariff of 1930), pays 90 per cent duty and retails at five times foreign costs.

Agriculture is the tariff profiteers' milch cow, in that it gets exceedingly little from the tariff and pays about one-third of all the graft, or one and one-quarter billion dollars too much in its purchases of manufactured supplies.

Europe writhes under these exactions, because for each dollar of her necessities bought from us—wheat, cotton, copper, and the like—she must pay in the main with a dollar's worth of merchandise so attractive and so different from our like products, and at such low cost there as to retail to such rich folk as will pay five times the foreign factory price, as against twice the factory price for domestic products of like sort. There are so few such buyers that Europe's annual debtor balance to us totals hundreds of millions of dollars.

I imported women's linen sport suits from Paris at \$4.50 each, especially attractive because each was ornamented with about 30 cents worth of embroidery. If plain, the duty would be 35 per cent or \$1.57 each, but the embroidery raised the duty to 90 per cent or \$4.05—an extra \$2.48 tax and \$4.96 in retail prices for 30 cents' worth of embroidery on a \$4.50 gown. Likewise the duty was raised \$4.80 and the retail price \$9.60 on a \$16.50 knit silk sport suit because its three pockets were edged with 4 cents' worth of braid. Increases like these are mere tricks and not easily discovered in reading the tariff. Their purpose is to shut out especially attractive products from France, Italy, and Czechoslovakia. Their effect upon public opinion in those countries is evident, and upon such American tourists as bring these garments in.

The tariff on wool costs consumers about \$330,000,000, or more than twice the total value of the clip. It gives growers only \$40,000,000. Of this only \$18,000,000 go to dirt farmers who lose as consumers of wool \$85,000,000. The wool tariff is written under pressure of western flockmasters, who are city people and run their sheep on semiarid lands and in the Federal reserves at slight expense with two herders to each band of 2,000 sheep. Despite our enormous tariff tax we grow only one-third of the wool we need, scoured weight. No other manufacturing nation has a tax on raw wool. Our wool tariff can easily be greatly reduced and still be protective.

The market value of our sugar-beet and sugarcane crops averages about \$62,500,000. The 1930 tariff of 2 cents per pound against Cuba adds \$230,000,000 to consumers' prices, or two and one-third times the value of our product. Of this huge sum our growers get less than \$25,000,000, or one-eleventh of the tax to consumers. Our farmers as consumers lose \$65,000,000. Our production costs are so high that our growers in the principal sugar States fare no better than their neighbors who grow potatoes and other crops not benefited by the tariff. Incidentally we toss \$80,000,000 of tariff benefits to our island possessions who have no right to it because they produce sugar at substantially Cuba's cost. Our tariff is killing Cuba, once our excellent customer, and with about the same right to our consideration as the other islands. The sugar tariff is dictated by the refiners who profit exceedingly by it and are especially powerful politically. As many of the Colorado growers know, the tariff could easily be changed so as to make the growers prosperous and at the same time save consumers \$100,000,000 annually.

The foreigner has some right to judge us by the laws we make. Dishonesty is a poor basis for trade extension at home or abroad.

We are in fact fairly honest as a people and somewhat altruistic. The trouble is that Americans vote only for the principle of protection, with no care whether the principle is honestly applied.

The rates are determined in the main by the Senate Finance Committee, 5 of whose 11 majority members come from six northeastern States. In consequence of their efforts the manufacturers in these six States (Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, and New Jersey) are authorized and encouraged by law in the tariff to add \$5,000,000,000 to their factory prices. Many add all, and the others add all they dare. The rates are probably twice what they ought to be. Certain cooperating manufacturers in other States are given the same privileges and competing imports are prohibited except as each pays its share of this \$5,000,000,000.

The dishonesty in the tariff, i. e., the excess above fair protection, costs American consumers in retail prices well above \$5,000,000,000 annually, and yet the benefit of this graft goes to relatively few but powerful manufacturers. Most manufacturers get nothing from the tariff. Our farmers lose one and one-fourth billion dollars from the sheer graft in the manufactured goods they buy. Greater than these losses is the loss of exports and international respect.

This tariff graft that desperately hurts other countries hurts us grievously. It pays to be honest. Take the dishonesty from the tariff and our overprotected captains of industry will quickly rejoice, for, after all, they would sooner play the game honestly if they must. Many of them say this privately.

The value of the Ten Commandments is in the living of them in their practice rather than their profession. So of the protective tariff. The rates must accord with the principle.

Our tariffs are purposely worded so that no layman can understand them. Said Colonel Tichenor, the expert who wrote the Dingley and McKinley tariffs: "The people won't stand for more than 40 per cent. Consequently, I am making the rate look like 40 per cent, but by words and phrases that the public won't under-

stand I am lifting them the Lord only knows how high." Said he: "Duties upon many articles were made prohibitive." So they are now.

Only foreign producers know how dishonest our tariff is. If they know how we voters are fooled, they might repeat the prayer, "Father, forgive them, for they know not what they do." But they are too much hurt and they are human.

Every foreign exporter must learn the meaning of our rates that affect his product. Then he and all those about him have to hate us.

In one of the loveliest small towns in Switzerland 15,000 people with lifted hands have sworn never to buy an American product. This because our present tariff virtually ruins their considerable export of watches to us. It is much higher than needed.

In western Canada every candidate for office under the slogan "Blow for blow" against us won. All others lost.

In Italy the new tax on our cheapest automobiles is about \$1,000 and makes the Ford and Chevrolet prices in Italy \$2,000. Exports of automobiles declined 50 per cent in 1930 and will decline further in 1931. This means much to the millions of workers employed in their construction directly and indirectly. Europe wonders if we are worse than Shylock, who would let Antonio pay with his life. She fears that she must die without paying. We must mend our ways. We must "put our creed (protection) into our deed, nor speak with double tongue."

Since the gates of Eden closed upon man he has sought relief from physical toil. Athenian culture resulted largely from the leisure consequent upon the possession of five slaves per family. The American family now has 35 slaves—machines—better than human because they never think nor tire and therefore never make mistakes. The number grows apace.

God has seldom given to one nation such opportunity for service and growth as now to America.

America moves very slowly in the correction of legislative evils, but, once aroused, she moves quickly. Americans are born pioneers. As Virginia once helped Kentucky, as New York helped Illinois, as Illinois helped Oregon, so must the United States now help other nations.

To quote Mazur (America Looks Abroad), "Europe must become industrially minded and America world-minded." The outcome: "Millions upon millions with higher standards of living, enjoying material benefits such as hundreds of noble-minded social reformers are impotent to achieve for them, and a gain in cultural advantages beyond expectation; a new synthesis of spiritual and material life embracing more members of the human family than ever before."

AGRICULTURE'S ROAD TO RUIN

Purpose: A just tariff, adequately protecting American industry and labor, free from exploitation, and consideration of world conditions.

The membership of the league includes representatives of 1,500,000 farmers, 800,000 wage earners, leading economists, manufacturers, and others.

It is astonishing that the public generally is indifferent to the condition of agriculture. The Nation can not be healthy with a farm population of 27,500,000 and 2,300,000 other people in rural towns dependent upon near-by farmers in almost hopeless distress since the World War and going from bad to worse.

After never a good year our farmers in 1930 got \$2,400,000,000 less for their crops than in 1929 and \$229,000,000 less for their livestock. The price of wheat and other cereals and of cotton in November, 1930, was 25 per cent less than pre-war. The prices of all farm products averaged only 3 per cent above pre-war, while the prices of the commodities the farmers buy were 49 per cent above pre-war. The farmer's dollar was worth only 69 cents in exchange value for his purchases. It was short 45 per cent, while the cereal and cotton grower's dollar was short 49 per cent. And the volume of production was decidedly less than in 1929—short crops and short prices.

"Agriculture is the milch cow of protection," as now applied.

In the tariff of 1922-1929, instead of taking the dishonesty out of manufacturer's rates and thereby saving themselves one and one-quarter billion dollars annually, our farmers accepted extra high rates for themselves, thinking thereby to prosper like these manufacturers, but tariff rates are more than figures on paper. Farm rates are too like counterfeit money, because our tariffs can not raise prices in Liverpool and Hamburg where the prices are made for the bulk of our farm products.

Again in 1930, instead of reducing manufacturer's rates to honest protection, farm rates were further increased to the extent of \$950,000,000 in face value. On their face the 1930 rates promised to raise farm prices above the international level \$3,640,000,000. Instead under normal conditions the cash value of the increase is only \$12,500,000, or 0.7 of 1 per cent, and the total value of the duties is only \$103,000,000. This on 19 major products—the cereals, hay, cattle, hogs, tobacco, etc.—of a total value of about \$9,000,000,000. For particulars see the CONGRESSIONAL RECORD of November 22, 1929, page 6290. Sugar and wool are not here included, because each is a special story with their tariff losses to farmers many times their gains. These two schedules require alteration without decreases of protection and to the great benefit of farmers and consumers.

The above calculations are by the best Federal experts and based upon the year 1928 and other normal years. They do not consider the utterly unusual year 1930, the worst for farmers in this century, despite the new Farm Board's heroic endeavors and its losses

estimated in January, 1930, as high as \$200,000,000 on wheat and cotton alone, with the outcome entirely uncertain. The board has been miraculously helped on wheat by the removal of the usual dreaded "export surplus," which is being fed to livestock to offset the shortage of 700,000,000 bushels of corn, the greatest shortage in 30 years. With the surplus thus providentially removed, the board in January, 1931, lifted the wheat price 30 cents above the export basis with the help of the 42-cent tariff. On the other hand, in January Thomas Campbell, the world's greatest wheat grower, sold wheat at exactly the tariff rate of 42 cents. If under 1930 conditions the Farm Board wins out, this will be no criterion for normal years. Every like endeavor in governmental control and price fixing has failed; witness: Brazil in coffee and Great Britain in rubber.

Farmers should know by now that they can not profit by the tariff while acquiescing in profiteering rates on the manufactured goods they buy, carrying a loss to them in the last eight years of \$10,000,000,000 over and above fair protection.

Our farm population in January, 1929, was 27,500,000, or 4,500,000 less than in 1909, and yet the value of farm products increased 50 per cent in the last 30 years and 20 per cent in the last 10 years. In increasing production agriculture is keeping step with industry and must.

Gone is the hope that domestic consumption will overtake production. Our birth rate is decreasing 50,000 annually and will be stationary in 1960 at about 140,000,000, except as science ultimately lifts this to 160,000,000 through the lengthening of the span of life. Also there are 500,000,000 untilled acres awaiting the plow, if conditions warrant. So says the Bureau of Agricultural Economics after two years of study.

From the standpoint of economics and of morals, our farmers must see to it that our manufacturers' tariff rates are reduced to the level required by honest protection. Farmers are great enough in numbers and character to do this quickly, if they will.

THE COST OF THE TARIFF TO CONSUMERS

Imported articles must retail at five times foreign factory prices. Domestic producers are authorized to charge accordingly.

Consumers have no idea how much the graft in the tariff over and above honest protection costs them.

As a fair illustration, who knows that a superior pocketknife costing 87 cents in England must retail in the United States for \$4.50 because the duty is 110 per cent? This prevents imports and makes domestic products second rate for lack of competition.

A linen summer gown with 30 cents of embroidery on it, costing in Paris \$4.50, must retail for \$20 because the duty is 90 per cent. Such women as can afford this price delight in these gowns. They should retail for \$11 under a 35 per cent duty.

The standard bell-top alarm clock costs at German factories 40 cents. The duty is 35 cents plus 65 per cent, or 81 cents. It equals 200 per cent. Possibly the consumer thinks that he pays only this 81 cents of tariff tax. He pays twice this, or \$1.60—\$1.60 on a 40-cent clock. He pays this because the importer must add the duty to his cost. It is as much a part of the cost as the original price of 40 cents. He adds also 6 cents for freight and expense—total cost \$1.27. To this he adds 25 per cent for profit and sales expense, making the price to the retailer \$1.59. To his cost, \$1.59, the retailer adds 50 per cent for expense and profit—retail price \$2.40, or six times the foreign factory price. Thus, substantially, all imported articles in our standard stores must retail at five times or more of their foreign cost.

BILLIONS OF DOLLARS OF TAXES PRIVATELY LEVIED AND PRIVATELY USED

Tariff-profiteering manufacturers get excessive rates so as to add them to their prices and gain billions of dollars annually.

For each dollar that the Government collects on imports:

Six heavy steel makers collect \$59, or a total of \$300,000,000.

Aluminum makers collect \$91, or a total of \$24,000,000.

Electrical machinery collects \$466, or a total of \$89,000,000.

Hardware is allowed to collect \$1,726, or a total of \$78,000,000.

Sewing machines are allowed to collect \$71, or a total of \$17,000,000.

Cash registers, etc., are allowed to collect \$3,879, or a total of \$24,000,000.

Sixteen highly finished steel products can collect \$1,029,000,000.

Against these huge sums the Government in 1927 collected in revenue only \$16,200,000. Exports were large and imports almost negligible. Costs of production were about the same as abroad. Each dollar added to prices is doubled at retail. The cost to consumers is exceedingly great. If only one-half of the tariff allowances are added to the general merchandise that fills our retail stores the cost to consumers is \$5,000,000,000 annually. The higher the duties the less the Government collects and the more consumers pay to private interest.

The tariff made each \$100 share in January, 1904, of Aluminum common stock plus dividends worth \$33,350 in 1930. It made the United States Steel common stock, once all water, worth, plus dividends, \$3,000,000,000. General Electric common had a market value in 1913 of \$189,000,000, and, including dividends nearly \$3,000,000,000 in 1930.

It is fun for some of us to note these amazing figures. It is not fun when we realize that these dishonest profits are destroying our farmers and are unfairly made by congressional action. Our Congress is the greatest price-boosting, trust-making agency on earth, and at the expense of the general public. Honest protection has nothing to do with this.

Our farmers and others in common honesty and for their own salvation can check these abuses quickly enough if they will.

EXPEDITION IN THE DEPORTATION OF CERTAIN ALIENS

Mr. KING obtained the floor.

Mr. TYDINGS. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I would only take a moment. I should like to have the attention of the Senator from Maine and the Senator from Pennsylvania.

Mr. President, Order of Business No. 1703, being the bill (S. 6172) to expedite the deportation of certain aliens, and for other purposes, was brought up before the Committee on Immigration a few days ago. As a member of the committee I received notice of the meeting of the committee, as did the Senator from New York [Mr. COPELAND]. I went to the committee room and inquired what bills were coming up for consideration, and one was mentioned, but not the one to which I have referred. It was also stated that possibly a report from the subcommittee of which the Senator from Pennsylvania is chairman might be brought up. I stated that I had another committee meeting, and if those were the only matters to be considered I would not remain. The Senator from New York [Mr. COPELAND], who is here, can speak for himself. Acting upon that information, I did not remain. I find that after my departure—and I charge no one, of course, with bad faith; there was merely a misunderstanding—this bill was taken up and ordered reported out. I had had some applications for hearings and I had one or two amendments which I desired to offer to the bill. I ask now that the bill may be recommitted to the Committee on Immigration. I have no objection to the committee taking it up to-morrow, for I have no desire to delay it at all.

Mr. REED. Mr. President, the bill was introduced by the Senator from Arizona [Mr. HAYDEN]. I do not like to consent in his behalf and in his absence. Will not the Senator postpone his request until the Senator from Arizona shall be in the Chamber?

Mr. KING. Certainly.

DATA FURNISHED BY WICKERSHAM COMMISSION

Mr. TYDINGS. Mr. President, I rise to inquire from some of the members of the Committee on Printing if that committee intends to have any of the Wickersham evidence printed, so that the Members of the Senate may see what the commission adduced at its various hearings.

I do not want to offer a resolution asking that copies be printed if the Committee on Printing is going to make a recommendation; but it does seem to me to be an utter waste of Government funds for this commission to sit for 20 months gathering evidence and then to dump it all in a cubby-hole out here, where no one can see it, after we have expended half a million dollars on the general subject of law observance and enforcement.

Can any member of the Committee on Printing give us any information on this subject?

I therefore move, Mr. President, that 5,000 copies of the Wickersham Commission's evidence be printed.

Mr. ROBINSON of Arkansas. Mr. President, has the Senator procured an estimate of the cost of printing?

Mr. TYDINGS. No; I have not.

Mr. ROBINSON of Arkansas. I suggest that the Senate should first be apprised as to what the expense would be.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. TYDINGS. Yes; I yield to the Senator.

Mr. FESS. The chairman of the Printing Committee is the Senator from Minnesota [Mr. SHIPSTEAD]. I have been trying to get in touch with him on another matter yesterday and to-day. He is not available. I hope the Senator will wait until he can be consulted.

Mr. TYDINGS. I will withhold my request, Mr. President. All I want is an assurance that the committee is going to consider the matter and make some sort of a proposition, so that we may get copies of this very important information.

NATIONAL EMPLOYMENT SYSTEM

Mr. WAGNER. Mr. President, on yesterday the House passed Senate bill 3060, with amendments. I ask the Chair

to have the House message handed down, so that I may move to concur in the amendments.

The PRESIDING OFFICER (Mr. ODDIE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3060) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, which were, on page 1, line 10, to strike out "\$10,000" and insert "\$8,500"; on page 2, line 4, to strike out all after the word "appoint," down to and including the word "appoint" in line 10; on page 3, line 3, to strike out all after the word "States" down to and including the word "influence" in line 9; on page 3, after line 17, to insert:

(c) Wherever in this act the word "State" or "States" is used it shall be understood to include the Territory of Hawaii.

On page 4, line 1, to strike out "\$4,000,000" and insert "\$1,500,000"; on page 4, line 2, after the word "and," where it appears the first time, to insert "\$4,000,000"; and on page 9, line 3, to strike out all after the word "general" down to and including the word "general" in line 7.

Mr. WAGNER. I move that the Senate concur in the amendments of the House of Representatives.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator explain the effect of the House amendments?

Mr. WAGNER. They do not affect the substance of the bill at all. One of them provides for the reduction of the salary of the director. The Senate provided a salary of \$10,000 a year for the director, which was reduced by the House amendment to \$8,500. The objection of the House to the provision which is the subject of the other principal amendment was that it might provide for the financing by the Federal Government of interstate placements of employees; and the House eliminated a provision which might have been so interpreted.

Those are the two principal amendments.

Mr. BINGHAM. Mr. President, I should like to ask the Senator from New York if the bill still contains the proposal that if a State does not wish to accept the Federal aid, and does not wish to have an employment bureau run on the plan set forth by the director of unemployment bureaus in the Federal Government which this bill sets up, the director may then go into that State and set up an office, in opposition to the wishes of the people of the State?

Mr. WAGNER. That is the other amendment which I should have mentioned, and which has also been eliminated. No; the bill does not provide for that. That feature of it has been eliminated by the House.

Mr. BINGHAM. I am very glad, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York that the Senate concur in the amendments of the House.

The amendments were concurred in.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 1748) for the relief of the Lakeside Country Club, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H. R. 8898) for the relief of Viola Wright, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the following concurrent resolution (H. Con. Res. 50), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That there be printed 1,700 additional copies of the report of the Committee on Interstate and Foreign Commerce of the House of Representatives (H. Rept. 2789), entitled "Regulation of Stock Ownership in Railroads," of which 500 copies shall be for the use of the House, 200 for the use of the Senate, 600 copies for the use of the Committee on Interstate and Foreign Commerce of the House, 100 copies for the use of the Committee on Interstate Commerce of the Senate, 200 copies for the use of the House document room, and 100 copies for the use of the Senate document room.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

- S. 1571. An act for the relief of William K. Kennedy;
- S. 1851. An act for the relief of S. Vaughan Furniture Co., Florence, S. C.;
- S. 2625. An act for the relief of the estate of Moses M. Bane;
- S. 2774. An act for the relief of Nick Rizou Theodore;
- S. 3553. An act for the relief of R. A. Ogee, sr.;
- S. 3614. An act to provide for the appointment of two additional district judges for the northern district of Illinois;
- S. 4425. An act to amend section 284 of the Judicial Code of the United States;
- S. 4477. An act for the relief of Irma Upp Miles, the widow, and Meredith Miles, the child, of Meredith L. Miles, deceased;
- S. 4598. An act for the relief of Lowela Hanlin; and
- S. 5649. An act for the relief of the State of Alabama.

AIRCRAFT ACCIDENTS

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate a communication from the Acting Secretary of Commerce, reporting, in response to Senate Resolution 206 (submitted by Mr. BRATTON and agreed to May 16, 1930), relative to aircraft accidents which occurred between May 30, 1926, and May 16, 1930, which was ordered to lie on the table.

MANUFACTURE OF WOOD ALCOHOL (S. DOC. NO. 300)

The PRESIDING OFFICER laid before the Senate a communication from the Secretary of Commerce, transmitting, in response to Senate Resolution 437 (submitted by Mr. BROUSSARD and agreed to on February 16, 1931), copies of cooperative agreement between the Bureau of Mines, Department of Commerce, together with correspondence, names of officers, and agents of the United States carrying out the study and the amount of money paid to the Bureau of Mines by any manufacturer of wood alcohol, together with a memorandum from the Acting Director of the Bureau of Mines to the Secretary of Commerce, etc., which, with the accompanying papers, was ordered to lie on the table and to be printed.

LAKESIDE COUNTRY CLUB

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1748) for the relief of the Lakeside Country Club, which was to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Lakeside Country Club, of Pulaski County, Ark., the sum of \$6,000, the balance of taxes illegally collected in 1921, as a full settlement and accord thereof.

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

The motion was agreed to.

Mr. CARAWAY. I ask unanimous consent to insert a telegram in the RECORD at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

LITTLE ROCK, ARK., February 24, 1931.

United States Senator T. H. CARAWAY,

United States Senate Building:

RAGON advises Lakeside bill passed House last night with amendment eliminating interest and now goes to Senate for concurrence. Will you please see that necessary concurrence of Senate is obtained this session, as we urgently need this \$6,000 and agree to accept same without interest. Will appreciate your opinion by immediate wire as to possibility of Senate concurring this session.

S. M. BROOKS, Secretary.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

- H. R. 918. An act for the relief of Regine Porges Zimmerman;
- H. R. 2434. An act for the relief of Frank R. Scott;
- H. R. 4175. An act to extend the benefits of the employers' liability act of September 7, 1916, to Mary Ford Conrad;

H. R. 5520. An act for the relief of the estate of Samuel Schwartz;

H. R. 5521. An act for the relief of Louis Czike;

H. R. 5911. An act for the relief of Lieut. H. W. Taylor, United States Navy;

H. R. 5915. An act for the relief of Barber-Hoppen Corporation;

H. R. 6288. An act for the relief of Frank Rizzuto;

H. R. 6652. An act for the relief of William Knourek;

H. R. 7338. An act for the relief of John H. Hughes;

H. R. 7467. An act for the relief of Chase E. Mulinex;

H. R. 7553. An act for the relief of Lieut. Col. H. H. Kipp, United States Marine Corps, retired;

H. R. 7784. An act for the relief of Mrs. L. E. Burton;

H. R. 7833. An act for the relief of H. L. Lambert;

H. R. 7861. An act for the relief of Lyman L. Miller;

H. R. 7872. An act for the relief of Lucien M. Grant;

H. R. 7936. An act for the relief of Frank Kanelakos;

H. R. 8024. An act for the relief of the Atchison, Topeka & Santa Fe Railway Co.;

H. R. 8224. An act to reimburse D. W. Tanner for expense of purchasing an artificial limb;

H. R. 8785. An act for the relief of the Board of Underwriters of New York;

H. R. 8818. An act for the relief of James M. Pace;

H. R. 8835. An act for the relief of Harry Harsin;

H. R. 8898. An act for the relief of Viola Wright;

H. R. 8953. An act for the relief of Thomas C. Edwards;

H. R. 8983. An act for the relief of Charles S. Gawler;

H. R. 9035. An act for the relief of Walter L. Turner;

H. R. 9245. An act for the relief of Davis, Howe & Co.;

H. R. 9262. An act for the relief of the Pocahontas Fuel Co. (Inc.);

H. R. 9354. An act for the relief of Okaw Dairy Co.;

H. R. 9780. An act for the relief of J. P. Moynihan;

H. R. 10503. An act for the relief of the Portland Electric Power Co.; and

H. R. 10631. An act for the relief of Barnet Albert; to the Committee on Claims.

H. R. 5450. An act for the relief of Granville W. Hickey;

H. R. 5813. An act for the relief of Harold M. Reed; and

H. R. 12215. An act for the relief of Daisy Ballard; to the Committee on Military Affairs.

H. R. 12032. An act to provide for the appointment of one additional district judge for the southern district of New York; ordered to be placed on the calendar.

H. R. 12059. An act to provide for the appointment of an additional judge of the District Court of the United States for the Eastern District of New York; and

H. R. 14055. An act to make permanent certain temporary judgeships; to the Committee on the Judiciary.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 50) of the House of Representatives was referred to the Committee on Printing, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 1,700 additional copies of the report of the Committee on Interstate and Foreign Commerce of the House of Representatives (H. Rept. 2789) entitled "Regulation of Stock Ownership in Railroads," of which 500 copies shall be for the use of the House, 200 for the use of the Senate, 600 copies for the use of the Committee on Interstate and Foreign Commerce of the House, 100 copies for the use of the Committee on Interstate Commerce of the Senate, 200 copies for the use of the House document room, and 100 copies for the use of the Senate document room.

MOUNT VERNON MEMORIAL HIGHWAY

The Senate resumed the consideration of the bill (S. 5644) to amend the act entitled "An act to authorize and direct the survey, construction, and maintenance of a memorial highway to connect Mount Vernon, in the State of Virginia, with the Arlington Memorial Bridge across the Potomac River at Washington," approved May 23, 1923, as amended.

Mr. FESS. Mr. President, I am ready for a vote, without further discussion.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment.

Mr. SHORTRIDGE. Mr. President, a parliamentary inquiry. What is the pending amendment?

The PRESIDING OFFICER. There is no pending amendment.

Mr. SHORTRIDGE. The question is on the third reading and passage of the bill itself?

The PRESIDING OFFICER. On the third reading and passage of the bill itself.

Mr. HOWELL. Mr. President, some years ago the late Senator du Pont presented the State of Delaware with a magnificent highway extending from the southern end of Delaware to its northern extremity. As I recall, that highway complete, between 30 and 40 feet in width, cost the late Senator du Pont about \$7,000,000. This will give a notion of what a highway costs when built without respect to roads, the cost including the right of way and the construction.

Congress authorized the construction of a highway from the end of the Memorial Bridge to Mount Vernon. Two estimates of cost were presented—one, \$3,100,000; the other, \$4,500,000. This highway is to be but 14.6 miles in length. The \$4,500,000 has been expended or committed; and Congress is confronted with a request to authorize the appropriation of \$2,700,000 additional, with no assurance that that will complete the highway.

In other words, this highway, 14.6 miles in length, is now to cost the Government as much as that magnificent highway, including right of way and construction, from one end of Delaware to the other.

You are all familiar in a general way with the cost of the construction of highways. From forty to fifty thousand dollars will grade roads and metal them up to the average width; but how much a mile is this highway to cost? Exclude the mile through Alexandria, for the improvement of which \$80,000 is set aside; deduct that \$80,000 from the \$7,200,000, leaving \$7,120,000; and we find that this highway, not including a dollar for right of way or land, is to cost \$462,000 a mile, with no assurance that this is all.

This is not the first time that Congress has been led into an enterprise by a low estimate, with seemingly no feeling of obligation upon the part of the engineers to complete the construction within the cost of the authorization. It is time that Congress made a new departure and demanded of its responsible officials what a corporation demands of its officials—that when they propose a project and submit estimates, those estimates shall be sufficient to carry out the project. If that were not true in connection with private corporations, we would have failures not merely because of bad business but because of inexcusable conduct on the part of their employees.

The Government can not run its business any differently than the business of a private corporation is conducted unless it is to be subject to the charge of inefficiency—such a charge as would blast the reputation of the executive of a private corporation.

But, Mr. President, that is not all. There has been expended for lands \$612,000, and it is expected to expend enough more to increase this amount to about \$824,000. The cost of this highway, including land, excluding the mile in Alexandria, but allowing for it the \$80,000 to be expended thereon, is \$523,000 a mile; and we have no assurance that that is all.

Mr. President, this highway is in honor of the Father of his Country. But there is no man now living who would more thoroughly deprecate such action on the part of officials than the Father of his Country.

Mr. FESS. Mr. President, will the Senator yield, or would he prefer that I not interrupt him?

Mr. HOWELL. I yield.

Mr. FESS. The additional cost above the estimate I have investigated since we met yesterday, and it can all be accounted for, and the Senator will approve of it when the facts are submitted.

Mr. HOWELL. But the Senator will admit here that he does not want to accept an amendment that will assure the Senate that this highway will not cost more than \$7,200,000.

He wants leeway because he expects to come back here asking for more money.

Mr. FESS. No; if the Senator will yield. The Senator means not \$7,000,000, but \$6,000,000.

Mr. HOWELL. Seven million two hundred thousand dollars is what is asked as the total authorization.

Mr. FESS. Four million five hundred thousand already authorized, and we are proposing to authorize here \$2,700,000. That would make \$7,200,000, it is true.

I have no thought that there will be any additional requirement. If there is a requirement, I want the way open so that we can meet it. I want this boulevard built the way it ought to be built, without having to pare it down simply to get it within a specified limit of cost. This is a memorial. It is to be a reminder to the generations to come, and we are not going in any way to prevent its completion because of dispute over the expenditure of amount of money that was not foreseen when the estimate was made. I know the Senator agrees with me in that.

I recognize that the Senator has a feeling that bureaus pay no attention to the estimates and authorizations of Congress, and, in spite of what we have authorized, go ahead and spend without regard to limits of cost. I join the Senator in attempting to stop that. I voted for a measure which is now on the statute books making it a crime to expend more than is authorized.

Mr. President, I want to lay before the Senate the various items inquired into yesterday, as to which I did not have the facts then, and when I state them there will not be a Senator who will not approve what we are doing. After reading the amendment offered by the Senator, I would not think of accepting it, because it would give authority to the Comptroller General—and I have great admiration for the Comptroller General, who for six years was my secretary, and I know him—to prevent any step being taken until he is convinced that the whole project can be completed with this amount of money, and there is not a man alive who can be assured of that at this stage. I do not want the project tied up with that sort of provision, and I feel sure the Senator from Nebraska does not. If he had an amendment that would limit the cost, so that they could go ahead, I would accept it, but I could not accept the amendment he has offered after I have studied it.

Mr. SWANSON. Mr. President, I would like to say in connection with this that a bureau does not build this road. I understand it is built by a commission appointed by Congress.

Mr. FESS. The Senator is correct. The commission known as the George Washington Bicentennial Commission is the authority building the road. We turned the building of it over to the Bureau of Public Roads, and no move is made by that agency that is not laid before the executive committee of the Bicentennial Commission for approval. There has been no additional expenditure that has not been approved by the executive committee of that commission. So that this criticism of the expenditure of this money is unfair, because, if there is to be criticism at all, it should be against the commission and not the Bureau of Public Roads.

Mr. HOWELL. Mr. President, the commission is not composed of engineers who are giving their attention to this matter. This work has been delegated. The highway has been under construction for nearly two years, and the Senator from Ohio now admits and states that there is not a person living who can tell within what limits of cost the boulevard can be completed.

Mr. FESS. Mr. President, will the Senator yield to me for just a brief observation at that point?

Mr. HOWELL. I yield.

Mr. FESS. In the hydraulic work, which will comprehend 2½ miles, the builders found, in pumping the heavy material out of the river, that the route of the highway was to be over silt that was in places 40 feet deep, and as the material was pumped out of the river onto the highway, the weight of it pressed down and spread out the silt until they had to pump as much as 30 feet more than the entire width, because, with the riprap inefficient, the highway was

spread out beyond the 40 feet that was intended to be the width.

They found at Little Hunting Creek that the heavy material put on the roadway resulted in small trees on either side being uprooted by the pressure of the weight of this heavy material bulging out and pushing the side out of position. The Senator can see that if he will go down there. That was wholly unexpected, and nobody anticipated it.

In addition to that, the situation at Fort Hunt is very important. At that place there is a Government reservation, where we have an Army post, renewed in the Spanish-American War. The highway runs along the bottom of the hill near the water. It was found that in order to keep the way open from the river to the fort it was necessary to build an underpass. That meant that it was necessary to fill in for a quarter of a mile a grade nearly 30 feet deep in order to furnish an unobstructed passage, not over the highway, but under the highway, so that the Government could have access to the wharf. That was all unexpected. It was laid before our commission, and the officials asked us what they ought to do with it. We replied they should proceed to do the new construction work.

In addition to that—and this the Senator knows about, for he was on the committee and we had three different meetings of the committee in reference to it—there was a question as to the traffic control out at the south end of the Highway Bridge. According to the original plan the boulevard was to go under the bridge as it then existed, but we found that as the traffic came in from the south, coming through Washington Street at Alexandria, it would continue on the boulevard rather than take what is now called the lower road. If travelers did that and approached the bridge, they could not get from the boulevard onto the Highway Bridge, but have to go on around and over Columbia Island across the Memorial Bridge.

That matter was laid before the executive committee, which was the appropriate committee of the commission to consider it, and the builders asked whether they would be authorized to remove two spans of the Highway Bridge, build an abutment there, and make an approach from the boulevard onto the Highway Bridge. After we had three meetings on that matter we finally decided that that was the thing to do. That meant an additional outlay of at least \$100,000.

We did not take that action without bringing it to Congress. It came to the Committee on the Library, of which the Senator is a member. We agreed to make a change. The commission came to Congress and asked for it, and it was granted us.

These are all additional items which were not included in the original estimate, and while we have asked an enormous amount, every one of these additions is justified. Nobody wants to go back to the original estimate, and I know there is nobody here who is more anxious about it than the Senator from Nebraska; but he has a feeling that we are here ignoring, through a Government agency, the authority of Congress and that there ought to be a halt called to that. I share in that opinion, but it is not a fair criticism of the Bureau of Public Roads of the Government in the building of this boulevard. The criticism should come to us and not to them.

That is the statement I want to make. The Senator will realize, when he speaks of the \$612,000 that we pay for the right of way, that 110 acres of this right of way were donated to the Government by the residents out in Virginia, and the average price per acre of the land included in that donation is now estimated to be \$537. The price paid for what we purchased was below that. So that while we purchased 412 acres 110 acres were donated to us, and what we pay for the right of way is not an exorbitant price.

Then, if the Senator will yield, the Government is paying \$14,000,000 for the building of the Memorial Bridge, while under the Mount Vernon Boulevard project 12 bridges are being constructed at a cost of something like \$2,000,000. That amount was not originally estimated. It was thought those bridges could be built for a million dollars, but they are going to cost \$2,000,000. So while I share with the

Senator a keen desire to not permit Government agencies to exceed proper estimates, I think he is not quite fair to the Bureau of Public Roads in his criticism. If any criticism may be indulged, perhaps it should be directed to the commission.

Mr. HOWELL. Mr. President, I have uttered no criticism of the commission, as I have stated before. Every suggestion that has been made by the Senator from Ohio as to why this project has cost more could have been determined by engineers familiar with that kind of work. No engineer would attempt to estimate the quantities necessary to fill across a lagoon open to tide water without sounding the muck in that lagoon. He would know that if he imposed upon the muck heavy material—sand, gravel, and stone—of course it would ultimately settle until it reached the solid foundation underneath.

Mr. SWANSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. HOWELL. I yield.

Mr. SWANSON. The Senator has said that he does not intend to reflect on the commission. The substance of his amendment is to put the final determination for expenditures in the construction of this road in the hands of the Comptroller General and to take it from the commission appointed by the Congress and selected to build this memorial road. That is my objection to the amendment. Congress has selected the commission. The road was intended to be monumental. Its control and construction were placed in the hands of the commission. They were to determine whether or not the road was sufficiently monumental. My objection to the Senator's amendment was that it would transfer the decision with reference to the construction of the road from that commission to the Comptroller General.

Mr. HOWELL. Mr. President, the Senator from Virginia realizes that the General Accounting Office is the place where every expenditure must finally go for approval. The General Accounting Office is responsible.

Mr. SWANSON. That is the reason why I am anxious to confine it to passing on money already expended, and not that it be allowed to direct the commission how the money shall be expended.

Mr. GLASS. Mr. President, there is no amendment pending. We voted on the amendment of the Senator from Nebraska and voted it down; so there is no amendment pending.

Mr. HOWELL. The Senator is correct. I am speaking on the bill.

Mr. GLASS. But my colleague seems to be under a misapprehension that there is an amendment pending. There is no amendment pending.

Mr. HOWELL. The Comptroller General must ultimately pass upon every expenditure. He has a great organization. He is familiar with governmental expenditures. The engineers connected with this enterprise, who have been working on it for nearly two years, certainly ought to be able to make it plain to the Accounting Office that their plans will be fully covered by the \$2,700,000 additional, should Congress see fit to authorize and appropriate that much more. Somebody must pass upon matters of this kind, somebody who has the facilities to do so, and the Accounting Office is best equipped for that kind of service.

On yesterday there was discussion as to the estimates which had been made in connection with this project. I stated very clearly that it was my memory that there was an estimate of \$4,200,000 submitted to the committee for the project; not an estimate for just any route, but an estimate for the river route as I stated.

Mr. BLEASE. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. HOWELL. I yield.

Mr. BLEASE. Does not the Senator think that the mere fact of the Senate having voted down his amendment yesterday shows that this effort upon his part will be of no particular avail?

Mr. HOWELL. Oh, there is no question about that.

Mr. BLEASE. Does not the Senator think it would be just as well to let the bill pass and save time?

Mr. HOWELL. The engineers feel that there should be further expenditures made, that they may be necessary, and they want to come back to Congress and ask for a further authorization. I admit they have a right to do that, but we ought to understand it thoroughly, now that we have made an authorization of \$4,500,000, that they have proceeded with the work in such a way that it is to-day not more than 60 per cent completed and that all the money is either spent or pledged in connection with contracts uncompleted, and yet they come back to us now and say, "We want \$2,700,000 more." They are not willing to say to us that this shall complete the enterprise. I should like to ask the Senator from Ohio how much more he thinks will be necessary?

Mr. FESS. Mr. President, I have no idea that there will be a dollar more required. When the Senator says the engineers want the matter kept open, he speaks gratuitously. I do not know of any engineer who wants it kept open. I opposed the Senator's amendment because under it there could not have been a step taken in the completion of the boulevard from the day of the adoption of his amendment until we had convinced the Comptroller General that the enterprise could be completed with this amount of money. I would not trust it to him or any other man to say we could not move a peg until we had shown that it could be done for this amount. I want it kept open, but I have not the slightest idea that there will be a single dollar more asked for.

Mr. HOWELL. I would like to ask the Senator if he does not think that the expenditure of \$523,000 per mile on this boulevard is an excessive expenditure?

Mr. FESS. I assume that it is not, because of the character of right-of-way over the river route, which is a very unusual character. When the Senator speaks about Delaware, he speaks of a State which is perfectly level all the way through. The Senator knows that undoubtedly we could pave the streets of Washington or Alexandria much more cheaply than we could build a road out in the section where we have had to fill in as in the case of this highway. If we had the grade all made by nature, it would cost a very small sum, but if we build the boulevard along the shore line with all of the indentations of Four Mile Run and Little Hunting Creek and those waters 2½ miles in length, it is clear that we do not have a situation comparable with that found in a level country such as Nebraska and Delaware.

Mr. HOWELL. But the Senator will admit that the engineers who planned the boulevard knew all about the physical features of the region to be traversed?

Mr. FESS. They did not know many things that they now know, as I have suggested before. When the Senator said they should bore and find out how deep the silt was, he stated just what was done. They found it was 40 feet deep in places and come back and said, "We can not do this work within the limit estimated." That is when we authorized them to proceed.

Mr. HOWELL. Then, does not the Senator think the commission should have come back to Congress and said, "There has been authorized \$4,500,000 for this work. The engineers now report that they were mistaken and the work can not be completed for this sum. The question is whether we shall choose another route or whether we shall go through with this one."

Mr. FESS. They came back and laid the two propositions before us—and when I say "us," I mean the executive committee of the commission—and we recommended the river route and stated that we would recommend that the Government authorize an additional amount necessary to build it. That is what we are doing now.

Mr. HOWELL. Everything that the Senator from Ohio states is clearly in support of the correctness of my attitude that the authorizations of Congress should be seriously regarded.

On March 5, 1928, a report on the Mount Vernon Memorial Highway was printed. It said, in part:

On account of the heavy fills and crossings of soft marshes, time should be given for thorough settlement before permanent pavement is laid.

They were familiar with the soft marshes at that time.

For this reason the most economical construction would require several years, and any appropriation made for the purpose could be spread over that period, say four equal annual installments.

There are transmitted herewith—

1. Map showing location of surveys made by General Hains in 1889.

2. Aerial photographic map showing the two routes surveyed by this bureau.

Two routes were surveyed, as I have stated.

3. Drawing showing typical cross section of proposed highway.
4. Sketches for proposed bridges.

In closing this report I desire to express appreciation of the cordial cooperation of the Commission of Fine Arts, the National Capital Park and Planning Commission, the Corps of Engineers, and the Army Air Service, also to commend for his excellent work Mr. Clifford Shoemaker, highway engineer of this bureau, who has had immediate charge of the survey.

Respectfully submitted.

P. ST. J. WILSON, *Chief Engineer.*

PROPOSED MOUNT VERNON BOULEVARD

Preliminary estimate of cost of construction along river route on basis of 120-foot roadbed and 40 feet of paving and omitting the filling of basins at Roaches Run and Four Mile Run

[Right of way, 200 feet in width; length of project, 14.6 miles]

60 acres clearing and grubbing, at \$150.....	\$9,000
Moving buildings from right of way.....	6,000
1,000,000 cubic yards excavation, unclassified, at \$0.50....	500,000
2,500,000 cubic yards hydraulic embankment, at \$0.30....	750,000
Grade separation, culverts, and bridges.....	1,000,000
Small drainage structures.....	50,000
Relocation of electric railway at Alexandria.....	25,000
325,000 square yards pavement (high type), at \$2.60....	845,000
Landscape treatment.....	75,000
Right of way.....	100,000
Terminal facilities.....	100,000
Subtotal.....	3,460,000
Engineering and contingencies.....	740,000
Estimated total cost of construction.....	4,200,000

As I stated yesterday, this is a report which was made two years ago; at that time the cost of construction was very much higher than now, and yet the engineers have so changed their plans and specifications that the paving alone, they state, will cost \$1,500,000 instead of \$845,000. In other words, after proposing one project no attention was paid to what they proposed and another project was adopted. The engineers did not make their disposition in accordance with the proposal submitted to the committee two years ago.

The Senator from Ohio has stated that the commission has authorized these various changes, but it should be understood that even if the commission did so it violated a principle which Senators and Representatives certainly ought to regard, and that is that when Congress grants an authorization for a project such authorization should be considered the limit of the cost until Congress shall again be consulted. That is what I am trying to impress, and I do not know any other way to impress it except to stand here and emphasize this outstanding example. How else can we check such business methods—prevent just such inattention to the orders and directions of Congress?

As I recall, the Senator from Ohio recently stated in his remarks that a certain hundred acres or more had been donated for the use of this highway and that the land was worth in the neighborhood of \$500 or \$600 an acre now, or about the average cost of land for the construction of this project. I ask the Senator from Ohio if I am correct in this statement?

Mr. FESS. I beg the Senator's pardon. I did not catch his question.

Mr. HOWELL. It was my recollection that the Senator from Ohio stated that about 100 acres had been donated to the project and that the land was worth about \$500 or \$600 an acre, or about what the commission was paying for land.

Mr. FESS. The Senator's last statement is not in accordance with what I said. The Senator has a letter from the Chief of the Bureau of Public Roads, a copy of which he sent to me. In that letter all the acreage is listed, first the acreage amounts are given, second the assessed values, third the price paid per acre, and fourth the total amount paid. In that list of purchases are 410.8 acres, which cost \$634,-849.23. The average assessed value of the land acquired by purchase was \$573 per acre.

What I said in regard to donations was not that 100 acres were not donated in a tract, but there were several sections here and there between Washington and Mount Vernon which were donated, the donations amounting to 101.1 acres. There were 11 different donations, one being from Bucknell University, of 21 acres, and another from Jesse Walker Landon, of 22 acres. The assessed value of the land donated was on a basis of \$107 per acre. The average assessed value per acre of the donated property, estimating the value of the Mount Vernon Ladies' Association tract at \$100 per acre, was \$125. The actual average value of the property donated on the basis of the assessment was \$567 per acre. The item of \$567 is the one to which I referred, in contrast with the cost per acre of the land that was purchased.

Mr. HOWELL. Mr. President, it is interesting to note in connection with the acquisition of land for this enterprise that the assessed valuation averages \$573 an acre, whereas the land cost nearly three times as much. It is all situated on the other side of the Potomac River and extends 14 miles down the river. However, the cost of this land is a matter that I have not discussed to any extent. I eliminated the cost of land and right of way from the first estimate of cost of the boulevard. I realize that in purchasing land under such circumstances excessive prices will be asked, and there is no question that in this case the Government has paid excessive prices. I presume this could not be avoided. However, it is my view that where excessive prices are asked the Government for land, condemnation proceedings should always be resorted to. In this case such a course has not generally been followed.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Fletcher	King	Schall
Barkley	Frazier	La Follette	Sheppard
Bingham	George	McGill	Shipstead
Black	Gillett	McKellar	Shortridge
Blaine	Glass	McMaster	Smith
Bicase	Glenn	McNary	Smoot
Borah	Goff	Metcalf	Steck
Bratton	Goldsborough	Morrison	Steiwer
Brock	Gould	Morrow	Stephens
Brookhart	Hale	Moses	Swanson
Broussard	Harris	Norbeck	Thomas, Idaho
Bulkeley	Harrison	Norris	Thomas, Okla.
Capper	Hastings	Nye	Townsend
Caraway	Hatfield	Oddie	Trammell
Carey	Hayden	Partridge	Tydings
Connally	Hebert	Patterson	Vandenberg
Copeland	Heflin	Phipps	Wagner
Couzens	Howell	Pine	Walcott
Cutting	Johnson	Pittman	Walsh, Mass.
Davis	Jones	Ransdell	Walsh, Mont.
Deneen	Kean	Reed	Waterman
Dill	Kendrick	Robinson, Ark.	Watson
Fess	Keyes	Robinson, Ind.	Wheeler

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

Mr. HOWELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following proviso:

Provided, That such disposition shall be made and orders given by the responsible authorities as shall assure the full completion of said highway project at a cost not to exceed \$7,200,000.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nebraska.

Mr. HOWELL. Mr. President, I should like to ask the Senator from Ohio [Mr. Fess] if he will accept this amendment.

Mr. FESS. Mr. President, I see no particular objection to accepting that amendment, because it simply limits the cost to the amount of this authorization. However, I should want it distinctly understood that this would not bind me in case it should develop that the highway can not be completed within this amount of money. It would not prevent my asking for an additional amount, because we want the highway completed.

Mr. HOWELL. Mr. President, no one realizes better than myself that such an amendment can not prevent a further authorization by Congress. I have stood here and urged that even this authorization would not complete the highway and that the authorities would be back here again; but if this amendment is accepted, I am willing to allow the bill to pass.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska. [Putting the question.] By the sound the noes seem to have it.

Mr. HOWELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The VICE PRESIDENT. The bill is before the Senate and open to amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

Mr. HOWELL obtained the floor.

Mr. HEFLIN. Mr. President—

Mr. HOWELL. I yield to the Senator from Alabama.

SENATOR FROM ALABAMA (S. DOC. NO. 299)

Mr. HEFLIN. I send to the clerk's desk a formal petition of my contest, and ask that the clerk may read it in my time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the petition will be read. The Senator from Nebraska yields for that purpose?

Mr. HOWELL. I yield.

The Chief Clerk read as follows:

PETITION OF J. THOMAS HEFLIN

To the Senate of the United States:

Comes now J. Thomas Heflin and files this his contest for a seat in the United States Senate as Senator from the State of Alabama and contests the seat claimed by John H. Bankhead for the term beginning March 4, 1931, and as grounds for this contest shows to this honorable body that heretofore your petitioner, having been defrauded of the right to run in the regular Democratic primary held in the State of Alabama on the 12th day of August, 1930, the said John H. Bankhead was nominated in a primary known as the regular Democratic primary and held on the 12th day of August, 1930, and that said primary was reeking with fraud and corruption and that this fact was known to the said John H. Bankhead, and that as a result of said primary the said John H. Bankhead was known as the regular Democratic candidate for United States Senator from Alabama for said term, and that the said J. Thomas Heflin was nominated at a State convention held at Montgomery, in the State of Alabama, the 1st day of September, 1930, known as the Jeffersonian convention and was known as the independent Democratic candidate on the Jeffersonian ticket. There were no other nominees on any ticket in the said State of Alabama as candidates for United States Senator from Alabama for said term.

That there are in the said State 67 counties, divided into about 1,400 election precincts, beats, or divisions; that the election for said office was held on the 4th day of November, 1930; that by the laws of the said State of Alabama the votes cast in the said various beats or precincts are canvassed and counted by the beat or precinct election officials in the respective beats or precincts in which the votes are cast; that said various election beat or precinct officials certify the results thereof to the various county canvassing boards composed in each county of the sheriff, judge of probate, and clerk of the circuit court, which board is authorized to receive such results in the counties in which the various beats or precincts are situated; that within brief interval thereafter the county boards of canvassers scrutinized such returns and in accordance with the laws of the State of Alabama an abstract of the various returns is made and certified to the secretary of the State.

That as a result of the canvass of the returns as certified to the secretary of state of Alabama it was declared that the said John H. Bankhead was shown by the returns to have received 150,985 votes for the said office of United States Senator at said election, and that the said J. Thomas Heflin had received a total of 100,969 votes for said office, the difference thus giving the said Bankhead an apparent plurality of 50,016 votes, and the said Bankhead claims his election on the basis of said apparent plurality and will probably present his claims upon the first convening of the Senate on or after March 4, 1931.

For the purpose of this complaint the said Bankhead is hereinafter described as the claimant and the said Heflin as the contestant.

That said contestant, Heflin, avers on information and belief that in truth and in fact there were cast at the said election many thousand more votes for the contestant, Heflin, than were cast for the claimant, Bankhead, for said office of United States Senator from the State of Alabama for said term; and said contestant further avers that there were errors, fraud, and irregularities in said election affecting the result, which, if corrected, would show that this contestant received a decisive majority of votes legally cast at said election for said office, and that contestant's majority would have been considerably larger had it not been for fraud and intimidation practiced by the friends, supporters, and colleagues of the said claimant, Bankhead, to the hurt and injury of said contestant, Heflin.

That among the illegalities complained of and affecting the result are:

(a) That various local canvassing boards, in precincts in practically every county in the said State of Alabama, unlawfully counted for said claimant, Bankhead, votes which in truth and in fact were cast, or intended to be cast, for the contestant, Heflin.

(b) That a large number of ballots lawfully cast for the contestant, Heflin, were not counted for him, but were utterly ignored by various election boards in making up the count, and they were not returned for the contestant, to whom they rightfully belonged.

(c) That many ballots in many precincts, duly marked and cast for the contestant, were rejected by the respective election boards and not counted at all.

(d) That many votes were allowed to be cast by persons not qualified to vote and that these votes were cast and counted for claimant, Bankhead.

(e) That there was gross violation of the absentee ballot law and many absentee ballots were illegally obtained, many purporting to be ballots of persons known to have been dead or otherwise disqualified, and said illegal absentee ballots were cast and counted for said claimant, Bankhead.

(f) That many votes were cast and counted for said claimant, Bankhead, by parties who wanted to vote for said contestant, Heflin, but were prevented from doing so by friends, supporters, and colleagues of said claimant, Bankhead, said parties voting for claimant for fear they would lose their jobs or be otherwise financially punished if they voted for said contestant.

(g) That large sums of money were unlawfully spent for the purpose of qualifying voters who had been in arrears on their poll-tax payments for many years past as an inducement to get said voters to vote for said claimant, Bankhead, and that said voters did unlawfully vote in said election of November 4, 1930, for said claimant, Bankhead, thus materially changing the results in said election.

(h) That large numbers of friends and supporters of said contestant, Heflin, who were duly qualified to vote in said election of November 4, 1930, were knowingly and purposely left off the lists of qualified voters furnished election officials in various beats or precincts, and every known difficulty thrown in their way to prevent them from voting for said contestant, Heflin, and that this action materially affected the results in said election.

Said contestant therefore comes to your honorable body with the sincere and profound belief that upon a fair and lawful recount of the ballots legally cast, and upon a complete audit of the poll list of voters participating in said election, together with a full and accurate survey of the ballots rejected, and on the elimination of fraudulent returns and results he will be shown to be the duly and lawfully elected United States Senator from the State of Alabama; and for that purpose and for all the purposes of truth and justice he therefore prays that your honorable body will make a full and complete examination into the situation and will so decide.

J. THOS. HEFLIN, Contestant.

DISTRICT OF COLUMBIA, ss:

J. Thomas Heflin, being first duly sworn, upon oath deposes and says that he is the contestant named in the foregoing matter; that he has read the foregoing statement and knows the contents thereof; that the matters and things as therein set forth are true except as to those matters stated on information and belief, and as to those matters he believes it to be true.

J. THOS. HEFLIN.

Subscribed and sworn to before me this the 24th day of February, 1931.

[SEAL.]

CHARLES F. PACE,
Notary Public, District of Columbia.

My commission expires February 12, 1936.

The VICE PRESIDENT. The petition will be referred to the Committee on Privileges and Elections and printed as a Senate document (S. Doc. No. 299).

Mr. HEFLIN. Mr. President, I send to the clerk's desk a resolution which I introduced a few days ago, but I have modified it, and I want the resolution as modified to go to the Committee to Audit and Control the Contingent Expenses of the Senate. I will ask that committee to substitute this resolution for the one they now have. I ask to have the resolution read.

The VICE PRESIDENT. Without objection, the clerk will read.

The Chief Clerk read the resolution (S. Res. 467), as follows:

Resolved, That the Committee on Privileges and Elections of the Senate is hereby authorized and empowered forthwith to take possession of ballots and ballot boxes, including poll lists, tabulation sheets, or any other records contained within said boxes, which were used in the general election of November 4, 1930, in the election of a United States Senator in the State of Alabama, and to impound the same, and in the event that a contest is filed, the said committee is authorized to examine and consider the same and all other matters pertaining to said contest.

Resolved further, That the expense incurred in the carrying out of these provisions shall be paid from the contingent fund of the Senate upon vouchers ordered by the committee or any subcommittee thereof, and approved by the chairman of the committee.

Mr. CARAWAY. Mr. President, may I ask the Senator from Alabama a question?

Mr. HEFLIN. Certainly.

Mr. CARAWAY. Is it the purpose of the Senator from Alabama to have the ballot boxes in all the precincts in the State impounded, or does he want to file a list showing those he wants taken?

Mr. HEFLIN. I am not sure yet. I think it will be wise to impound all of them.

Mr. CARAWAY. My reason for asking the question was that it costs quite considerable to gather up all the ballot boxes in a State, and I thought if there were some counties or some precincts the boxes in which the Senator did not want to go into, he might furnish a list of those.

Mr. HEFLIN. I think there were irregularities in every precinct in the State.

The VICE PRESIDENT. The resolution offered by the Senator will be printed and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

MOUNT VERNON MEMORIAL HIGHWAY

The Senate resumed the consideration of the bill (S. 5644) to amend the act entitled "An act to authorize and direct the survey, construction, and maintenance of a memorial highway to connect Mount Vernon, in the State of Virginia, with the Arlington Memorial Bridge across the Potomac River at Washington," approved May 23, 1928, as amended.

Mr. FESS. Mr. President, there is no disposition to limit the cost of this project. I think the Senator from Nebraska has an amendment to offer to which we can all agree. The only concern I have is that it shall not interfere with legislation we have already enacted in reference to the parkway, for which we have authorized \$7,000,000, known as the George Washington Memorial Parkway. It would have nothing to do with that.

Mr. HOWELL. This amendment refers entirely to the boulevard.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. The Senator from Nebraska proposes to add to the last section of the bill the following proviso:

Provided, That the George Washington Bicentennial Commission shall direct the full completion of said highway project at a cost of not to exceed \$7,200,000.

Mr. FESS. I have no objection to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The question now is, Shall the bill be engrossed and read a third time?

The bill was ordered to be engrossed and read a third time.

The bill was read the third time and passed.

ALLEGED PAYMENT TO A SENATOR

Mr. BORAH. Mr. President, I desire to call the Senate's attention to an article appearing this morning in the New York World entitled "Hear Senator Got \$100,000 in Fight Over Sugar Tariff. Lobby Committee Expected to Investigate Clues Obtained Through Nye Inquiry into Campaign Expenses. Head of Corporation Admits Money Deals. Ex-

plained They Related to Stock Trades, Though Shares Then Were Declining."

The body of the article, over the signature of Mr. William C. Murphy, jr., reads:

WASHINGTON, February 23.—Evidence has been laid before the Senate lobby committee purporting to show that a Member of the Senate received sums aggregating between \$100,000 and \$150,000 from the head of a domestic sugar company interested in obtaining a high sugar duty during the period when the Hawley-Smoot tariff bill was before Congress.

Senators cognizant of the facts so far developed have expressed themselves as shocked, and it has been indicated that a formal investigation will be initiated in the near future, either on the initiative of the lobby committee or in conformity with an order from the Senate.

The evidence now before the lobby committee was unearthed in the first instance by the Nye investigating committee during its inquiry into the campaign expenditures of the Senator involved. Witnesses were found who are willing to testify that the Senator did receive money, but no definite evidence could be obtained to indicate that the money was used or intended to be used for campaign purposes. On the contrary, there was a statement from one witness that the money was intended as compensation for services in the fight for a higher sugar tariff.

EVIDENCE TURNED OVER

It was because of this situation that the evidence has been turned over to the lobby committee.

However, it has been brought out that some of the reported payments occurred in the Senator's recent campaign for election.

The president of the sugar company, in an appearance before the Nye committee during an executive session, admitted financial transactions with the Senator, but explained they related to purchases and sales of stocks in the president's companies. As against this, the committee was told by a former officer of one of the companies that during this period the stocks were declining and were paying no dividends, and that there could have been no occasion arising out of normal business transactions for the payment of any large sums to the Senator.

Both the president of the company and his former secretary have admitted that the president at one time held a personal note for a large amount. They differed as to the amount involved, the president saying it was for \$22,000, which has since been paid off, and the secretary saying it was between \$50,000 and \$100,000.

OTHER SENATORS CURIOUS

This incident has excited the curiosity of other Senators who have learned of it. Because the Senator who signed the note is a man of large financial resources. Most of evidence regarding the evidence regarding the relationship between the Senator and the president of the sugar company rests on the testimony available from a former vice president of one of the corporations involved.

One of the things the former vice president has said he would be willing to swear to is that after a telephone conversation between the president in New York and the Senator in Washington, the president issued orders to send the Senator another \$10,000.

After another conversation between the president and the Senator, the vice president said, he was told that the Senator had given assurance that there would be a sugar tariff of 3 cents a pound. In this assurance the Senator was mistaken, for the rate finally accepted was 2½ cents, with a 20 per cent differential in favor of Cuban sugar.

Mr. President, no name is mentioned in the article, but I take it that the Senate would not want this matter to go uninvestigated, would wish that the facts should be secured and reported to the Senate. I understand the Senate lobby committee is still authorized to make such investigation, and I desire to urge that that committee make investigation immediately, or as quickly as practicable, and report the facts to the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I support the suggestion made by the Senator from Idaho. If the lobby committee chooses to enter upon the investigation, it may be necessary to extend the authority of that committee.

Certainly a charge of this nature should not go without notice on the part of the Senate. If the lobby committee declines to pursue the matter, I think it will be necessary to adopt a resolution creating a special committee to investigate the charges referred to by the Senator from Idaho. I would like to know whether it is understood that the lobby investigating committee will pursue the investigation of the charges.

Mr. BORAH. Mr. President, I was informed by the chairman of the lobby committee that if the matter were called to the attention of the Senate and brought to the attention of the committee in that way, the investigation would be made.

Mr. ROBINSON of Arkansas. If that is not to be done, I think, in justice to the Senate itself, a resolution should

be proposed instructing the lobby committee to make the investigation, or creating a special committee to deal with the subject.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. WATSON. The Senator from North Dakota is the chairman of the lobby committee—

Mr. ROBINSON of Arkansas. No, the Senator is wrong; the Senator from North Dakota is chairman of the Select Committee to Investigate Contributions and Expenses of Senatorial Candidates.

Mr. WATSON. I had in mind that to-day the Senator from North Dakota gave a statement to the press on this subject, and I think it might illuminate it if he would state on the floor of the Senate the substance of the report given to the press about this \$100,000 affair.

Mr. ROBINSON of Arkansas. May I inquire whether the report spoken of by the Senator from Indiana has been submitted to the Senate?

Mr. WATSON. No; it has not been submitted to the Senate. I thought the Senator from North Dakota might orally make a statement here which might throw some light on the situation.

Mr. NYE. Mr. President, I have been delayed in getting into the Chamber, and even now am not aware of what is pending. Has a resolution been offered, or has a motion been made, or what is before the Senate now?

Mr. ROBINSON of Arkansas. No resolution has been offered. I take it that unless objection is made, the lobby committee will proceed with the investigation of the charges referred to by the Senator from Idaho.

Mr. NYE. Mr. President, when the article to which I understand the Senator from Idaho [Mr. BORAH] has called the attention of the Senate was called to my attention this morning I was rather distressed to think that on the basis of what was known or what had been called to the attention of any Senate committee there would be built such stories as would reflect upon any Member of the Senate. There have been whisperings and murmurings for many, many weeks in this Chamber and among representatives of the press regarding these certain charges. When they were called to my attention this morning I felt that it was only fair play that, as chairman of the Select Committee to Investigate Contributions and Expenses of Senatorial Candidates, it was my place to reveal what, if anything, our committee had encountered in a study of these particular charges. I said, in effect, in the statement I released to the press that as a result of our inquiry into the matter I had been impressed that there was nothing reflecting upon the honesty, the honor, or the integrity of any Member of the Senate.

Since releasing this statement to the press I have had revealed to me some question as to my meaning. I do not want the conclusion drawn that our committee went thoroughly into the charges which were made. We could not go into the matter only in so far as the allegations laid before us related to the conduct of a senatorial campaign. That being the case, I can not help but feel that the one thing, in view of the display that is now being made, is for a proper Senate committee to make that more complete investigation to the end that the truth may be known and to the end that no Member of the Senate will be forced to carry about with him for the rest of his days any reflections growing out of this particular case.

Mr. President, I know something of what can happen and what does happen by reason of the publication of some story that may seem to have splendid grounds and foundation. It has been only a matter of the last two weeks since a Member of this body saw fit to insert in the CONGRESSIONAL RECORD a statement of the expenditures of the Senate Committee Investigating Senatorial Campaign Expenditures, and from that statement editorial writers have drawn conclusions, which have prompted them, for instance, to publish editorials without any qualifications whatsoever, saying in effect that Senator NYE had employed his own brother to be disbursing clerk of the committee, and that his brother had

drawn between \$4,000 and \$5,000 of the committee funds for personal compensation, whereas as a matter of fact his brother drew not one penny of compensation from the funds given to this committee to be spent for that purpose, not one penny; and yet I do not expect during the remainder of my days to catch up entirely with that sort of story. For that reason, and because that is the case, I hope there may be a sweeping and complete investigation made in this case now before us.

Mr. ROBINSON of Arkansas. Mr. President, the article upon which the statement of the Senator from Idaho was based implies that the so-called Nye committee communicated some evidence or suggestions to the so-called lobby committee. May I inquire of the Senator from North Dakota, in view of the statement he has just made, whether he assumes or is convinced that the charges embraced in the article referred to by the Senator from Idaho are unfounded and unjust?

Let me say that I have no disposition whatever to enter upon an investigation of subjects which reflect upon Senators unfairly and unjustly, and that I would prefer to avoid any investigation if those who are familiar with the facts are prepared to state to the Senate that there is no foundation or justification for an inquiry.

Mr. NYE. I think I gather the import of the question of the Senator from Arkansas.

Mr. ROBINSON of Arkansas. If I have not made it plain I will do so.

Mr. NYE. I am sure the Senator has done so.

Mr. ROBINSON of Arkansas. The Senator, according to the article referred to, is chairman of the committee that made the discovery which constitutes the basis of the charges. He referred it to another committee. Now is the Senator prepared to state, in view of his suggestion just made, that in his opinion there is an element of persecution in the charges and that there is no justification for them? If there is, I for one would be strongly disposed to oppose the humiliation, the degradation, that would inevitably result from the course which is suggested. But if the Senator in his capacity as chairman of the Committee Investigating Senatorial Campaign Expenditures believes there was sufficient foundation for the charges to refer them to another committee and to impliedly suggest that that committee should proceed with the investigation, I should like to be informed of that fact now.

Mr. NYE. Mr. President, I think it must appear obvious that if the committee investigating into campaign expenditures encountered an allegation revealing something other than what our committee has jurisdiction over, we would have no right to go into it at all. Because that was the case here, because in our investigation we found there was not good foundation for the story, or for the allegation rather, that certain campaign contributions had been made which had not been reported to the committee—finding—

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. NYE. May I finish my sentence first?

Mr. ROBINSON of Arkansas. Certainly.

Mr. NYE. Finding there was not ground for that allegation and yet knowing the remainder of the story that went with it, I felt duty bound to submit to the chairman of the lobby committee a memorandum covering the rest of the story which our committee had no right to delve into whatsoever.

The Senator from Arkansas has asked in a way if I want to discount the stories which have been told. I want to discount any story, until it is shown to have proper background and authorization, before I will look seriously upon it. These, however, were matters which had been laid before the committee, charges which have persisted from week to week, and I say here and now that a committee, one committee, if not the lobby committee, another committee—and I feel that the lobby committee is the proper one—ought to go thoroughly into it to the end that the facts may be known and to reflect in the end credit upon every Member of the Senate who now is under suspicion as

perhaps having been the Senator who was involved in this particular controversy.

Mr. ROBINSON of Arkansas. Then the Senator supports the suggestion that an inquiry be made into the charges?

Mr. NYE. I most assuredly do.

Mr. WATSON. Mr. President, I would like to ask the Senator from North Dakota a question. Were there some rumors that reached the ears of members of the Senator's committee to the effect that \$100,000 had been given by somebody to some Senator to lobby for the Sugar Trust?

Mr. NYE. There was no specified amount named.

Mr. WATSON. Without the amount, was there something of that kind in substance which reached the ears of the Senator's committee?

Mr. NYE. There was.

Mr. WATSON. Did the Senator or any member of his committee, either he alone or operating in conjunction with another member of the committee, investigate that charge?

Mr. NYE. Mr. President, we investigated that charge in so far as any part of the amount reported might have related to a campaign expenditure.

Mr. WATSON. What did the Senator find in this investigation?

Mr. NYE. The Senators found that there was not proper justification to proceed with that inquiry any further.

Mr. WATSON. Did that involve the whole sum? Was a part of it to go to a certain Senator to pay him for his services as lobbyist and part of the sum to go as campaign expenses, so the Senator could distinguish between the two?

Mr. NYE. As we were forced finally to draw conclusions, no part of this transaction necessarily took place after the campaign of this particular Senator was under way.

Mr. BORAH. Mr. President, as I understand, the Senator ceased his investigation because he thought the jurisdiction of his committee compelled him to do so?

Mr. NYE. If we had gone any farther than we did go, I think we would have been challenged immediately upon our jurisdiction.

Mr. BORAH. The Senator did not cease the investigation because he came to the conclusion that there was nothing convincing?

Mr. NYE. No; indeed not.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE

A message in writing from the President of the United States nominating Fred A. Bradley, of Buffalo, N. Y., to be collector of customs for customs collection district No. 9, with headquarters at Buffalo, N. Y. (reappointment), was communicated to the Senate by Mr. Latta, one of his secretaries, which message was subsequently referred to the Committee on Finance.

EXECUTIVE REPORTS OF COMMITTEES

Mr. SMOOT, from the Committee on Finance, reported favorably the following nominations, which were ordered to be placed on the Executive Calendar:

Arthur A. Ballantine, of New York, to be Assistant Secretary of the Treasury in place of Walter E. Hope, resigned;

Philip Elting, of Kingston, N. Y., to be collector of customs for customs collection district No. 10, with headquarters at New York, N. Y. (reappointment); and

William Duggan, of New York, N. Y., to be collector of internal revenue for the second district of New York, to fill an existing vacancy.

Mr. PHIPPS, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were placed on the Executive Calendar.

FISHERIES TREATY WITH GREAT BRITAIN

The Chief Clerk announced the first order of business on the Executive Calendar to be Executive K (71st Cong., 2d sess.).

Mr. BORAH. Mr. President, I ask for the consideration of the treaty.

There being no objection, the treaty was considered as in Committee of the Whole, and it was read, as follows:

To the Senate:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a convention between the United States of America and His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada, concluded at Ottawa on May 9, 1930, for the purpose of securing the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, and intended to supplant the convention signed on March 2, 1923, having the same object.

The attention of the Senate is invited to the statements in the accompanying report of the Secretary of State concerning the modifications made by the new convention. As the closed season provided for in this convention would begin on the 1st day of November next, it is desirable that action by the Senate on the convention be taken during its present session.

HERBERT HOOVER.

THE WHITE HOUSE, May 21, 1930.

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a convention for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa on May 9, 1930, by the respective plenipotentiaries of the President of the United States of America and His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada.

This convention embodies recommendations made by the International Fisheries Commission established under the halibut convention between the United States and His Britannic Majesty, signed at Washington on March 2, 1923, and would supplant the latter convention. The new convention advances the beginning of the closed season from November 15 to November 1 of each year, and grants to the International Fisheries Commission, which will continue to function as at present constituted, additional regulatory powers. Under the terms of the new convention the International Fisheries Commission, when circumstances so warrant, will have power to adopt regulations without regard to the established closed season, which will limit or prohibit the catch of halibut. It may also fix the size and character of halibut fishing appliances and provide for the collection of statistics concerning the halibut fishery.

The new convention also provides that the regulations adopted by the commission shall be subject to the approval of the President of the United States of America and of the Governor General of the Dominion of Canada.

Respectfully submitted.

H. L. STIMSON.

DEPARTMENT OF STATE,

May 20, 1930

The President of the United States of America,
And His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada,

Being equally desirous of securing the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, have resolved to conclude a Convention for this purpose, and have named as their plenipotentiaries:

The President of the United States of America: Mr. B. Reath Riggs, Chargé d'Affaires of the United States of America in Canada; and

His Majesty, for the Dominion of Canada: The Right Honourable William Lyon Mackenzie King, Prime Minister and Secretary of State for External Affairs;

Who, after having communicated to each other their respective full powers, found in good and due form, have agreed upon the following articles:

ARTICLE I

The nationals and inhabitants and fishing vessels and boats of the United States of America and of the Dominion of Canada, respectively, are hereby prohibited from fishing for halibut (*Hippoglossus*) both in the territorial waters and in the high seas off the western coasts of the United States of America, including the southern as well as the western coasts of Alaska, and of the Dominion of Canada, from the first day of November next after the date of the exchange of ratifications of this Convention to the fifteenth day of the following February, both days inclusive, and within the same period yearly thereafter.

The International Fisheries Commission provided for by Article III is hereby empowered, subject to the approval of the President of the United States of America and of the Governor General of the Dominion of Canada, to suspend or modify the closed season provided for by this article, as to part or all of the convention waters, when it finds after investigation such changes are necessary.

It is understood that nothing contained in this convention shall prohibit the nationals or inhabitants or the fishing vessels or boats of the United States of America or of the Dominion of Canada, from fishing in the waters hereinbefore specified for other species of fish during the season when fishing for halibut in such waters is prohibited by this Convention or by any regulations adopted in pursuance of its provisions. Any halibut that may be taken incidentally when fishing for other fish during the season when fishing for halibut is prohibited under the provisions of this Convention or by any regulations adopted in pursuance of its provisions may be retained and used for food for the crew of the vessel by which they are taken. Any portion thereof not so used shall be landed and immediately turned over to the duly authorized officers of the Department of Commerce of the United States of America or of the Department of Marine and Fisheries of the Dominion of Canada. Any fish turned over to such officers in pursuance of the provisions of this article shall be sold by them to the highest bidder and the proceeds of such sale, exclusive of the necessary expenses in connection therewith, shall be paid by them into the treasuries of their respective countries.

It is further understood that nothing contained in this convention shall prohibit the International Fisheries Commission from conducting fishing operations for investigation purposes during the closed season.

ARTICLE II

Every national or inhabitant, vessel or boat of the United States of America or of the Dominion of Canada engaged in halibut fishing in violation of the preceding article may be seized except within the jurisdiction of the other party by the duly authorized officers of either High Contracting Party and detained by the officers making such seizure and delivered as soon as practicable to an authorized official of the country to which such person, vessel or boat belongs, at the nearest point to the place of seizure, or elsewhere, as may be agreed upon. The authorities of the nation to which such person, vessel or boat belongs alone shall have jurisdiction to conduct prosecutions for the violation of the provisions of this Convention, or any regulations which may be adopted in pursuance of its provisions, and to impose penalties for such violations; and the witnesses and proofs necessary for such prosecutions, so far as such witnesses or proofs are under the control of the other High Contracting Party, shall be furnished with all reasonable promptitude to the authorities having jurisdiction to conduct the prosecutions.

ARTICLE III

The High Contracting Parties agree to continue under this Convention the Commission as at present constituted and known as the International Fisheries Commission, established by the Convention between the United States of America and His Britannic Majesty for the preservation of the halibut fishery of the Northern Pacific Ocean including Bering Sea, concluded March 2, 1923, consisting of four members, two appointed by each Party, which Commission shall make such investigations as are necessary into the life history of the halibut in the convention waters and shall publish a report of its activities from time to time. Each of the High Contracting Parties shall have power to fill, and shall fill from time to time, vacancies which may occur in its representation on the Commission. Each of the High Contracting Parties shall pay the salaries and expenses of its own members, and joint expenses incurred by the Commission shall be paid by the two High Contracting Parties in equal moieties.

The High Contracting Parties agree that for the purposes of protecting and conserving the halibut fishery of the Northern Pacific Ocean and Bering Sea, the International Fisheries Commission, with the approval of the President of the United States of America and of the Governor General of the Dominion of Canada, may, in respect of the nationals and inhabitants and fishing vessels and boats of the United States of America and of the Dominion of Canada, from time to time,

- (a) divide the convention waters into areas;
- (b) limit the catch of halibut to be taken from each area;
- (c) fix the size and character of halibut fishing appliances to be used therein;
- (d) make such regulations for the collection of statistics of the catch of halibut including the licensing and clearance of vessels, as will enable the International Fisheries Commission to determine the condition and trend of the halibut fishery by banks and areas, as a proper basis for protecting and conserving the fishery;
- (e) close to all halibut fishing such portion or portions of an area or areas, as the International Fisheries Commission find to be populated by small, immature halibut.

ARTICLE IV

The High Contracting Parties agree to enact and enforce such legislation as may be necessary to make effective the provisions of this Convention and any regulation adopted thereunder, with appropriate penalties for violations thereof.

ARTICLE V

The present Convention shall remain in force for a period of five years and thereafter until two years from the date when either of the High Contracting Parties shall give notice to the other of its desire to terminate it.

This Convention shall, from the date of the exchange of ratifications be deemed to supplant the Convention between the United States of America and His Britannic Majesty for the Preservation of the Halibut Fishery of the Northern Pacific Ocean including Bering Sea, concluded March 2, 1923.

ARTICLE VI

This Convention shall be ratified in accordance with the constitutional methods of the High Contracting Parties. The ratifications shall be exchanged at Ottawa as soon as practicable, and the Convention shall come into force on the day of the exchange of ratifications.

In faith whereof, the respective plenipotentiaries have signed the present Convention in duplicate, and have hereunto affixed their seals.

Done at Ottawa on the ninth day of May, in the year one thousand nine hundred and thirty.

[SEAL]

B. REATH RIGGS

[SEAL]

W. L. MACKENZIE KING.

Mr. BORAH. Mr. President, this is a treaty between the United States and Great Britain with respect to Canada. The treaty has for its prime purpose that of preserving the halibut fishery, which is being rapidly depleted. In 1923 we

entered into a treaty with Great Britain with respect to Canada under which a commission on fisheries was created. This treaty is really the result of the work of that commission, which has been carried on since 1923.

The fundamental change which is made is that of increasing the closed season by advancing the date from the 16th of November to the 1st of November; in other words, the closed season is extended some 16 days.

In addition to that, the treaty gives the commission the power to make certain rules and regulations with reference to the manner of carrying on fishing. These rules and regulations, however, must be submitted for approval to the President of the United States and to the Governor General of Canada.

There were some objections to the treaty, but based almost entirely upon matters of detail. It was agreed upon all hands that the halibut fisheries are being depleted; it was agreed upon all hands that there must be a treaty. The committee came to the conclusion that this treaty will go far toward preserving this important industry and that it ought to be ratified. It was not felt that the objections go to the real merits of the treaty.

The treaty was reported to the Senate without amendment.

The VICE PRESIDENT. The question is on agreeing to the resolution of ratification, which will be read.

The resolution of ratification was read and agreed to, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive K, Seventy-first Congress, second session, a convention with Great Britain for the preservation of the halibut fishery of the northern Pacific Ocean and Bering Sea, signed at Ottawa, May 9, 1930.

NOMINATION OF EUGENE MEYER

The Chief Clerk read the nomination of Eugene Meyer to be a member of the Federal Reserve Board.

The VICE PRESIDENT. The question is on the confirmation of the nomination.

Mr. BROOKHART obtained the floor.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Tennessee?

Mr. BROOKHART. I yield.

Mr. McKELLAR. As the nomination which has just been read is to be contested, I wonder if we could not go ahead and act upon the uncontested nominations?

Mr. McNARY. I think we should follow the regular order. It has been desired for some time to dispose of this nomination, and I prefer to do it now.

Mr. McKELLAR. Very well.

Mr. BROOKHART. Mr. President, I desire to oppose the confirmation of the nomination of Mr. Meyer. The RECORD, I think, discloses the following facts without contradiction: First, Mr. Eugene Meyer's business prior to entering into the Government service was that of investment banker or stockbroker. The RECORD does not disclose that he had any other principal business. For more than 20 years he was a member of the New York Stock Exchange, and was engaged in what I shall call stock gambling. I used to be called a radical for denominating margin deals on the stock exchange or the board of trade as gambling, but, Mr. President, during the latter days of last November the Supreme Court of the State of Illinois, the State where the Chicago Board of Trade is located, officially decided that margin deals were gambling and refused to enforce a promissory note for \$58,000 that was given upon margin deals. The principal qualification of Mr. Meyer for this, the greatest economic office in the world, is that of a stock gambler. The RECORD discloses without contradiction in any way that he retired with a large fortune and then went into the Government service.

WAR FINANCE CORPORATION

His first service had something to do with the War Industries Board, of the activities of which no investigation was made, and I believe no facts are in the record except the

mention of that employment. Then he was appointed at the head of the War Finance Corporation, and we find him in the operations of that corporation engaged in speculating with the War Finance Corporation's funds in Government bonds, in buying and selling Government bonds. The reason given by Mr. Meyer for that operation was that it was done in order to stabilize Government bonds; but, Mr. President, that to me is not a reasonable explanation of those transactions. If the Treasury of the United States wanted to stabilize Government bonds, and had the money to do so, all it had to do was to bid par for those bonds in any market, and that certainly would have stabilized them. However, we find Mr. Meyer's operations were in buying and selling Government bonds; in fact, I think the record of the Senate hearings, together with the record of the House committee investigation of the War Finance Corporation, shows that the principal profits made by Mr. Meyer at the head of the War Finance Corporation were the profits in those Government bond deals. Perhaps but for those profits there would have been a deficit as a result of the operations of the War Finance Corporation.

The War Finance Corporation at the time he took charge of it was extended for the purpose of aiding agriculture. It was given a capital of \$500,000,000 for that purpose. Mr. Meyer never used but about \$200,000,000 of that \$500,000,000 for the benefit of agriculture in any way, although agricultural products grown and sold by the farmers amount to some \$9,000,000,000 even in times of depression, even when the prices are so low as almost to ruin agriculture. Therefore, in connection with the management of the War Finance Corporation, instead of using the fund provided for it to sustain and benefit agriculture, as was contemplated by the law, those funds were used mainly in speculation in Government bonds, and agricultural conditions continued to grow worse throughout all that time, as they have continued to grow worse up to the present time.

It is one of my charges against Mr. Meyer that he did not use the instruments given him by the Government for the benefit of agriculture; that he did not try to use them for the benefit of agriculture. He used those funds for a certain few of the cooperative pools; he used them to support certain rich farmers in certain of the States; but the small amount of about \$200,000,000 as applied to the whole agricultural situation was only an aggravation. Mr. Meyer, who has been described as an economic genius, knew that fact. Ordinary people might be fooled—they might believe that \$200,000,000 would actually relieve the agricultural situation—but Mr. Meyer knew better. He knew it was playing with the proposition; he knew it was striking down agricultural prosperity.

THE MELLON-MEYER PHILOSOPHY

In this regard I think Mr. Meyer became a disciple of the philosophy of the Mellon family, so far as agriculture is concerned.

I have here an article from the New York Times of Tuesday, February 18, 1926, under the following headlines:

R. B. Mellon optimistic. Banker says 1926 should be a year of phenomenal prosperity.

Then, from the body of the article I quote as follows:

Richard B. Mellon, president of the Mellon National Bank of Pittsburgh, who sailed yesterday on the *Mauretania* for a Mediterranean cruise, said that from present indications he expected the business year of 1926 to be better than 1925 throughout the country generally. "Fundamental conditions underlying business are sound and favorable," he said. "The steel business in the vicinity of Pittsburgh is showing a great improvement over a year ago. Steel rolling mills are operating at greater capacity, and railroad orders are coming in in larger volume than this time a year ago. Grain prices, I notice, have fallen off, which is as it should be."

Mr. President, that, I believe, expresses the philosophy of Mr. Meyer toward agriculture as well as the philosophy of the Mellons.

We are aware in this country that about 70 per cent of the raw materials for our factories come from the farm, and it is the purpose of those who believe in this philosophy to get cheap raw materials. They do not care whether the farmer has a cost-of-production price or not.

I think the method which Mr. Meyer used in handling the War Finance Corporation was to carry out that philosophy. I think it was intentional, and he did it by following a policy of restriction in accordance with which only a small portion of the funds given him by the Government were in any way employed in aid of agriculture; but he shrewdly distributed over the country the funds he did use. He found the bigger fellows in agriculture; he made loans to them; he carried them along, and all the time continued his operations in Government bonds on the side.

Mr. President, if my theory as to these facts—and the facts themselves are not disputed—is correct, Mr. Meyer is the worst enemy of the farmers in the United States, and, as will be shown before I get through, that means the worst enemy of general prosperity, because agriculture is the foundation and basis of all enduring prosperity.

FEDERAL FARM AND INTERMEDIATE CREDIT BANK

After the War Finance Corporation was discontinued Mr. Meyer became commissioner of the Federal farm loan bank, and as such the principal officer of the intermediate credit bank. The intermediate credit bank is another system of financing the farmers; the intermediate credit bank is another reserve bank; in fact, it is authorized to issue bonds up to \$660,000,000 and to raise that amount of funds for the support of agriculture. Again, however, we find Mr. Meyer during all the operations of that Government bank using only about \$180,000,000 at any one time for the benefit of agriculture in the entire United States.

That is not enough for one State alone; and again we find the same policy of restriction which he followed through the War Finance Corporation.

Then, in reference to the Federal land bank itself, in reference to the long-time loans to the farmers of the United States, they require more than \$9,000,000,000. Mr. Meyer, with all his genius for helping agriculture, was able to secure for them only a little over \$1,000,000,000 of these loans through this great institution which the Government had created for the support of agriculture.

Mr. President, in my State there are two loan associations in the Federal farm loan organization—one of them at Marion, Iowa; one at Ottumwa, Iowa. These two associations were on the honor roll of the Federal land bank for 11 years. That means that they never had a default of interest payments, let alone a foreclosure of a mortgage. Every time the interest on every loan in these two associations was paid when that interest was due. While Mr. Meyer was still at the head of the farm land bank, in one year they applied for a considerable number of new loans. I do not remember the figure at this moment, but I think it was about 31. Upon these loans these same farmers were jointly liable—those who had been on this honor roll and paid their interest for 11 years. These loan applications went into the Federal land bank at Omaha. They were all rejected, because, as they said, the appraisements showed the land values to be too low for the loans. The farmers in these loan associations were provoked at the appraisements, and they raised a question as to the integrity of the appraisements. Then somebody sent word to them from the office, either accidentally or wanting them to know the real truth, and they found that every appraisal was all right, and that every loan should have been granted upon the appraisal, but they had been turned down in the office.

They had a very shrewd method of turning down those loans. For instance, if a farmer wanted \$12,000 they would allow him \$10,500, or something like that. Of course, however, if he needed \$12,000 he could not get along with the smaller amount. That compelled him, then, to go to the other loaning companies and to pay a higher rate of interest for the loans.

This loan association, while Mr. Meyer was still at the head of the system, wrote a letter to the Federal farm land bank here at Washington setting out these facts quite fully; and Mr. Meyer's answer was that it was not called to his attention.

Mr. President, that policy was not the policy only of these two particular farm-loan associations. The policy was general throughout the United States; and the total figures given by Mr. Meyer himself for these loans showed that they did not increase as legitimate demands arose for loans. In other words, Mr. Meyer developed this loan system up to a point where it would take care of the overhead expense, and then he froze it up at that point. He did it deliberately, in my judgment—more deliberately than any other man, because the financial genius that he is said to possess is such that he knew the effect of denying these loans. The result has been practically to stop the Federal land bank from functioning all over the United States and, therefore, to the very great detriment of agriculture instead of its protection, as the law contemplated when this bank was established.

JOINT-STOCK LAND BANKS

Along with these Federal land banks, Mr. President, was created another called the joint-stock land bank. The joint-stock land bank is a private institution. However, it is under the supervision of the Federal Farm Loan Board. The joint-stock land bank can issue tax-exempt bonds, the same as the Federal land banks; and in those respects it is, to that extent at least, a governmental institution. However, its stock is a private stock, and it pays dividends and has earnings like any other private mortgage company.

Mr. President, this sort of a policy was put into force in that bank, and was approved and carried through by Mr. Meyer while he managed it: They were permitted to speculate in their own bonds, repeating the policy which Meyer put into effect while he was in the War Finance Corporation of speculating in Government bonds. The two policies are very nearly parallel.

What has been the result of that policy of buying in and retiring their own bonds? Of course the law contemplated that when a mortgage was paid off, or when interest was paid in, or when amortization payments were made upon loans, or money was received from foreclosures, or when it was received from any other source, after paying the operating expenses that would constitute a fund for new loans to take care of the demands of the farmers of the United States. Instead, however, of carrying out the real policy of the law, these funds were used to buy their own bonds; and those bonds, of course, were then canceled and retired; and, of course, to that extent the joint-stock land bank was liquidated.

A part of the money obtained for investing in these joint-stock land-bank bonds was obtained through the foreclosure of mortgages upon the farms where loans had been made; and here is the way that worked out:

Let us take a \$20,000 farm. It can get a \$10,000 loan, in the joint-stock land bank, if it shows an appraisalment of \$20,000. The farmer defaults in the payment of his interest or amortization payment, or a part of it, or his taxes, or some of the other elements, such as insurance. That default gives a right to foreclose the mortgage against him; and this policy was followed by the joint-stock land bank.

They would then foreclose this mortgage—a \$10,000 mortgage on a \$20,000 farm—and sell the farm at a forced sale. These bonds had depreciated down until the present farm loan commissioner, Mr. Bestor, says they average only 70 cents on the dollar for all the joint-stock land banks in the country. Some of them are 40 cents on the dollar; some as low as 20 cents on the dollar. Take an instance of 40 cents, about which I happen to know a specific case. In that case the mortgage on this \$20,000 farm could be foreclosed and it could be sold at forced sale for \$4,000; and that \$4,000 would buy \$10,000 of these bonds, and keep the books of the joint-stock land bank balanced in that way.

Mr. President, the forced sale of those farms at those low prices is doing more at this moment to depress land values in the United States, and especially in the Northwest—in Iowa and Missouri and the other States where they are operating—than any other one cause. That is another Eugene Meyer policy; and Eugene Meyer knew and understood the effect of that policy from the very first. Others might be fooled as to where it led, but not Eugene Meyer.

These facts are not disputed in this record so far. Others may dispute my construction of them but not the facts themselves. They may say that Meyer is not responsible for them; but, Mr. President, Meyer was the dictator of the whole system every moment he was in there, and even for a considerable time before he went in. He is responsible. He could have stopped these practices. He could have inaugurated different policies that would have carried out the purposes of these laws. This he did not do.

Mr. President, with this discussion of Mr. Meyer's personal relation to these big matters, I shall leave the personal features of this situation. I desire now to discuss the general economic situation in the United States, only a portion of the causes of which would be due to anything on the part of Mr. Meyer; but perhaps from time to time as I discuss the situation I will point out the relation his actions have had to it.

WEALTH PRODUCTION IN UNITED STATES

Mr. President, there are some basic propositions in reference to the business of the United States, in reference to the relation of all industries and to the production and distribution of wealth, that ought to receive consideration in the Congress of the United States, but that do not receive such consideration.

I want to present to the Senate some of the facts which are overlooked constantly in the passing of legislation and in the administration of laws in reference to the production and distribution of wealth.

In the first place, if we are to pass any law relating to wealth distribution, we ought to know something about what wealth we have to distribute.

From the census reports of 1912 it is stated that the whole capital of the United States at that time was \$186,300,000,000. I have described the wealth increase in discussions on this floor, and in many presentations to the people of the country, as being 5½ per cent a year. That is all the new wealth we produce, but that figure is excessive when we take a longer period of years. The period I have used for that figure was from 1912 to 1922, and the increase was from this \$186,300,000,000 to \$320,804,000,000.

Mr. President, if we take the first figure and multiply it by 5½ per cent, and add the result in, and do that for the 10-year period of the census estimates, from 1912 to 1922, we will get about the \$320,804,000,000, or the latter figure. Still, in 1922 the values of many things were considerably inflated. Agriculture had been heavily deflated, but other capital had not been deflated in anything like the same proportion. There will be no other census estimates upon the wealth of the country until 1932, figured out of the 1930 census. They are made only by 10-year periods.

Mr. President, the National Industrial Conference Board has made estimates for each year and has followed as nearly as possible the rules of the Census Bureau. I have those estimates up to 1928, and the wealth of the country in current dollars at that time was estimated at \$360,062,000,000.

If we start with 1912 and take the figure of that date, \$186,300,000,000, and multiply that by 4¼ per cent, adding in each year to 1928, we will get a total of about \$360,069,000,000. So, continuing the estimate for six years longer than 1922, we find the wealth production of our country reduced to about 4¼ per cent.

There are no estimates up to date; but, taking the general condition of 1930, it is quite certain that we will drop back below 4 per cent, and that 4 per cent of wealth production of the country is all we have to distribute.

Mr. President, that 4 per cent will date back even to the Declaration of Independence. The junior Senator from Nebraska [Mr. HOWELL], who is a wizard upon these propositions, figures it clear through, and down to 1912 he found that the wealth increase of our whole country had been a little less than 4 per cent a year.

I think that is the most important economic fact any Senator or any Representative or President or anybody else ought to think about in considering laws relating to the production and distribution of wealth.

Prior to 1912 there was a vast increase in our territory. All of the Louisiana Purchase goes into that 4 per cent prior to 1912; all of Florida that we got from Spain, and all of the southwest territory that we took from Mexico, and all of the improvements in all of those territories we have to add in, as well as all the new wealth produced in the old territory. All unearned increment, and even all depreciation of the dollar, is figured in this estimate.

Therefore, Mr. President, there was a wealth production of about 4 per cent a year prior to 1912. Since that there was an increase in wealth in our country due to what we might term the "machinery age," and in the future we will perhaps have to depend upon that for wealth increase. There will be no longer an increase because of new territory, and I doubt very much, as we count these last figures, whether even the machinery age is going to produce wealth faster than it has been produced throughout the entire history of our country. It seems to me we can quite safely count that we have 4 per cent for dividends, and that is all we have when all capital is considered.

The national income since 1920, or about that time, has been approximately \$90,000,000,000 a year. It takes a thousand million to make each one of those billions. Ninety billion dollars would mean about \$750 for each man, woman, and child in the United States, or about \$3,750 for each average family of five.

We spend about \$75,000,000,000 for living and operating expenses of our industries, and that leaves about \$15,000,000,000 as the net income of all our country. That represents the 4 per cent of wealth increase which I have described.

Mr. President, if we distribute all of that net income to capital and give nothing to labor, invention, genius, or management, except their living, capital would get a return of only about 4 per cent a year.

The significance of that fact becomes great when we look at the earnings of certain of the great corporations in our country, which earn 5 per cent, 10 per cent, a hundred per cent, and in some cases even greater percentages. Whenever we notice a block of capital dipping out of this 4 per cent pool more than 4 per cent some other block of capital must take less than 4 per cent or nothing; because there is only a 4 per cent net production in all our country.

Mr. President, from that fact it follows that the great stable and certain and well-settled industries of our country ought to operate at the lower percentage. They can afford to do it. But instead of doing that they are dipping out the larger percentages, and that is the cause of the industrial depressions we have. As they dip out these greater percentages somebody else takes less, and who is it who takes less, mainly? Since 1920 it has been agriculture, and I want to point out now some of the facts of the discrimination against agriculture.

About one-third of the American people are farmers, but they own now about one-seventh of the property value and are getting less than one-tenth of the national income. I have a letter of date February 5, 1931, from the Department of Agriculture, and it is shown that in 1928, the last year for which I have the total estimates of property value in the whole country, agricultural capital was reduced to \$54,904,000,000, as against \$360,062,000,000 for all capital in the United States. Senators can figure that out themselves. Although agriculture comprises a third of all our people, and about 40 per cent of them are in fact getting their incomes from the farms, the capital value is now reduced to about one-seventh of the capital value of the whole country. Then, when we come to their share in the national income, we find it is still less. It is less than one-tenth of the national income.

The statement of that fact at once indicates a gigantic discrimination against agriculture, because in this 4 per cent pool of production, which is all we have in the United States, some blocks of capital are dipping out so much more than 4 per cent that nothing is left for agriculture, and in fact it is worse than nothing. They are not only dipping out all the earnings of agriculture, but they are destroying agriculture's capital value itself.

The total of agricultural capital in 1920 was \$79,325,000,000, but, as I have shown, it was reduced in 1928 to \$54,904,000,000, a reduction of nearly \$25,000,000,000 in eight years. That means that agriculture had no net income as a whole. It did not have the 4 per cent which capital of the country averaged and which is all there is in the country. It had nothing in the way of net income as a whole, and its capital was depleted by \$25,000,000,000.

AGRICULTURAL EARNINGS CONTRASTED WITH OTHER LINES

Agricultural capital has gone back nearly to the level of 1912, while other capital has doubled in value.

Mr. President, I desire to make some more general comparisons of agriculture with other industries. Agricultural capital, starting with \$79,000,000,000, averaged around \$60,000,000,000 up to date. Of course, it is a good deal less than that right now, but there was that much capital on the average invested in agriculture. There are about 12,000,000 workers on the farms in the United States—that is, men who make a hand upon the farm, and that does not count the women and children who also work the year around on the farms, but who get nothing out of it, so I do not count them. This \$60,000,000,000 of capital and 12,000,000 workers produced a gross income averaging since 1920 about \$12,000,000,000 a year. During the same time there has been invested an average of about \$40,000,000,000 of capital in manufactures, about two-thirds as much as in agriculture. There are fewer than 9,000,000 workers in the factories, about three-fourths as many workers as on the farms; but this smaller amount of capital and smaller number of workers produced a gross value of about \$60,000,000,000 a year out of the prices received for manufactured products as compared to only \$12,000,000,000 produced on the farms.

But the manufacturer says to me that is not a fair comparison. He says, "My raw-material bill is bigger than the raw-material bill of the farmer in percentage," and that is true. I wanted this comparison to be as nearly fair as it could be made, so I looked into the raw-material proposition. I found that 27 per cent of farm production is raw material. Its feed, its seed, its work and breeding animals, and fertilizer, things that must be used on the farm to operate the farm and which can not be converted into income, consume 27 per cent of the gross farm production.

But the manufacturers' raw-material bill is a larger percentage. I find in order to reduce it to 27 per cent that I have to deduct \$16,000,000,000 from the \$60,000,000,000 of gross production, and that still leaves \$44,000,000,000 of gross production in the factories in the United States which is produced by two-thirds of the capital and three-fourths of the workers that can produce only \$12,000,000,000 on the farm. I care not how closely we make the comparison and how scientifically it may be made, there is still existing a gigantic discrimination as against agriculture.

The railroads of the United States have a value now as fixed by the Interstate Commerce Commission of something like \$24,000,000,000. I will show a little later that \$7,000,000,000 at least of that was water to start with in 1926. There are 1,750,000 workers on the railroads of the United States, so there is a little more than one-third as much capital and about one-seventh as many workers as on the farm; but they receive a gross revenue of \$6,500,000,000, more than half as much as all the gross return of all the capital and all the workers on the farm.

Then I want to make a comparison with the capital of the national banks. I want to compare that to agricultural capital. I would like to get the different businesses and industries to thinking something about what they are taking out of the pool of production and what agriculture is taking.

A bulletin of the National City Bank of 1925 said that the national banks of the United States as a whole earned an average of 8.34 per cent upon capital surplus and undivided profits. I would have you think of this block of capital invested in national banks earning 8.34 per cent when there is only 4 per cent in the American pool of production. If they can dip out a percentage like that, some other block of capital must take less. I am figuring all of our wealth production to capital alone in these estimates I am making.

If we only produce 4 per cent of new wealth, and capital gets it all, still these blocks supported and created by corporation laws under the favor of the Government itself are dipping out twice that rate of return. I do not think capital is entitled to all of this 4 per cent. I think labor, invention, genius, and management are entitled to something over and above their mere living.

In the last few months we have heard a great howl again coming from the railroads. In the last few days they are saying that they will earn only about 3 per cent on their capital investment. If we subtract \$7,000,000,000 of water out of the capital investment and then multiply by 3 per cent, that would be about right; but 3 per cent on the inflated value is too much. The same is true of the national banks.

Mr. President, while the national banks as a whole earned 8.34 per cent, there were 6,000 banks that failed in the United States since 1920—that is, State banks as well as national. They earned nothing. They lost so much they went into bankruptcy and into receiverships. But, notwithstanding the loss of all this great number of banks, the big New York banks earned enough to make up for this average and held the average of all national banks in the country up to 8.34 per cent. These same big New York banks earned more in 1930 than they did at any other time, right during the year of depression, when agriculture is in its worst depression and when many other lines are now in depression. I have here a reprint from the American Banker of December 1, 1930, in which it was said:

Dividends disbursed to shareholders in 20 of the largest banks and trust companies of New York City during the year ended September 24, 1930, were the largest in the history of the group, totaling \$137,826,000, according to the New York bank-stock compendium compiled by statisticians. The present record-breaking total represents an increase of more than 25 per cent over the preceding year.

Mr. President, even in the year of depression these great New York banks are able to increase their net earnings by 25 per cent, with agriculture in a state of bankruptcy and many other lines of business in a similar condition.

Here is another comparison I desire to make, and that is upon the payment of taxes. The farmers of the United States on an average pay in taxes about \$28 out of every \$100 gross revenue. That is out of their gross revenue and not their net. It takes all of their net and more in a great many cases. One of the strongest things we hear about the railroads in these days is their payment of more than \$1,000,000 taxes a day. Railroad properties are only paying a little less than \$7 out of every \$100 of gross revenue that they receive. That quite fairly represents the tax rate on property generally throughout the United States.

Here is another comparison with agriculture: In one year the farmers sold 41,000,000 hogs and two years later they sold 48,000,000 hogs, but they got \$200,000,000 less for the 48,000,000 than they got for the 41,000,000.

For a whole generation it has been true that the farmers of the United States have received less total income for a short crop than for a large crop, unless that rule is reversed by the depression year of 1930, which I think it is, because in some way, through the control of credit, through the control of price fixing in this year of 1930 the farmers on the average are getting the lowest prices in 24 years for a short crop—I mean on the average for all crops.

BANKRUPTCIES

The result of these discriminations against agriculture since 1910 have caused farm bankruptcies to increase by more than 1,000 per cent, while commercial bankruptcies have remained practically the same. A million and a half farmers have lost their homes or, if tenants, their life savings or their property as a result of this discrimination.

Mr. President, this 10-year depression of agriculture—and it has been constant for 10 years—has at last had an effect upon every other business in the country. It is the direct cause of a great proportion of the depression which we are now suffering. I say we can not strike down the buying power of one-third of the American people or, perhaps, 40

per cent of the American people, who depend directly upon agriculture, and at the same time keep all other business prosperous.

ONLY UTILITIES AND BIG BUSINESS PROSPEROUS

Who was prosperous in 1930? I have here a list of a large number of them. The public utilities are a part of this prosperity. Nearly all of them had greater earnings in 1930 than they had in 1929. I notice the Baldwin Locomotive Works and many other big industries kept their earnings up to those of 1929 or even surpassed them last year in spite of the depression. Mr. President, from Monthly Earnings Record, I ask leave to insert in the Record at this place in my remarks statements showing the great earnings of some of these corporations.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

	1929	1930
American Community Power Co., net earnings.....	\$4,239,209	\$4,477,449
American Power & Light Co., net earnings.....	44,708,643	45,801,051
American Telephone & Telegraph Co., net earnings.....	140,684,115	148,086,029
Coca-Cola Co., net income.....	12,758,276	13,515,535
Electric Power & Light Corporation, net earnings.....	28,256,641	34,889,073
Metro-Goldwyn Pictures Corporation, net income.....	6,818,919	9,924,869
Middle West Utilities Co., total earnings.....	28,522,967	35,472,724
National Power & Light Co., net earnings.....	35,944,390	36,652,377
Nevada-California Electric Corporation, total income.....	3,073,880	3,108,448
North American Light & Power Co., net earnings from operations.....	19,827,682	21,066,236
North West Utilities Co., total earnings.....	2,118,163	2,824,512
Ohio Edison Co., net income.....	7,119,194	8,088,172
Pacific Gas & Electric Co., net profit.....	12,039,161	15,720,176
Pacific Lighting Corporation, net profit.....	7,244,422	7,972,218
Peoples Gas Light & Coke Co., net income.....	6,782,959	7,197,072
Scott Paper Co., total income.....	1,031,514	1,157,438
Sioux City Gas & Electric Co., total income.....	1,557,513	1,636,791
Sun Oil Co., net income.....	3,637,540	3,658,157
Union Electric Light & Power Co., St. Louis, net income.....	8,543,657	9,707,502
United Light & Power Co. (and subsidiary companies), net income.....	8,840,723	11,015,338
Utilities Power & Light Corporation, total net earnings.....	13,860,911	15,797,178
Washington Water Power Co., total income.....	5,252,420	5,509,331
Wisconsin Public Service Corporation, net earnings.....	2,341,200	2,342,549

Mr. BROOKHART. In addition to striking down the buying power of agriculture in the way I have described, its credit has been almost entirely destroyed. The policy followed in administering the War Finance Corporation which I have described, the policy adopted in administering the Federal land bank and the intermediate credit bank which I have described, have contributed heavily to destroy the credit of agriculture throughout the United States.

DEPRESSIONS

Mr. President, I want to inquire what is the cause of depressions anyway? Why must we have a series of depressions? For euphony and a high-sounding name the word "cycles" is used. I have found a picture of "cycles" in the United States. It is on the farther chart to my left. The lower part of that chart in black gives a picture of American business for the last 50 years.

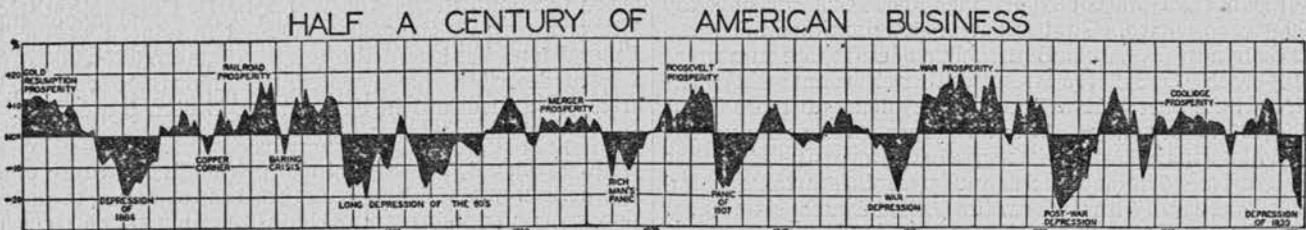
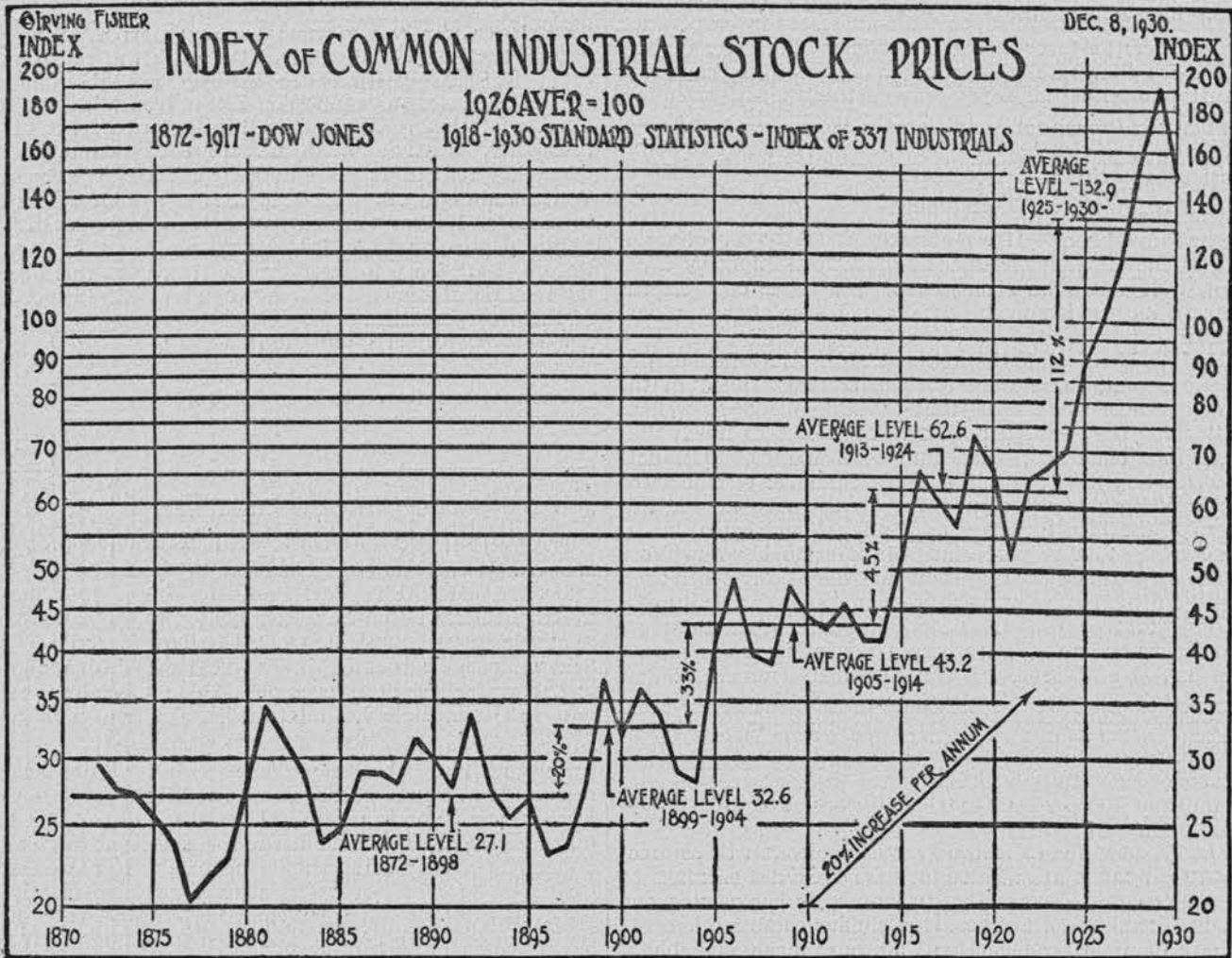
I ask leave to have this combined chart of Irving Fisher and the Cleveland Trust Co. inserted in electrotype in the Record at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BROOKHART. I, myself, did not make this picture. It was made by the Cleveland Trust Co. I have the original of it in my hands. The statistician of the Cleveland Trust Co., Col. Leonard P. Ayres, one of the most noted statisticians in our country, formerly statistician of the United States Army and since the war the leading statistician of big business, drew this chart. He says of the chart:

In the past 50 years there have been 15 periods of business depression. Eight of them, including this one, have been major depressions, while the other seven have been minor ones, like those of 1927 and 1924.

Upon his chart one can count those eight major depressions. The normal line is that straight line [indicating] running through the middle of the chart, and the black spots below that line indicate the depressions. One can count eight of those big ones, including the last one, which



we are in at the present moment but which is not completed on the chart, because the chart only goes up to December, 1930. There are those eight major depressions, and then the seven little ones, which are thrown in for good measure.

What is the condition of business during the remainder of the time? How long in those 50 years has business been on this normal line? From the looks of that chart it might appear that business has hardly been normal 30 minutes during the whole time; we have either been in a period of speculation and inflation or in a period of depression.

Mr. President, you will notice on that chart [indicating] the base of those depression periods, and if you will add those up, you will find that in the last 50 years we have been about half our time either in or getting in or getting out of depressions. I want to say that any system of business that leaves the people of the country half the time in depressions is an unsound system of business; there is something wrong with the entire business structure; and the thing that is wrong with it is that certain organizations and blocks of capital in our country are in a scramble and a fight to dip out of this 4 per cent pool a great deal more than 4 per cent.

I think the upper part of this chart illustrates the cause of some of these depressions. Let us examine that portion of the chart. It has been prepared by Prof. Irving Fisher,

the noted economist of Yale University. The line on that chart shows the course of stock values. It begins in 1870 and comes up to December, 1930. However, the last seven years, from 1923 to 1930, are consolidated in one space, so that the rise in stock values is relatively faster upon that portion of the chart than on the other portion. However, on the other chart over here [indicating] the exact proportion is maintained, and the black line is the line of American stock prices.

Now let us see what has happened to American stocks according to the Fisher chart. For the 1914 level, the index figure is given as 43.2; for the 1930 level it is given as 132.9, and that is after the stock panic of 1929. So from that chart we find that, even since the stock panic of 1929, stock values are still 208 per cent above the level of 1914. The panic of 1929 did not squeeze the wind and water out of the vast stock manipulation in this country, and we are still on a volcano of inflation even after months of depression.

Now let us read what Professor Fisher said about that proposition. I quote from an article by him printed on December 8, 1930, as follows:

My correspondent evidently assumes that the stock-market crash and the further fall in stocks a year later have carried the price index below the 1913 level. Yet a glance at the accompanying chart—

Which is the same as the chart on the wall, although the latter has been enlarged—

will show that the level of stock prices, as shown by the Dow Jones and Standard Statistics indexes of common industrials, is still 112 per cent above the next preceding plateau, extending from 1915 to 1924—

I omitted to mention that plateau in my remarks—

further, that plateau was 45 per cent above the pre-war plateau which prevailed between 1905 and 1914—

That is the plateau I mentioned—

Moreover, the pre-war plateau stood 33 per cent above the plateau of 1899 to 1904, which, in turn, had risen by 20 per cent above the long plateau beginning in 1872 and ending in 1898.

That is, after the stock-market crash and the further deflation of the stock market up to December, 1930, the present level of common industrial stock prices shows a rise above the war level about two and one-third times greater than the next greatest rise, namely, from the pre-war level to the war level. Stock prices to-day are nearly three times as high as they were before the war and four and three-quarters times as high as the 1872-1898 level. In order to get down to the pre-war level of stock prices, we should now have to endure the effects of a stock deflation nearly three times as intense as that experienced during 1929 and 1930.

My correspondent's misconception illustrates the enormous exaggeration of the extent of the break in the stock market which exists in the minds of many who have felt its impact. It illustrates the prevailing underestimation, during the current pessimism, of the tremendous increase in valuation of the Nation's underlying securities which occurred during and since the war. This increase has been reduced only about one-half by the slump in stock prices of 45 per cent during the break of 1929-30.

PRE-WAR BASIS IMPROBABLE

I, therefore, repeat what I said in January, 1929, that anyone who expects a recession in stock prices to the pre-war levels is destined to be undecieved.

There are substantial reasons why the general plateau of the stock market is still 208 per cent above the plateau of 1905-1914, and vastly above any previous plateau.

And that 208 per cent is the figure which is used in this description.

Mr. President, can a country that only produces 4 per cent for all capital, that only has a 4 per cent dividend for all capital, if it were evenly distributed, pay dividends upon stocks inflated even as stocks are inflated at this moment? I hope the American people will quit buying those gambling-inflated stocks.

What is the situation, then? The period of inflation, the period of speculation, swells to gigantic proportions; it swells to the bursting point and then explodes. Then there are called in the credit reserves of the whole country—\$7,000,000,000 in brokers' loans were used during the last great period of speculation—to stop this stock crash. They stopped it at a point still 208 per cent up in the air, if we count 1914 the proper level, and even 1914 was too high when compared with agriculture and other businesses of the country.

What is it that produces these inequalities in the United States? Why is it that we must be in a system of business that rotates from speculation to depression as this map shows? I do not believe it is necessary. I do not believe in the cycle theory of business; and I think if business were organized upon a sound basis, with a due consideration of the basic facts of business, we would not have these cycles; that there would be something like stability in our country, and the awful calamities that succeed one another, covering half the time of our last 50 years' history, would not be repeated.

What are the particular causes of this situation? I say to you that it is caused largely by laws, and by laws of the Congress of the United States, assisted in some particular by certain State laws; and I am not going to stop with that general statement. I am going to name those laws, and I am going to point them out specifically.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. CAPPER in the chair). Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. I do.

Mr. TYDINGS. I think the Senate of the United States ought to take down the laws which the Senator is going to name; and I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. BROOKHART. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	King	Schall
Barkley	Frazier	La Follette	Sheppard
Bingham	George	McGill	Shipstead
Black	Gillett	McKellar	Shortridge
Blaine	Glass	McMaster	Smith
Blease	Glenn	McNary	Smoot
Borah	Goff	Metcalf	Steck
Bratton	Goldsborough	Morrison	Steiwer
Brock	Gould	Morrow	Stephens
Brookhart	Hale	Moses	Swanson
Broussard	Harris	Norbeck	Thomas, Idaho
Bulkley	Harrison	Norris	Thomas, Okla.
Capper	Hastings	Nye	Townsend
Caraway	Hatfield	Oddie	Trammell
Carey	Hayden	Partridge	Tydings
Connally	Hebert	Patterson	Vandenberg
Copeland	Heflin	Phipps	Wagner
Couzens	Howell	Pine	Walcott
Cutting	Johnson	Pittman	Walsh, Mass.
Davis	Jones	Ransdell	Walsh, Mont.
Deneen	Kean	Reed	Waterman
Dill	Kendrick	Robinson, Ark.	Watson
Fess	Keyes	Robinson, Ind.	Wheeler

The PRESIDING OFFICER. Ninety-two Senators have answered to their names. A quorum is present.

Mr. BROOKHART. Mr. President, I was just starting to name the laws that have contributed to the cause of the economic discriminations which I have described. The Senator from Maryland [Mr. TYDINGS] called for a quorum, and then I believe he skipped out. I do not see him present now, so I think he is not interested in the remark he made.

THE TRANSPORTATION ACT—WATERED CAPITAL

The first law I shall name is the transportation act, the railroad law of 1920. This law directed the Interstate Commerce Commission to fix the value of the railroads for rate-making purposes. It laid down the rules and regulations under which that value should be fixed. It passed about the 1st of March, 1920. The commission immediately entered upon its job. It completed the tentative value about the 1st of September, 1920, and fixed the value at \$18,900,000,000. At the moment that value was fixed by operation of the law itself, the market value of these railroads, as shown by the quotations of their stocks and bonds upon the stock exchange where they themselves listed them, and where they sold them to anybody who would buy stocks and bonds, was less than \$12,000,000,000—in fact, about eleven and three-quarter billions.

In other words, at the very time the Congress of the United States sold to the people of the United States these railroads at a value of nearly \$19,000,000,000 for rate-making purposes, their market value was less than \$12,000,000,000. If you had gone out and bought them at their market value, that is all they would have brought; and yet the Congress laid down a set of rules and directed the commission to fix a value which amounted to almost \$19,000,000,000. That means that \$7,000,000,000 of water was legalized and given a value as a basis of levying rates upon the people of the United States.

Mr. President, I see that the Senator from Maryland [Mr. TYDINGS] is back now. I hope he will stay.

GUARANTY OF THE LAW

Then this law commanded the commission, using the words "the commission shall," to initiate rates high enough to pay the operating expenses—that includes taxes and all other proper operating expenses—and, over and above these operating expenses, to yield a return upon all this value, water and all.

I ask you to think for a moment about a law which fixes value in this way, first fixing the rate of return at 6 per cent, and later, and now, 5¼ per cent upon \$19,000,000,000 of value, when there were less than twelve billions of market value in the property at the time. Five and three-quarters per cent upon nineteen billions means more than 9 per cent upon twelve billions; and the twelve billions was something like the amount at which the farms in the United States were valued.

Now I ask you to think about a law of Congress that will give to the block of capital invested in the railroads of the United States 9 per cent return upon their honest value, when the American people are producing only 4 per cent with all their labor, all their capital, all increase of property values, and all other sources of production.

In the last few years, under this guaranty of the law, they have collected excess rates; but call it a guaranty of the law and what a howl comes down from Wall Street. Every Wall Street newspaper, from the Chicago Tribune to the New York Times, howls itself black in the face at once. They say, "There is no guaranty under this law out of the Treasury of the United States." Well, what did I say about the Treasury of the United States? I said nothing about a guaranty out of the Treasury, though I will say something a little later, under this very law.

What I said was that the law commanded the Interstate Commerce Commission to levy rates upon the people of the United States, and it is a command; the commission has no discretion. I am not particularly blaming the commission for the value they fixed on the railroads. I think they substantially followed the law and the rules and regulations fixed in the law. It is the law itself which is to blame for this extortionate situation. So the command of the law is that these rates be initiated.

I think the commission fixed the value in accordance with the law, and the rate of return is perhaps what the law contemplated, but that item is partly what caused the collection of extortionate rates. It and other items increased the farmer's rate about 50 per cent.

Then this law collected out of the pockets of the people about \$400,000,000 a year in excess rates the last few years. It is said that is not a guaranty out of the Treasury, because they did not collect all of the 5¾ per cent, and the Treasury did not make it up. They did not collect it all on about fifty or sixty-five thousand miles of lines, but on about two hundred thousand they collected. The reason they did not collect all of it was because our people did not have enough money in their pockets to pay it. The guaranty was out of the pockets of the people of the country, a command of the law against the pockets of the people. Perhaps that is more pleasant than a guaranty out of the Treasury, but I rather think the Treasury would be more convenient, anyhow.

This is only one item in the situation. There are several others, some of them under previous laws regulating the railroads, and some of them under this.

WASTE OF COMPETITION

Another one of the items is the waste of competition. All these roads are divided up into these separate organizations, each with its high, expensive overhead, overlapping service, and all that, which causes an immense and an enormous waste. They themselves have admitted it. Edward Dudley Kenna, of the Santa Fe, said in his book 10 years ago that the waste of competition in the United States amounted to more than \$400,000,000 a year, which had to be paid in excess rates which went into the operating expenses, and must be paid by the people under the operation of this law. Collis P. Huntington, away back in his day, said the waste of competition in New York City alone was more than \$100,000,000 a year.

UNEARNED INCREMENT

That is not all. The capitalization of the unearned increment is an enormous sum. Even a large part of the \$12,000,000,000 of value that was in the market value at the time the law fixed the \$19,000,000,000 was unearned increment, and not original investment in any railroad. Nobody had ever invested \$12,000,000,000 in them at that time.

A railroad manager said to me, "A farmer gets the unearned increment in the value of his farm; why should I not get the increase in the value of my railroad?" That sounds so reasonable one is about ready to give up the argument, but that proposition leaves out one important consideration, and that is the laws relating to public utilities. A railroad is a public utility, and always has been a public utility, under the law. Even before the transportation act of 1920 it was

the law, the common law, the holding of the Supreme Court under the Constitution, that the railroads had the right to charge rates and the people were compelled to pay rates high enough, first, to pay the operating expenses. The transportation act did not change that. Then, over and above the operating expenses, they must pay a reasonable and an adequate return on the prudent investment. That was the old law, the common law. So under that law the railroads had a guaranty out of the pockets of the people for their operating expenses and a reasonable and adequate return on their prudent investment.

The people, then, had to guarantee that sort of a return to the railroads by command of the law itself. The people also created this unearned increment. Unearned increment, or increase in property value, is due to the growth of population and the development of the country. So it is the people who create that, and is it right that the law should first come along and take from the people a guaranty from their pockets, that they should pay a reasonable and adequate return, and then further say to the people, "The roads shall also have the right to add in this speculative, unearned increment value which you, the same people, have created," and then charge them rates to get a return on that speculation? No; it is not right, and two or three hundred million dollars a year of excess rates are going out of the pockets of the people because of this vast unearned increment in the railroads of the United States.

SUBSIDIARY CORPORATIONS

That is not all. There are some other big items. There are the excess profits of inside or subsidiary corporations taken out of the railroad proposition. I have here a book showing that the Baldwin Locomotive Works had the biggest earnings in their experience in the depression year 1930. They have a monopoly, practically, in furnishing locomotives to railroads. About everything a railroad uses is furnished to it by some big inside corporation, owned and controlled and operated by the same men who control and operate the roads. When they come to sell those things to themselves, they never sell them at the lowest figure at which they can afford to sell such articles to a railroad; they sell them at the highest price they can collect out of the pockets of the people under this guaranty provision of the law against the pockets of the people.

The furnishing of supplies is not all. There is the Pullman Co. It is not owned by the railroads; it is another subsidiary. There are the express companies. They are not owned by the railroads; they are subsidiaries. The same applies to the telegraph companies, the refrigerator-car companies, and the oil-tank-car companies.

Every one of these subsidiary companies is dipping out of this railroad business a profit under a monopoly arrangement with the railroads, through interlocking directorates and subsidiary control, dipping out many times the 4 per cent which the American people are able to produce, and there are two or three hundred million dollars a year of excess charges put upon the people of the United States through that item.

I want to add these up. There are about \$400,000,000 of extra charges because of watered capital, which have actually been collected in the last few years; over \$400,000,000 more in waste of competition; two or three hundred million dollars of excess profits of the inside, subsidiary corporations, and two or three hundred million dollars more due to the capitalization of the unearned increment. So that altogether there are twelve to fourteen hundred million dollars of excess charges put upon the people of the United States as the result of the manipulation of railroad capital and which is a part of the item in that gigantic stock speculation which appears in the charts which I have shown.

That falls more heavily, perhaps, upon the farmers than on anybody else, although it hits everybody to some extent, because everybody pays freight, and I have not yet mentioned the guaranty out of the Treasury.

Mr. President, this is only an illustration of one of the laws which the Congress itself has given this country that has

helped to create the so-called cycles, the so-called speculations, followed by the terrible depressions. I have not myself charged more than about 10 per cent of the original cause of our trouble in 1920 up to this railroad discrimination, because I found some other causes very great at that time, but at the present time I believe it is about 25 per cent of the cause of our trouble, although that is my own estimate, and it is only an estimate, without scientific support.

BANKING LAWS

Mr. President, the next set of laws I desire to mention as having worked in this discrimination are the banking laws, and especially the Federal reserve bank law of 1913. Under the banking laws of the United States a monopoly practically of the deposit business of the country is given to national and State banks. You can not deposit your money in any other kind of a bank, because the law will not permit you to organize any other kind of a bank in the United States. So by law we fence around the savings of the people and force them into this class of competitive or commercial bank, national and State. The credit unions and mutuals are for savings only and therefore practically feeders for the other system.

Then, over the top of this system of banks we created a Federal reserve system, and established it under a Federal Reserve Board, appointed by the President and confirmed by the Senate, a governmental institution entirely so far as that board is concerned.

That banking system, in its banking operation and in its effect upon industries and agriculture, is created and established and controlled by laws of the States and of the Nation. I am not at this time going into a technical discussion of the State and national bank acts, but I do want to refer to some phases of the Federal reserve act and to some parts of the history of its operation.

FEDERAL RESERVE BANKS

First, what is a reserve bank? The Wall Street crowd would have us believe that a reserve bank is some great mysterious power away above the minds and comprehension of the common people, sending its protecting tentacles out all over the country and dispensing prosperity and happiness everywhere. That is the kind of picture they have painted, but it is a false face. I am going to tear it off and see if we can find what is behind that face.

There is no mystery about a reserve bank. A reserve bank is as simple a proposition as any bank. It is only one more bank, but it is a bank for banks and not for individuals. The individual deposits no money in the reserve bank and he borrows no money from it. Those two things are done by its member banks and those are the only two basic things which it does for a member bank. A member bank in the course of a year will have a surplus of credit more than its people at home or its regular customers want to borrow. It would like to redeposit that surplus in its reserve bank and it would like to get an interest rate for the use of it while it is so deposited. That is the redeposit business of the reserve bank and it is the biggest item of the reserve bank business.

At another time of year the member bank may be short of funds. Its customers may be asking for more money than it has to lend. Out in our country the farmers will be buying cattle. We buy range cattle all the way from Texas to Canada and bring them in upon our farms and feed them.

Merchants will be buying stocks of goods, manufacturers raw material, and all together they will be asking the banks for more money than they have to lend at the moment. It may be for a short period—30 or 60 or 90 days—but it is a legitimate demand, and during that short period the member bank would like to go to its reserve bank and borrow enough money to take care of that demand. It does that by what is called a rediscount transaction. It sends the notes of its customers up to the reserve bank as security and upon those notes borrows the money that is needed at home. Those two items of redeposit business and rediscount business are all of the basic things that the Federal reserve bank can do or ought to do for its member banks.

ELASTIC CURRENCY

The Wall Street crowd says the reserve bank must furnish an elastic currency, and then we are all up in the fog again. What is an elastic currency? What is any currency? Currency is money, and under the Constitution Congress shall coin the money and regulate the value thereof. Congress can delegate some of those functions to the banks if it wants to do so. It did delegate some of these functions to the national banks before we had a reserve bank, and they issued national-bank notes to circulate as money upon the credit of Government bonds. Under the Federal reserve law that privilege was extended to assets and the Federal reserve banks can issue Federal reserve notes as money upon mere assets. It is supposed under this operation that as business demands it these assets will be put up as security. Of course 40 per cent of them have to be gold. Under the demands of business more assets would be put up and more money issued, and thus they extend the currency; and then as business demands reduce, the assets would be called in and the notes paid off and canceled. That would contract the currency. That is the expansion and contraction of the currency which constitutes this mysterious elasticity or this mysterious elastic currency.

Some of us think that the Government itself ought to take care of this elastic money proposition; that it is a governmental function and ought not to be delegated to any bank. But whatever we may think about that proposition there is no mystery about it.

FINANCING THE WAR

Then the Wall Street crowd says, "Oh, but the reserve banks have a great mysterious power of financing the big things which the ordinary person can not understand. How would we have financed the war if it had not been done by the Federal reserve bank system?" How many times we have heard that passed around in praise of the Federal reserve banks. Let us see. How did we finance the war? Did anybody ask you to buy Liberty bonds? Did you buy any? Yes; everybody bought them, and that is the way the war was financed.

What did the Federal reserve bank have to do with it? Perhaps when you bought your Liberty bonds you turned your money into your local bank. You could have turned it in to the post office just as well. Your local bank was a member of the Federal reserve bank and perhaps sent the money on up to the reserve bank. The reserve bank turned it over to the Secretary of the Treasury. He turned it over to the War Department and the Navy Department, and they turned it over to the war profiteers, and so the war was financed. But who put up the money? The people of the country everywhere, as we shall see a little later, to their great detriment in some instances.

STOPPING PANICS

Mr. President, the Wall Street crowd also will say that the reserve bank has a great and mysterious power to stop panics, and that the ordinary mind can not understand anything about that. Let us see about it. Perhaps they did stop the tail end of the panic last year. It only went down to 208 per cent above the previous level anyhow. I noticed there was a panic among some of the banks in Florida not long ago and that a reserve bank put some money in an airplane and sent it down to those banks. It did not get there in time or they did not have enough money; but whatever the difficulty was, the panic did not stop.

What is a panic? It is a run on a bank. It may be caused by some false story put out about the bank. It gets circulation and a good many people believe it. They have deposits in the bank, and they get scared about their deposits and they rush to the bank in order to withdraw them. Of course, if a thing like that were general with all banks in the country it would close them all, because the bank does not have the ready cash to pay all its deposits at any one time. It receives deposits and loans them out on securities, and what the bank holds is securities and not cash. Of course, it must have a reserve. In case a run like that is started on a bank, what does the reserve bank do to stop the panic? The bank involved will wire to the reserve bank and say, "There

is a run on us down here. We have \$500,000 of eligible paper to rediscount."

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. BROOKHART. I yield.

Mr. TYDINGS. Is the Senator telling us his own personal experiences in relating these occurrences?

Mr. BROOKHART. I have had some experience in bank failures, if that is what the Senator means.

Mr. TYDINGS. I mean about the \$500,000 and taking it over in an airplane.

Mr. BROOKHART. That is merely an illustration. The Senator from Maryland has not been listening or he would have caught that statement of mine.

The bank wires, "We have \$500,000 or \$1,000,000 here of good eligible paper to rediscount. Put that much money in an airplane and sent it over before the bank opens in the morning and we will put up that paper as security and rediscount it and get the money for our customers as they come in." The next morning the customers come in and say, "We want our money." The banker says, "All right; we have plenty of money." Then the customers say, "Oh, we did not think you had it. If you have it, we do not want it." The panic is over. All the reserve bank did to stop a panic was to rediscount a little more paper and do it a little more speedily than usual. There is no mystery about it at all.

REDUCED INTEREST RATES FOR GAMBLERS

Mr. President, there is one other function of the reserve bank that Wall Street never mentions, and, so far as the people of the country are concerned, it is perhaps the most important of all its functions. The greatest service the bank can do for the public is to insure a more efficient use of the credit supply of the country and thereby, under the law of supply and demand, reduce the interest rate to the people at large. For instance, one State at harvest time may be calling for more money than is in that State; it may be at a time when some other State is selling its manufactured products, and through the reserve bank the funds can be shifted from one to the other and at a different season the operation is reversed and this brings about a more efficient use of the credit supply. This ought to reduce the interest rate to business in general as well as to agriculture, but such has not been the result. The law and the manipulation together have reduced it only to gamblers.

Mr. McNARY. Mr. President, will the Senator yield to me to propose a unanimous-consent agreement?

Mr. BROOKHART. I yield.

Mr. McNARY. I propose the following unanimous-consent agreement.

The PRESIDING OFFICER (Mr. Fess in the chair). The clerk will read the proposed agreement.

The Chief Clerk read as follows:

Ordered, by unanimous consent, that on to-morrow, at the hour of 3 o'clock p. m., the Senate will proceed to vote upon the question, Will the Senate advise and consent to the nomination of Eugene Meyer to be a member of the Federal Reserve Board?

The PRESIDING OFFICER. That will require a roll call.

Mr. ROBINSON of Arkansas. No, Mr. President; no roll call is required on a request to fix a time to vote on the confirmation of a nomination.

Mr. BROOKHART. I think we had better have a roll call.

Mr. ROBINSON of Arkansas. Of course, if the Senator wishes to insist upon it the roll can be called. A roll call, however, is not necessary; it is only necessary in connection with an agreement to fix a time of a final vote on a bill or a joint resolution.

The PRESIDING OFFICER. The Chair stands corrected. The Chair was under the impression at the moment that the proposal would require a roll call. Is there objection to the request for unanimous consent?

Mr. LA FOLLETTE. I suggest the absence of quorum.

Mr. BROOKHART. Will the Senator withhold his suggestion for a moment?

Mr. LA FOLLETTE. I will withhold it if the Senator from Oregon will withhold his request for unanimous consent.

Mr. McNARY. I thought probably the Senator wanted the request preferred at this time, and that is the reason I asked the Senator if he would yield.

Mr. BROOKHART. I thought I would be ready to close for the day in a little while.

Mr. McNARY. Let us have this determined. I think we might go ahead with the roll call, and the Senator can rest for a moment.

The PRESIDING OFFICER. The clerk will call the roll.

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

Ashurst	Fletcher	King	Schall
Barkley	Frazier	La Follette	Sheppard
Bingham	George	McGill	Shipstead
Black	Gillett	McKellar	Shortridge
Blaine	Glass	McMaster	Smith
Blease	Glenn	McNary	Smoot
Borah	Goff	Metcalf	Steck
Bratton	Goldsborough	Morrison	Stelwer
Brock	Gould	Morrow	Stephens
Brookhart	Hale	Moses	Swanson
Broussard	Harris	Norbeck	Thomas, Idaho
Bulkley	Harrison	Norris	Thomas, Okla.
Capper	Hastings	Nye	Townsend
Caraway	Hatfield	Oddie	Trammell
Carey	Hayden	Partridge	Tydings
Connally	Hebert	Patterson	Vandenberg
Copeland	Heflin	Phipps	Wagner
Couzens	Howell	Pine	Walcott
Cutting	Johnson	Pittman	Walsh, Mass.
Davis	Jones	Ransdell	Walsh, Mont.
Deneen	Kean	Reed	Waterman
Dill	Kendrick	Robinson, Ark.	Watson
Fess	Keyes	Robinson, Ind.	Wheeler

The PRESIDING OFFICER. Ninety-two Senators having answered to their names, a quorum is present. The clerk will again read the request for unanimous consent, as proposed by the Senator from Oregon.

The Chief Clerk read as follows:

Ordered, by unanimous consent, that on to-morrow, at the hour of 3 o'clock p. m., the Senate proceed to vote upon the question, Will the Senate advise and consent to the nomination of Eugene Meyer to be a member of the Federal Reserve Board?

The PRESIDING OFFICER. Is there objection?

Mr. BROOKHART. I should like to have the proposed agreement modified so as to read 5 o'clock.

Mr. McNARY. Mr. President, I discussed this matter with the Senator from Iowa and others, and I understood that 3 o'clock would be satisfactory. To-morrow we will have other matters coming before the Senate, and I think 3 o'clock will give ample opportunity. I should rather modify the agreement so as to provide for meeting at 11 o'clock in the morning and voting at 3. That would give four hours to-morrow.

The PRESIDING OFFICER. Does the Senator modify his request?

Mr. McNARY. If it is to be modified, I should much prefer having it modified by moving up the hour of meeting an hour than extending the hour for voting, and I am just proposing that to the Senator from Iowa at this time.

Mr. LA FOLLETTE. Mr. President, if the Senator from Iowa will yield, I wish to suggest to the Senator from Oregon that the Finance Committee has a very important meeting on two important bills to-morrow, and to meet at 11 o'clock would interfere with that meeting.

Mr. McNARY. Very well; I should like to conform to the wishes of as many Senators as possible. Let us compromise at 4 o'clock.

Mr. BROOKHART. I am fearful that might not afford sufficient time for other Senators.

Mr. McNARY. I am quite sure, from conversations I have had with others, it will be very satisfactory. If we meet at 12 o'clock and vote at 4, I am sure it will give every Senator ample opportunity to be heard upon the subject. I suggest that to the Senator, and I make the proposal.

The PRESIDING OFFICER. Is there objection to the modified request of the Senator from Oregon, changing the hour for a final vote to 4 o'clock instead of 3 o'clock? The Chair hears none, and it is so ordered.

SPECULATION

Mr. BROOKHART. Mr. President, so far I have described the workings of the Federal reserve bank itself, and I think with that description we can understand the Federal reserve law and what it means.

At the time the Federal reserve law was before the Congress, the then President of the United States, Mr. Wilson, in a message to the Congress, said:

We must have a currency, not rigid as now, but readily, elastically responsive to sound credit, the expanding and contracting credits of everyday transactions, the normal ebb and flow of personal and corporate dealings. Our banking laws must mobilize reserves; must not permit the concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses. And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative. (CONGRESSIONAL RECORD, vol. 50, 63d Cong., 1st sess., p. 4643.)

From that, Mr. President, it is easy to glean that the main purpose of President Wilson in the enactment of this law was to control speculation.

The Senator from Virginia [Mr. GLASS], who as chairman of the House committee had charge in the other House of Congress of the bill providing for the creation of the Federal reserve system, gave this as the principal reason why the Federal reserve law should be enacted:

The whole fight of the great bankers is to drive us from our firm resolve to break down the artificial connection between the banking business of this country and the stock speculative operations at the money centers. The Monetary Commission, with more discretion than courage, absolutely evaded the problem, but the Banking and Currency Committee of the House has gone to the very root of this gigantic evil, and in this bill proposes to cut the cancer out.

Mr. President, he called this accumulation of the surplus credit for speculation a cancer; and I think he was justified in calling it a cancer.

Again:

Under existing law we have permitted banks to pyramid credit upon credit and to call these credits reserves. It is a misnomer; they are not reserves. And when financial troubles come and the country banks call for their money with which to pay their creditors they find it all invested in stock-gambling operations. There is suspension of payment and the whole system breaks down under the strain, causing widespread confusion and almost inconceivable damage.

This speech of the Senator from Virginia is found in volume 50 of the Sixty-third Congress, first session, page 4643.

Then he further said, in the same volume, on the same page:

The avowed purpose of this bill is to cure this evil; to withdraw the reserve funds of the country from the congested money centers and to make them readily available for business uses in the various sections of the country to which they belong. This we propose to do cautiously, without any shock to the existing arrangement, graduating the operation to prevalent conditions and extending it over a period of 36 months. This affords ample time to the reserve and central reserve city banks to adjust themselves to the reserve requirements of the new system. Out of abundant precaution we have actually given them a longer time than the best practical bankers of the country have said was needed. But, Mr. Chairman, the complaint of these gentlemen is not as to time, but as to fact. They do not want existing arrangements disturbed; they desire to perpetuate a fictitious, unscientific system, sanctioned by law, but condemned by experience and bitterly offensive to the American people—a system which everybody knows encourages and promotes the worst description of stock gambling. The real opposition to this bill is not as to Government control, upon which we shall never yield; it is not as to the capital subscription required, which is precisely that of the Aldrich scheme unanimously indorsed by the American Bankers' Association; it is not as to the 5 per cent dividend allowed member banks, the exact limit prescribed in the Aldrich bill; it is not as to compulsory membership, which was provided in another way in the Aldrich scheme; it is not as to the bond-refunding proposition, infinitely simpler and less expensive than the Aldrich device. It is none of these things, Mr. Chairman, that vexes the big bankers. It is a loss of profits derived from a system which makes them the legal custodians of all the reserve funds of the country, \$240,000,000 of which funds on the 24th day of November, 1912, they had put into the maelstrom of Wall Street stock operations.

Mr. President, this situation was so impressive to the chairman of the Banking and Currency Committee that

\$240,000,000 invested in stock speculations impressed him as an alarming condition; and the Federal Reserve Act was enacted to stop the accumulation of this surplus credit in New York for these speculative purposes. The Senator was wrong in his figure of about \$240,000,000. It was \$766,000,000. That was the total of brokers' loans at that time. Of course all of that did not come through the banks; but that was the total amount in this system of speculation.

CUTTING THE CANCER OUT

What did this law do to cut out this cancer? What do we find in the law that would stop speculation? We find that it prohibits the reserve banks from rediscounting speculative paper. Speculative paper is not eligible for rediscount in any reserve bank. Recently I asked two members of the Federal Reserve Board, and they said, "The board has lived up to that law, and speculative paper has not been rediscounted." Then you ask, "Why did not the law stop speculation? If they have obeyed the law, and it was enacted for this purpose, why does speculation go on?"

I want to explain that. I have already explained that the reserve bank does two things for the member banks. One is to rediscount paper, and lend money to its member banks by that process. As to rediscounting, speculation has been stopped by this law; and no bank can take a speculative note into a reserve bank and rediscount it. I think they have substantially lived up to that law; but I also explained that the reserve bank does another thing, and that is to receive deposits or redeposits from its member banks.

Under the law, the member bank is required to redeposit its reserves in the Federal reserve bank—that is, the 7 and 10 and 13 per cent, depending on the size and nature of the bank. But is the reserve all of the surplus credit of a member bank? No; it has a greater surplus at some times during the year. It may have three or four times its mere reserve in surplus that it would like to redeposit in its reserve bank.

What is the law as to that surplus? The law prohibits the Federal reserve bank from paying any interest rate upon those redeposits. Therefore, a member bank will not redeposit in the reserve any more than it has to. It will put its reserves there, because the law requires them to be redeposited in the Federal reserve. Why send all the rest of its surplus to the reserve bank? It would not get enough in the transaction to pay for a postage stamp.

That prohibition gives to the big New York banks a virtual monopoly upon all the redeposit business of the country over and above these mere reserves, since they can pay an interest rate for these redeposits. They have offered 1¾ per cent most of the time. Some of the time they offered 2 per cent. The most they ever offered was 2½ per cent, and now they are offering only 1 per cent. The banks of the country have practically no place to send their surplus credit and get anything for it except to these big New York banks. They can send some of it to Chicago or Cleveland or Detroit, but from there it goes on into New York; and New York is the one big source of this investment. Now, they have managed it until their interest rate is down to 1 per cent, and with that low rate of interest they steal right away from the reserve banks all of this reserve-bank business over and above the mere reserves.

Mr. President, this provision of the law which prohibits the reserve banks from paying anything for the use of redeposits draws vast sums of money back to New York, to the big New York banks. When that money reaches New York there is no prohibition in the law about how it shall be loaned, and the New York banks can lend it for speculative purposes. That flow of credit back through this channel of redeposits is the basis and the foundation of the big sum that is used in speculation in New York, and it comes from the savings of the people of the whole country. When it is driven back there in that way, by the operation of this law, by the hundreds of millions and even by the billions of dollars, after it reaches New York they lend it out as they please.

When the Senator from Virginia [Mr. GLASS] called this accumulation of the surplus credit of the country in New

York for speculation a cancer, those loans, as I have said, were \$766,000,000; but in the recent speculation they rose to more than seven thousand million dollars, more than seven billions of dollars; and the cancer was nine times as big as when it was cut out. At the present moment they are about one and three-quarter billions; so, instead of stopping speculation, the operation of this law has actually promoted speculation.

Mr. President, I desire to proceed at the opening of the session to-morrow, but I will desist now for the day.

The Senate resumed legislative business.

PAYMENTS TO ESTATES OF DECEASED OFFICERS, ETC.

Mr. McMASTER. Mr. President, I ask unanimous consent to be permitted to enter a motion for the purpose of reconsidering the votes by which House bill 7639 was ordered to a third reading and passed; and I move that the House of Representatives be requested to return the bill. It is entitled "A bill to amend an act entitled 'An act to authorize payment of six months' death gratuity to dependent relatives of officers, enlisted men, or nurses whose death results from wounds or disease not resulting from their own misconduct,' approved May 22, 1928."

Mr. REED. Mr. President, will the Senator tell us what that bill is?

Mr. McMASTER. The bill has to do with a change of authority in determining dependency in regard to deceased officers, soldiers, members of the Navy, and so forth, from the Comptroller General's office to the Secretary of the Navy. The circumstances surrounding the bill were that I had an amendment on the desk; and the understanding between the chairman of the Naval Affairs Committee and myself was that when the bill came up, if either one of us was present he would make an objection until we could enter into an agreement as to the differences.

The PRESIDING OFFICER. Without objection, the order requested by the Senator will be made.

CONSTRUCTION AT TUCSON FIELD, TUCSON, ARIZ.

Mr. REED. Mr. President, in order to justify the insertion of certain relatively small items in the second deficiency bill to-morrow, the Committee on Military Affairs has unanimously authorized me to report favorably four small bills.

I ask unanimous consent now, as in legislative session, to report favorably from that committee H. R. 15437 and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the submission of the report? The Chair hears none.

Mr. McKELLAR. Mr. President, as I understand, the Senator desires to have these bills passed so that they can be made in order on the deficiency bill?

Mr. REED. Yes, Mr. President.

Mr. McKELLAR. I think it ought to be done.

Mr. BRATTON. Let them be read.

The PRESIDING OFFICER. The clerk will read the first bill.

The Chief Clerk read the bill (H. R. 15437) to authorize appropriations for construction at Tucson Field, Tucson, Ariz., and for other purposes, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed \$53,000 for improvements, construction, and installation at Tucson Field, Tucson, Ariz., as follows: Hangar and appurtenances thereto, \$50,000; gas-storage system, \$3,000.

Mr. REED. Mr. President, a word of explanation.

Mr. McNARY. Mr. President, may I ask whether the bill is on the Senate calendar?

Mr. REED. No; I am reporting it out now by direction of the Military Affairs Committee unanimously in order that an amendment may be put on the second deficiency bill to-morrow.

The hangar is needed because there is no facility at Tucson to store the larger types of Army planes; and that is one of the regular stopping places for the westward and eastward bound transcontinental planes.

Recently, a plane worth half as much as this hangar will cost was destroyed by the elements during the night while

the pilot had stopped there. It is believed that we would save the cost of the hangar in a very short time.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

CONSTRUCTION AT PLATTSBURG BARRACKS, PLATTSBURG, N. Y.

Mr. REED. Now, I make the same request with regard to House bill 15071, and I ask that it be read.

The PRESIDING OFFICER. The bill will be read.

The Chief Clerk read the bill (H. R. 15071) to authorize appropriations for construction at Plattsburg Barracks, Plattsburg, N. Y., and for other purposes, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed \$150,000 to be expended for the construction of a gymnasium, service club, theater, and library at Plattsburg Barracks, Plattsburg, N. Y., and such utilities and appurtenances thereto as, in the judgment of the Secretary of War, may be necessary to replace the building destroyed by fire in 1917, and the temporary building that was destroyed by fire in 1930.

Mr. REED. Mr. President, the building contemplated by this bill is to replace one destroyed by fire at Plattsburg last year. It is absolutely necessary during the winter—and there are hard winters at Plattsburg—for drill and for entertainment. The building is constantly in use, in other words, and the work of the garrison has been much impeded by the destruction of the old building.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The bill was ordered to a third reading, read the third time, and passed.

CONSTRUCTION AT SELFRIDGE FIELD, MICH.

Mr. REED. Mr. President, I ask that the Senate proceed to the consideration of House bill 9224, to authorize appropriations for the construction of a sea wall and quartermaster's warehouse at Selfridge Field, Mich., and to construct a water main to Selfridge Field, Mich.

Mr. FLETCHER. Mr. President, I suggest that the senior Senator from Michigan [Mr. COUZENS] make an explanation with regard to the necessity for this legislation.

Mr. REED. Let it be read first.

The PRESIDING OFFICER. The clerk will read the bill. The Chief Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated the sum of \$50,000 for completion of a sea wall and necessary fill at Selfridge Field, Mich.

SEC. 2. That the Secretary of War be, and he is hereby, authorized to construct a water main extending from the limits of the city of Mount Clemens, Mich., to and connecting with the distribution system of the Selfridge Field Military Reservation, Mich.; and there is hereby authorized to be appropriated the sum of \$37,000, out of any money in the Treasury not otherwise appropriated, for such purpose: *Provided*, That the right of way for said main shall be conveyed to the United States free of any cost.

SEC. 3. Harrison and Clinton townships of Macomb County, Mich., may, under such regulations as the Secretary of War may prescribe, make connections with said main for the purpose of supplying water to residents of said townships, but no such connections shall be made until said townships shall have paid to the Secretary of War one-fourth of the cost of construction of said main between the said city limits and the boundary of the reservation, which sum so paid shall be covered into the Treasury to the credit of "Miscellaneous receipts": *Provided*, That all water used through said main for other than post purposes shall be without expense to the United States: *And provided further*, That should there be any interference with the post supply the Secretary of War shall have the right, from time to time, to suspend the use of water through part or all of said connections, or remove and discontinue the same.

SEC. 4. That not to exceed \$55,000 is hereby authorized to be appropriated for construction of a quartermaster warehouse at Selfridge Field, Mich.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. McNARY. Mr. President, was the report from the committee unanimous?

Mr. REED. The committee was unanimous in regard to all three of these bills. I can explain the pending bill very briefly, if the Senate wishes.

The first item is for \$50,000 additional for the completion of a sea wall at Selfridge Field. It was originally estimated that it would cost \$150,000 to build it, but it is now found that the authorities have an advantageous contract. The contractors bid very low in Detroit at the present time, apparently, and they can complete the work for \$50,000 instead of \$150,000. It is desirable to have the work done at once, as part of the present contract, because it would cost a great deal more if it were let as a separate contract, possibly to another contractor. The department recommends the item.

The second paragraph authorizes a connection with the city water supply at Mount Clemens, Mich. Some genius during war time put the intake of the water supply for Selfridge Field quite close to the outlet of the sewer system of that post. From the standpoint of health, as well as the standpoint of economy—they can get their water for about 5 cents a thousand gallons less from the city than the cost of pumping it themselves—the War Department asks the authorization of \$37,000.

The third item is for the construction of a quartermaster warehouse there at a cost of \$55,000, to take the place of one which was destroyed by fire some years ago, which has been since supplanted by a hangar. They have been using a hangar there for a quartermaster warehouse in the emergency. They can not keep their meat or their butter fresh, and they are losing supplies constantly. The War Department asks to be allowed to build a proper warehouse with an ice box in it.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

RETIREMENT OF NURSES

Mr. REED. Mr. President, I make a similar request as to Senate bill 6231, to amend the act approved June 20, 1930, entitled "An act to provide for the retirement of disabled nurses of the Army and the Navy." I can explain the bill very briefly.

The PRESIDING OFFICER. The clerk will read the bill for the information of the Senate.

The Chief Clerk read the bill, as follows:

Be it enacted, etc., That the act approved June 20, 1930, entitled "An act to provide for the retirement of disabled nurses of the Army and the Navy," shall be construed, from its effective date, as authorizing the pay of members of the Army Nurse Corps and the Navy Nurse Corps retired thereunder to be computed upon the basis of the entire amount of the active-service pay received by each, respectively, at the time of her transfer to the retired list, including in the cases of superintendents of Nurses Corps, assistant superintendents, directors, assistant directors, and chief nurses the money allowance prescribed as part of their compensation by section 13 of the act of June 10, 1922 (42 Stat. 631).

Mr. REED. Mr. President, we passed a retirement act for Army and Navy nurses last year. The committee reports, both in the House and in the Senate, contained a tabulation showing the retirement pay these ladies would get, depending on the length of their service. The Comptroller General, for some reason that is obscure to me, rules that the chief nurses and the superintendents of nurses may not receive retirement pay based on their present pay and allowances, but only upon the base pay of a nurse of their term of service.

There are two very estimable ladies who have rendered long service in the Navy who ought to be retired now for disability.

Mr. McKELLAR. The bill applies only to those two?

Mr. REED. It will relate only to those two at the present time. Of course, it will affect chief nurses and superintendents in the future, but there are only two now, and the War Department is very anxious that we pass the bill at the present session.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

PRINCIPLES OF THE DEMOCRATIC PARTY

Mr. McKELLAR. Mr. President, much has been said in the newspapers lately about the purpose of the National Democratic Committee meeting which has been called to assemble in Washington on March 5.

I am not a member of that committee, and have not been advised from any authentic source what the purpose of the meeting is, but the papers say it is to agree upon a Democratic platform for 1932. Assuming that this information is correct, I have prepared a rough draft of a platform setting forth modern Democratic principles and policies as I interpret them, and I here set them out for such consideration as they may deserve.

Frankly, I think it is too early for the committee to be considering a platform. I do not believe that is a proper function of the committee, and I hope they will not do it, but if it is to be done, then I am desirous that these views of mine be considered by members of the committee.

Mr. President, unless we Democrats make a mistake in our platform, it seems like a foregone conclusion that we will win in 1932. We have had no such opportunity since 1912. But we can not win on a wet platform, in my judgment, nor can we win on a high-tariff platform. The American people are not going to return to the open saloon, and the repeal of the eighteenth amendment, without more, means, of course, a return to the open saloon. Nor are the American people going to tolerate long the interference with and destruction of our foreign trade brought about by the present exorbitant and indefensible high tariff rates.

In my view, we should have a short, unequivocal, and wholly progressive platform, one which the people can read quickly and understand without difficulty. In such a platform let us leave the past for once and adopt a living, breathing, up-to-date declaration of principles and policies having to do with present-day issues and concerns. In this rough draft I have made I have tried to adopt that course. I hope my effort will not be deemed in any sense officious, as I am moved solely by a desire to serve the party in the principles of which I so sincerely believe.

I may add, Mr. President, that the President and the Vice President of the United States only are to be elected on a national platform. The President, as we all know, has neither vote nor veto in repealing a constitutional amendment. The President may be the wettest of the wet and if either branch of the Congress is more than one-third dry, it is impossible that a repeal should be had. On the other hand, the President may be the driest man in the world, and if two-thirds of the Congress are wet, a repeal may take place. Therefore it seems to me to be idle to involve a candidate for President in the wet or dry issue. The only way the wet or dry issue can be fought out is in the election of Representatives and Senators.

It may be argued that the President could aid in the modification of the dry statutes. Theoretically he could, but as the Constitution prohibits the sale of intoxicating liquor as a beverage, then the courts, of course, would prevent any such modification becoming effective. We should look at this question as at all other questions. There is no reason for the Democratic Party to raise the liquor question as an issue in a presidential campaign. It can and will be raised in congressional campaigns, and that is the only place where it can be made effective.

I now submit the views I have of a Democratic platform for 1932.

This is the outline of my views. It is very short.

DEMOCRATIC PRINCIPLES AND POLICIES AS I VIEW THEM

First. We stand for human rights before property rights wherever there is a conflict between the two.

Second. We stand not only for human rights but for property rights as against communism, socialism, or fascism, and

we believe that every legal safeguard should be thrown around both man and property.

Third. We stand for the rights of the producer of wealth to have a fair and just share in the wealth that he or she produces.

Fourth. It has been estimated that 3 per cent of the American people own about 90 per cent of the wealth of the country. This is an unjust and harmful distribution of wealth which has been brought about largely by legislation in favor of special interests, and we pledge ourselves to measures which will correct these inequalities and abuses.

Fifth. We favor the enactment of farm legislation which will enable the farmers to obtain greater profits from the products of their toil.

Sixth. The Government now owns Muscle Shoals. We favor the operation of that plant, including related sites, in the interest of the people who own it rather than to turn it over to the power companies or other selfish interests for its exploitation. We should use it for farm fertilizer purposes and for the users of current to the end that both fertilizer and current may be made cheaper.

Seventh. We stand for the conversion of the readjusted-pay certificates heretofore awarded our ex-service men into cash and paid over to them.

Eighth. We favor the payment of ex-service men's certificates in as large measure as possible from individual income taxes, the only kind of taxation that can not be passed on to the consumer, the larger fortunes of the country having been greatly increased by the soldiers' successful efforts in the war.

Ninth. We favor proper anti-injunction legislation for the protection of human labor.

Tenth. We favor the strict enforcement of all antitrust laws and the strengthening of those laws, if necessary.

Eleventh. We are opposed to all mergers, trusts, combinations, holding companies, chain stores, chain banks, or other merging or trust methods, the effect of which is to exploit business for private aggrandizement and greed and against the public weal.

Twelfth. We favor laws prohibiting any governmental agency, like the Farm Board, gambling on future markets, and we believe that the strictest kind of regulations should be had as to all exchanges or other methods of speculation. The Government should not permit another stock debacle like the one of October, 1929.

Thirteenth. No political party can endure by flouting any law. Accordingly, we favor the strict enforcement of all laws and constitutional provisions.

Fourteenth. In view of the present deplorable unemployment condition in this country, we should immediately pass a law providing for an immigration holiday for a reasonable time, with proper provisions governing the separation of families.

Fifteenth. We favor the enactment of unemployment insurance legislation under Government supervision by which the disaster of unemployment may be mitigated.

Sixteenth. We favor the immediate withdrawal of our marines from Central America.

Seventeenth. We favor immediate independence of the Philippine Islands, first negotiating a treaty with the leading nations guaranteeing their permanent independence.

Eighteenth. We favor the immediate repeal of the burdensome and iniquitous Smoot-Hawley tariff bill and a reduction of such tariff rates as are now stifling our foreign trade and ruining our foreign markets.

Nineteenth. We favor putting the women of America upon exactly the same plane as the men, under the law, but without prejudice to existing laws for their benefit.

Twentieth. We are opposed to return of the open saloon.

Twenty-first. We favor a constitutional amendment such as has several times passed the Senate, providing for the abolition of the short sessions of Congress, and providing for new Senators, Representatives, and the Executive to be inducted into office in January after their election in November.

Twenty-second. We protest any material change in the Federal Reserve Act.

Twenty-third. We favor legislation which will preserve to the American people, who own them, the great undeveloped power resources of the Nation, these resources to be used for the benefit of all the people rather than to be turned over to exploiting companies.

Twenty-fourth. We believe that radio is one of the greatest discoveries of the modern age. We believe that it belongs to the people and that it should be preserved for the benefit of all the people and that no vested rights should be granted to any company contrary to the peoples' primary interest.

Twenty-fifth. We favor decreasing Federal taxation by decreasing our expenditures and by rigid economy in Government.

Twenty-sixth. We favor the abolition of all useless bureaus, commissions, and of other instrumentalities of a similar nature heretofore set up by our Government. We do not believe that the commission form of Government should be applied to the Federal Government.

Twenty-seventh. We favor promoting peace and good will with all nations, entangling alliances with none, and encouraging in every proper way foreign trade.

Twenty-eighth. We favor the continuance of the present Federal road system initiated by a democratic administration.

Twenty-ninth. We favor an adequate national defense.

Thirtieth. We favor laws tending to promote all better labor conditions, better business conditions, securer banking conditions, and laws seeking to restore individual initiative, laws encouraging men and women to work rather than to speculate, and laws protecting capital in every legitimate activity and enterprise.

INDUSTRIAL LIFE INSURANCE

Mr. BLEASE. Mr. President, the approaching end of the session makes it impossible for many important measures to be considered. One of them which I hope will be favorably acted upon by the next Congress is Senate bill 1903, introduced by the Senator from Wisconsin [Mr. BLAINE], for the protection of the holders of industrial life insurance policies in the District of Columbia.

My own experience in South Carolina before coming to the Senate showed the existence of many abuses in connection with such policies, and the evidence presented to the District Committee shows that they exist all over the country. I ask leave to have printed as Exhibit A some expressions from State insurance departments on this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit A.)

Mr. BLEASE. The number of these policies is almost unbelievable. About 89,000,000 are in force in the United States, over 700,000 in the District of Columbia alone. The policies are for two or three hundred dollars each, are designed to cover funeral expenses primarily, and the premiums are collected each week in amounts of 5, 10, and 25 cents or more. Yet over \$5,000,000 is collected in this city each year in such tiny installments.

At the recent hearing before the committee of which I am a member these facts were brought out:

(1) Most industrial policies are issued without medical examination. The companies, however, are unwilling to be bound by acceptance of the applicant after a medical examination, where one is made, and the leading company states flatly in its brief (p. 114 of hearings) that if such examinations are to bind the companies undoubtedly they will be discontinued altogether. Litigated cases introduced at the hearing show that the companies have contested and won cases where their own physicians had reported favorably. I submit a brief extract from the leading case on the subject:

In *Gallant v. Metropolitan Life Insurance Co.* (167 Mass. 79) the company made a medical examination of the risk before accepting her. The physician certified her to be in sound health, and she was accepted. No claim of fraud by the insured is shown by the report of the case. Upon presentation of a death claim payment was refused by the company, because it claimed that its medical examiner had been in error.

The policy was issued in February, 1895. Rejecting the report of its own examiner, made 12 days before the date of the policy

to determine insurability, the company relied upon the testimony of the family physician, who attended the insured in her last illness in May, 1895, that it was his opinion that she was not in sound health in February, 1895. He had not previously treated her since 1893, though he saw her in 1894. The Supreme Judicial Court of Massachusetts (of which at that time the great Mr. Justice Holmes was a member) said, in a unanimous opinion:

"The examining physician was only the agent of the defendant to make the examination and report the result of it. He had no authority to make a contract of insurance for the company in which the results of his examination should be conclusively taken by the company to be true. The company made its own contract, a part of which was that no obligation was assumed by the company unless at the time when the policy was issued the insured was 'alive and in sound health.' If in fact the insured at that time was not in sound health, the defendant is not liable on the policy, and this fact can be shown by any competent evidence."

(2) During the contestable period—usually two years—the policyholder can not be sure he is actually insured. In fact, without knowing it, he becomes his own insurer. If he is perfectly healthy, and lives, he pays his money to the company, which keeps it. If he dies during the contestable period, and it appears that the fatal disease must have existed at the date of application, the company will return the premiums to his heirs, but does not have to pay a cent of the insurance itself. The ignorance of the policyholder that any disease existed does not make the slightest difference, legally. I submit at this point brief extracts from two cases on this subject:

As stated by the Supreme Court of Tennessee in *Metropolitan Life Insurance Co. v. Chappell* (151 Tenn. 299), decided in 1924—
"It is the fact of sound health of the insured which determines the liability of the defendant in this character of policies, not apparent health, or his or anyone's opinion, or belief that he was in sound health."

The same language is used by the Supreme Court of Minnesota in *Murphy v. Metropolitan Life Insurance Co.* (106 Minn. 112). The principle is also well expressed in *Connell v. Metropolitan Life Insurance Co.* (16 Penn. Sup. Ct. 520), where the insured died of Bright's disease. Though the policyholder won in the lower court, the Superior Court held that—
"whether the policy was void was dependent upon actual conditions, past or present, and not upon the knowledge of these conditions possessed by the parties."

(3) While the companies assert that they go beyond their obligations under the policies, and pay claims where good faith was exercised, even if there was an undiscovered disease, they decline to assume any legal obligation to do so, and insist on being the exclusive judges of good faith. Not content with this, or with other defenses on the merits, the leading company, with over 45,000,000 policies in force, specifically claims in its brief the right to make technical defenses as well (p. 114 of hearings). It even objects to a provision that the policy shall be valid unless the disease complained of as preexisting actually caused death, but insists that it shall be allowed to decline payment when death resulted from some other cause. I invite attention to a brief extract from such a case:

In *Dietz v. Metropolitan Life Insurance Co.* (168 Penn. State 504) the court says:

"There was no evidence of fraud or misrepresentation in obtaining the insurance, and the sole question for the jury was whether the insured was in sound health when the policy was issued."

The insured died of typhoid pneumonia. The company alleged that he had been subject to epileptic fits before the policy was issued and refused payment.

The trial court instructed the jury that if they believed from the evidence that the insured was afflicted with chronic epilepsy at date of policy he was not in sound health, and the verdict should be for the company. The Supreme Court of Pennsylvania expressly approved this instruction.

(4) Contrary to the usual custom, no copy of the written application is furnished to the applicant, who has no way of knowing what statements he is alleged to have made to the company to induce it to issue the policy. By reference to Exhibit A, it will be seen that the State insurance departments testify that the agent frequently has knowledge of the existence of diseases which he conceals from the company in order to profit by the issuance of the policy.

(5) Many years ago, the Court of Appeals of this District criticized the harshness of industrial policies, and urged that legislation be passed to mitigate their terms. The Commissioners of the District, in reporting on Senate bill 1903,

called attention to this opinion of the appellate court, and expressed general sympathy with the purposes of the Blaine bill. I submit for the RECORD the letter of the commissioners:

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, November 21, 1930.

Senator ARTHUR CAPPER,
Chairman Committee on the District of Columbia,
United States Senate, Washington, D. C.

DEAR SENATOR CAPPER: Referring to S. 1903, Seventy-first Congress, a bill for the protection of industrial insurance policies in the District of Columbia, introduced by Senator Blaine, the commissioners desire to state that they are generally sympathetic to additional legislation upon this subject.

The Court of Appeals of the District of Columbia, in *Eureka Life Insurance Co. v. Hawkins* (39 Ap. D. C. 329), stated:

"Industrial * * * policyholders are frequently illiterate and generally little versed in business matters. * * * It is to be regretted that more adequate protection against the harshness of such contracts is not provided by statute."

We understand that there is considerable difference of opinion as to what legislation is desirable and as to how far it should go, and that your committee is likely to hold a hearing upon the subject. We believe that such a hearing would be desirable.

Very truly yours,

L. H. REICHELDERFER,
President Board of Commissioners of the District of Columbia.

(6) Most of the policies are payable only to the executor or administrator. A beneficiary may be named, and the agent may assure the policyholder that the beneficiary will receive the money; but the involved terms of the policy give him no enforceable rights. The company reserves the right to pay any relative or creditor, as it sees fit. Here is the sort of case to which this leads:

In *Diggs v. Metropolitan Life Insurance Co.* (70 Pittsburgh Legal Journal, pt. 4, 988), the designated beneficiary, a brother of the insured, acting upon his supposed right to the money, incurred the expenses of burying the insured—the primary purpose of industrial policies being to defray such expenses. The company, however, disregarded the beneficiary and paid the money to the husband, who not only was not named as beneficiary but paid no part of the funeral expenses. The court said:

"We do not understand why people buy and pay for insurance of this kind. * * * It certainly puts in the hands of the agents of companies * * * a power which is very likely to be abused. * * * We can not help but believe that a great injustice has been done to the plaintiff in this case, but we do not see how it can be remedied, in view of the terms of the policy."

(7) Formerly, industrial policies were worded like standard policies, and the applications were made part of them. The Supreme Court of the United States, however, in the leading case on the subject (111 U. S. 335) held unanimously that a layman could not be supposed to know of the existence of unmanifested internal diseases such as tuberculosis, heart disease, and so forth, and that where the application was part of the policy an erroneous answer in good faith as to such a disease did not invalidate the policy. Shortly after losing various industrial cases on the strength of this decision the companies abandoned the customary form of policy and wrote a special form for industrial applicants. In this form the application is ignored, no statements in it are referred to, but the policy itself constitutes a written agreement between company and policyholder that it shall be void if any disease whatever exists. The Supreme Court had reluctantly decided that such a contract would be valid. I present for the RECORD brief extracts from its opinion in the case referred to (*Moulou v. Ins. Co.*, 111 U. S. 335):

The applicant was required to answer yes or no as to whether he had been afflicted with certain diseases. In respect of some of those diseases, particularly consumption, and diseases of the lungs, heart, and other internal organs, common experience informs us that an individual may have them, in active form, without at the time being conscious of the fact, and beyond the power of anyone, however learned or skillful, to discover. Did the company expect, when requiring categorical answers as to the existence of diseases of that character, that the applicant should answer with absolute certainty about matters of which certainty could not possibly be predicated? Did it intend to put upon him the responsibility of knowing that which, perhaps, no one, however thoroughly trained in the study of human diseases, could possibly ascertain?

"Suppose, at the time of his application, he had a disease of the lungs or heart, but was entirely unaware that he was so affected. In such a case he would have met all the requirements of that particular question, and acted in the utmost good faith, by answering no, thereby implying that he was aware of no circumstance in

his then physical condition which rendered an insurance upon his life more than usually hazardous."

"In the absence of explicit, unequivocal stipulations, requiring such an interpretation, it should not be inferred that a person took a life policy with the distinct understanding that it should be void and all premiums paid thereon forfeited, if at any time in the past, however remote, he was, whether conscious of the fact or not, afflicted with some one of the diseases mentioned in the question to which he was required to make a categorical answer."

Here is the part of the Supreme Court's opinion to conform to which the present industrial policies are framed:

"If those who organize and control life insurance companies wish to exact from the applicant, as a condition precedent to a valid contract, a guaranty against the existence of diseases, of the presence of which in his system he has and can have no knowledge, and which even skillful physicians are often unable, after the most careful examination, to detect, the terms of the contract to that effect must be so clear as to exclude any other conclusion."

I ask leave to print, as Exhibit B, a comparison of a standard life policy with an industrial life policy which was submitted at the hearing on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit B.)

Mr. BLEASE. Senators know that when the tariff is under consideration the unprosperous companies are put forward to secure high protective rates; and, if they are granted, the big trusts profit by them. At the hearing on this bill only the two largest and best companies were put forward to make the argument in opposition to it, though there are some 30 industrial companies doing business in the District and about 100 in the United States, ranging from the very good to the very bad. The biggest company has comparatively few lapses. Out of 260,000 policies in force here only about 22,000 terminate each year. Many of the small companies, however, have a lapse ratio of nearly 100 per cent, and this results in a tremendous waste of money, for most of the policies do not even survive the contestable period. I ask leave to print, as Exhibit C, two brief tables showing the heavy lapses among the smaller concerns doing business here.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit C.)

Mr. BLEASE. The American Bar Association is urging Congress to enact an insurance code for the District—Senate bill 1470—which carefully prescribes approved forms and prohibits certain other provisions for standard life casualty, marine, fire, group, and fraternal insurance policies, but expressly excludes by its language industrial life policies, the most numerous of all. That is to say, the poor people who take out such policies and who through lack of education or business experience can not safeguard themselves, are to have no protection given them by the American Bar Association's bill, while, on the other hand, the comparatively experienced and well-educated people who take out the other forms of insurance have the most stringent provisions made to protect their interests. It is to be hoped suitable amendments will be offered to this bill, either by the American Bar Association or by the local insurance department, to protect those most in need of protection.

The leading company doing an industrial business asserts in its brief—page 117 of hearings—that the comments of the courts upon and their characterization of the practices of the industrial companies "have generally been favorable." As a matter of fact, the law books are full of severe criticisms of these very companies. In fact, judicial criticisms of insurance companies are largely confined to the industrial concerns. To support these statements, and to show the need of remedial legislation, I ask leave to print as Exhibit D brief extracts from a number of industrial insurance cases.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit D.)

Mr. BLEASE. It is urged that no one is compelled to take out life insurance, and that if the policy is not satisfactory it should be refused. As to this, the New York Appellate Division (22 App. Div. 495) has something to say,

as well as upon the claim that the companies must be protected from fraudulent claimants. This is the court of the domicile of the largest industrial company:

It is small comfort to say that parties must be bound by their contracts, for the fact remains that thousands of persons neither read such contracts, nor would they understand their legal effect if they did.

The company is the party that understands this condition perfectly, is presumed to understand the character of its agents, presumptively vouches for their integrity, gave them employment, and yet is permitted by the law to stipulate for immunity from their acts. It would seem as if such a contract comes dangerously near to offending against the requirements of a sound public policy. Nor is it an answer to say that the contracts are voluntarily made by the insured, or that the companies seek to protect themselves from fraud being practised upon them. The contracts are ignorantly made, and are only voluntarily entered into because not understood. The company possesses the power to protect itself by the selection of its agents, and should not be exempted from liability when selection is made of a person without character, who is thus foisted upon the public to commit wrongs and defraud a class of persons who are in a measure helpless. The argument which pleads for the company as respectable is not a whit stronger than the one which pleads for the people as honest.

And, in conclusion, the British commission which investigated industrial insurance a decade ago used this significant language:

They [the policyholders] have doubtless been unwise to enter into such oppressive contracts, but * * * the contract was made between two parties of very unequal position. On the one side was the company, * * * fully informed, looking for profit and eager to issue the policy; on the other side was the prospective assured, ignorant, as a rule, of business, and unable to realize the need to scrutinize the contract pressed upon him.

Since the insurance codes of various States protect every other class of policyholders, the same protection should be extended to the holders of industrial policies. Conceding that the best companies mean to do the right thing, there is at present no appeal from their decisions if they should be mistaken. The cases where the courts were able to afford a remedy arose almost entirely under the old form of industrial policy, of which the application formed a part. The largest company says (p. 117):

Of course, mistakes have sometimes been made by company representatives in their determination of claims.

But at the present there is no appeal from such mistakes.

At the hearing it was shown that in 1929 payment was refused of about 4,000 industrial policies by two companies alone in the country at large, mainly because of alleged impairment of health. Every Senator had constituents among this number. Many of the refusals, no doubt, were just. It is inconceivable, in view of court records, that all of them were. I trust Congress will remedy the present situation in the near future.

EXHIBIT A

VIEWS OF STATE INSURANCE DEPARTMENTS

Massachusetts

"Since the Massachusetts laws were amended in 1924 to permit the writing of industrial life insurance * * * on a nonmedical basis, the number of complaints relative to rejection of claims during the contestable period has materially increased."

"Under a high-pressure system of salesmanship such as is employed in the writing of industrial life insurance, the agent has every incentive for omitting from the application answers which might result in refusal of the risk by the company. This department has had a large contact with the insuring public and is called upon to handle numerous complaints of various sorts made by policyholders. Experience with complaints regarding nonpayment of claims under industrial policies written on a nonmedical basis indicates that many agents, although knowing the true facts, actually complete the answers to questions contained in the application and withhold from the application anything which would result in its refusal by the company. The applicant assumes full legal responsibility by signing the application but does so at the agent's direction without troubling to read the answers contained in the application. Policy provisions as to sound health and avoidance under certain conditions mean nothing to the insured, because, generally speaking, they are not stressed by the agent and are not read by the insured. Again the insured has no legal redress for lack of knowledge of policy provisions. If death occurs early and during the contestable period, the company makes a careful investigation and often determines that the insured died from a disease that in the opinion of the last attending physician existed at the time of the policy's issue, perhaps without knowledge on the part of the deceased. Or it may find a history of medical attendance of the insured prior to the policy's issue which

was not admitted to the company, although in many cases it was admitted to the agent. In either event, the company may refuse payment of the insurance and offers a refund of premiums, which is a poor substitute for the face amount provided by the policy. Complaint is made to the department and no relief can be afforded * * * because it has no powers to make decisions relative to questions of fact which would be binding on either the company or the complainant. * * * In many of these cases the department is advised that witnesses can be brought to testify that all facts relative to insurability were made known to the agent.

"The policy provisions previously mentioned (i. e., the sound health clause) are designed to protect the company against the taking of uninsurable cases and against fraud. In the majority of complaints heard by this department relative to rejected claims, it is our opinion that the insurance was taken in good faith with complete confidence placed in the agent, who, because of pecuniary advantage to himself, failed in both his duty to the company and the insured. In fact, the agent is the company to this class of policyholders, who are inclined to accept without reservation any statements which he may make. Therefore, it would appear that in cases where facts material to the insurability of a risk are to be obtained through its agents, the company should be required to accept a greater responsibility for the acts of such agents."

(From memorandum of December 27, 1929, signed by Arthur B. Kines, actuary, Massachusetts Insurance Department, transmitted to one of the Senators from Massachusetts by Merton L. Brown, commissioner of insurance, on same date.)

"Since the statutes were amended in 1924 to permit the issue of industrial insurance aggregating \$500 or less on any one life without medical examination, complaints from the public relative to the refusal of companies to pay claims where death occurs during the 2-year contestable period have increased materially. The reason for denial of liability in these cases is usually either because the insured was not in sound health when the policy was issued or because of omission from the application of the past medical history of the insured. In many of these cases it is apparent that the agent in writing up the application is fully aware that the applicant is not a proper risk and withholds from the application any statement that would support this fact. He has the applicant sign the application without reading it and assures him that he is fully covered. When these statements were made in the presence of a doctor they usually appeared in the application because there was no incentive for their omission.

"Most industrial policies issued to-day contain the so-called 'facility-of-payment' clause instead of a designated beneficiary. This clause gives the company the right to pay the proceeds of a death claim to whoever it believes has the best right to such proceeds. The company usually pays to the person who has cared for the insured's burial expenses and accepts a receipted undertaker's bill as such evidence. The undertakers are aware of the practice, which results in expensive funerals and deprives the beneficiaries of much of the protection which the insurance should afford. In my opinion the 'facility-of-payment' clause should be used only in cases where a designated beneficiary has predeceased the insured or the insured's estate has been designated as beneficiary."

(From Annual Report of Commissioner of Insurance of Massachusetts, Wesley E. Monk, for year ending December 31, 1927, pp. 4 and 5.)

Pennsylvania

"From experience of this office in the adjustment of claims, we have had numerous instances where a great many worthy assureds holding industrial insurance have legally been deprived of benefits where too literal an interpretation has been placed by the company on statements contained in the applications. I have in mind particular reference to statements regarding certain diseases and illnesses which the assured had no knowledge of when the insurance was acquired, and, when a claim was presented, these facts which had been developed perhaps and had existed 2, 3, or 4 years prior to the acquiring of the insurance, were used as the basis of denying liability.

"I am particularly interested and in favor of the present legislation (i. e., S. 1903) for the reason that it applies and gives greater protection to that class of policyholders who need protection most and applies to that class the advantages and legal protection afforded ordinary policyholders which, under the laws of most jurisdictions, grant exemption when applied to industrial policies.

"When a company writes insurance without a medical examination, it is showing its willingness to accept and underwrite the risk. If prior adverse medical history develops, knowledge of which was not had by the assured, the company should not have the right to deny liability merely by the fact of medical history unless fraud can be proven. This is the purpose of the act—that the company must prove fraud—and the burden of proof is placed on the company to prove same. * * * I have discussed the provisions of this bill in conjunction with Messrs. Parsons, Young, and Webster of this office. We conclude that the bill * * * is a constructive piece of legislation and meritorious."

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(From letter of November 27, 1929, signed by A. G. Costello, second deputy insurance commissioner of Pennsylvania, addressed to Matthew H. Taggart, insurance commissioner of Pennsylvania, and transmitted by him to insurance commissioner, District of Columbia, with the statement:)

"I submitted Senate bill 1903 to the deputy in charge of examinations, the actuary, and the chief examiner of life companies, and I take the liberty of inclosing herewith a copy of their letter to me on the subject. I have confidence in their judgment, knowing that they have a very direct and continuous contact with this problem."

Georgia

"We have had occasion to make a rather careful study of the situation for the past nine years. * * *

"Complaints that never reach the courts: There are undoubtedly a larger number of these than are tried in the courts. * * *

"Agents are naturally careless in filling out applications, but the companies seem to be stubborn and slow to realize that the agents are agents of the company and not of the insured, and that the company is to that extent a party to the negligence of the agent.

"Where competition is keen the companies are fairly liberal in their interpretation of the policies when a claim is presented; although in some cases those in charge of the claim departments seem to lean backward decidedly in favor of the company, and do not recognize that equity demands that a doubt shall be resolved in favor of the insured. The writer has been trying for years to have the companies change their methods in this particular, and has been insistent that the companies recognize that the responsibility of the agent as to accuracy in filling out an application, and of the home office in filling out a policy, are responsibilities of the company rather than of the insured.

"There is a great deal of trouble and dissatisfaction with irresponsible agents. As a rule industrial agents are recruited from the wrong class of people, and except with companies like the Metropolitan, the Prudential, and a very few others, they may be regarded largely as 'floaters,' who are in the business only temporarily, or certainly not for a very long period with any particular company, and therefore with no regard for the proper building up of a business which shall be permanent with them as well as with the company. Under such circumstances, they promise anything in order to get an application. This naturally leads to trouble later.

"As now conducted by the smaller companies (we are not now including the large industrial companies above referred to), the business is decidedly not on as high a plane as standard or so-called legal-reserve life insurance. There is no reason why it should not be, but to our mind the whole situation is due to the quality of the bulk of solicitors, the lack of training given them, and the further fact that the managements of the companies themselves have not until quite recently made any effort to raise the standard. * * * The same fellowship existing among the personnel of the managements of the larger old-line companies is very largely absent among the personnel of the smaller industrial companies."

(From letter of February 26, 1930, signed by Lewis A. Irons, deputy insurance commissioner.)

Alabama

"We note this bill, S. 1903, is, as its name implies, for the protection of holders of industrial insurance policies in the District of Columbia. We think it is a good bill and that it is fair both to the companies and to the policyholders, and that it ought to be passed. * * * This department has, in effect, accomplished the purpose of the Blaine bill by department ruling."

(From letter of February 24, 1930, signed by R. P. Coleman, deputy superintendent of insurance for Alabama.)

New York

(While the insurance department of New York does not favor the passage of the bill, the following extracts from letters from its superintendent are important in connection with matters to be presented in argument:)

"The point has been raised in connection with sound health clauses that the insured can never know definitely whether or not any real protection is extended by the policy during the contestable period. Such clauses would appear to be most severe if the companies generally did not follow a liberal practice in construing them."

(From letter of November 30, 1929, signed by Albert Conway, superintendent of insurance, to T. M. Baldwin, jr., superintendent of insurance for the District of Columbia.)

"One of the problems of industrial insurance is that of obtaining correct information at the time application is made as to the true physical condition of the insured * * * so that the company will be in a position to decide as to whether the risk is acceptable or not. * * * A considerable importance must necessarily be placed on the good faith of the insured in fully and truthfully answering the questions in the application and of the agent in recording such answers. The industrial companies have very strict rules in this respect. * * * While contested cases are occasionally due to the intentional dishonesty of the agent, the situation more often is that the insured does not understand the importance of the information being asked in the application."

(From letter of February 28, 1930, signed by Albert Conway, superintendent of insurance.)

"One of our four industrial life companies follows this practice (i. e., attaching application to policy) although it depends chiefly

upon the sound health clause in its contracts in contesting fraudulent claims. Our other three companies do not attach copies of the application, presumably on account of the item of expense and because the application would not be used in any legal proceedings."

(From letter of November 30, 1929, above referred to, from Mr. Conway to Mr. Baldwin.)

Michigan

"I had hoped to give some time and study to the conditions in regard to industrial insurance with a view of originating certain legislation for the regulation of this class of insurance in this State, but owing to the great work involved in the revision of the code last year, I was unable to include industrial insurance. * * * Dishonest agents are a curse to the insurance business, and should be eliminated, as we are trying to do in this State, but I would not say that agents writing industrial life insurance are more dishonest than those writing other classes of insurance. In fact we have the most trouble with agents of health and accident companies. This, I believe, is because in the health and accident business there are a great many very small companies, sometimes not honestly managed.

"My own personal opinion in the matter of agents is that every State should require a written examination of all applicants for licenses. Dishonest agents would not be entirely eliminated by a written examination, but a great many of the ignorant agents would be eliminated, and it would force companies to spend some time in the education of an agent before turning him loose upon the public, as ignorance of the insurance business on the part of an agent is just as bad for the public as dishonesty."

(From letter of March 20, 1930, signed by C. D. Livingston, commissioner of insurance of Michigan.)

District of Columbia

"I have had any number of cases on industrial life insurance business in the District where the agents have written applications without ever seeing the applicants. In fact, quite a number of claims have been brought to my attention where the company refused to pay the benefits to the beneficiary owing to the fact that the agents had violated the specific instructions of the company.

"Relative to applicants signing applications without reading the various questions propounded therein, a great mass of this industrial business is sold to persons who can neither read nor write, as well as to persons who do not possess very much education and consequently know very little about the meaning of the same.

"Cases have been brought to my attention where agents have promised almost anything in order to get the application, which, of course, is against the positive instruction of the company, and if the insured would read their policies they would find out that the application and the policy constitute the whole contract between the company and the insured.

"Occasionally I have run across cases where agents have suppressed illness of the applicant, which, if known to the company, the policies would not have been issued.

"In the city of Washington there are many agents known as 'floaters,' and are irresponsible, but in deference to the companies I am compelled to say that as soon as they find out the character of their work they immediately dispense with their services." (From letter of April 1, 1930, signed by T. M. Baldwin, jr., superintendent of insurance.)

"The trouble back of this rejection of claims is the fact that at the present time in the District of Columbia there are so many crooked agents and, perhaps, a policy will be paid on for several years before the company discovers that the person at the time of making the application to the insurance company was really not insurable. I hardly know of a company in the city of Washington writing this industrial business where the answers to the questions propounded on the applications for insurance are not filled out by the agent, who is supposed to ask the questions to the applicant. Of course the applicant is supposed to sign the application. I quite agree with the contention that many times these questions are not asked, but on the other hand the person receiving the policy certainly has the information before him or her as to what the policy calls for and how important it is to truthfully answer all the questions.

"Companies, it is true, should, and I believe they try to employ only reliable agents, but it may be that several years pass before a company discovers that it has in its employ unreliable and scheming agents. Every insurance company, as far as I know, wants to treat the public fair and wants to live strictly up to the terms of its policy. In doing so, it expects the policy holder to act accordingly." (From letter of September 11, 1929, signed by T. M. Baldwin, jr., superintendent of insurance.)

"I know there are times when unscrupulous and crooked agents (over whom under our semblance of an insurance law I have no jurisdiction) are able to put things over on insurance companies. The only way, in my humble opinion, to handle any kind of insurance is by medical inspection or examination and even then I have known cases where doctors have fallen down. * * * What we really should be able to do is stop the licensing of the unworthy insurance representative. If the agents know that they can not put anything over on the public or their companies and get by with it, they will be more particular. I doubt if there is a city in the Union where we have such a condition of switching of agents from one company to another and the things that are pulled off from time to time." (From letter of Oct. 29, 1929, signed by T. M. Baldwin, jr., superintendent of insurance.)

"Without doubt many of the present-day abuses could be prevented if we had a law with 'teeth.' There are many representa-

tives who should be kept out of the insurance business in justice to the insuring public." (From p. 5 of the Report of the Department of Insurance, District of Columbia, for the year ended June 30, 1929, signed by T. M. Baldwin, jr., superintendent.)

EXHIBIT B

STANDARD LIFE INSURANCE POLICY	INDUSTRIAL LIFE INSURANCE POLICY
This is a real insurance policy.	This is an imitation insurance policy.

Both are based upon written applications signed by the prospective policyholder. Both are in mutual companies.

The application is attached to this policy, so that the applicant may have a check on every statement in it.

This policy protects the insured person from its date.

This policy is issued after a careful medical examination. If anything should be overlooked by the examiner, however, the company is still liable on the policy, in the absence of fraud.

The applicant for this policy does not guarantee his health in any way. He has to answer truthfully as to matters within his knowledge, but that is all.

This policy is issued to an intelligent person who is able to, and usually does, understand what he signs.

This policy is definitely and surely payable to the beneficiary named in it.

The provisions of this policy are carefully safeguarded in most jurisdictions by the insurance laws.

This policy is assignable, and the policyholder can raise money on it during his life if he wishes.

EXHIBIT C

SOME OF THE INDUSTRIAL COMPANIES HAVE A LAPSE RATE OF APPROXIMATELY 100 PER CENT ANNUALLY

The tremendous number of lapses among the smaller companies operating in the District is shown by the following figures, all of which relate to the year 1928:

A Virginia company (Continental Life) began the year with 17,464 policies in force, issued 13,223 during the year, and terminated 12,300.

A Tennessee company (Life & Casualty) began the year with 11,193, issued 9,407, and terminated 9,273.

A Virginia company (Southern Aid) began the year with 4,034, issued 3,619, and terminated 3,390.

An Ohio company (Supreme Life & Casualty) began the year with 1,313, issued 1,650, and terminated 1,598.

A Virginia company (Virginia Life & Casualty) began the year with 1,388, issued 2,330, and terminated 2,134.

A North Carolina company (North Carolina Mutual) began the year with 2,780, issued 2,307, and terminated 2,163.

A Maryland company (Mutual Life of Baltimore) began the year with 7,228, issued 7,227, and terminated 6,423.

A Maryland company (Sun Life) began the year with 2,345, issued 4,552, and terminated 2,571.

An Illinois company (Washington Fidelity National) began the year with 1,080, issued 2,858, and terminated 2,490.

A District of Columbia company (Federal Life) began the year with 1,892, issued 1,680, and terminated 1,662.

A Virginia company (Home Beneficial) began the year with 35,942, issued 34,505, and terminated 32,861.

A Maryland company (Liberty Life) began the year with 4,126, issued 10,795, and terminated 8,916.

A Virginia company (Richmond Beneficial) began the year with 1,149, issued 860, and terminated 775.

A Maryland company (Home Friendly) began the year with 6,248, issued 6,994, and terminated 7,218.

A North Carolina company (Home Security) began the year with 2,146, issued 4,130, and terminated 3,056.

LAPSE RATES OF THE SAME COMPANIES FOR THE YEAR 1929

To show that the exceedingly high lapse rate of the smaller companies heretofore quoted is typical of their operations, and not confined to one year, the 1929 figures of the same companies are given below:

A Virginia company (Continental Life) began the year with 18,387 policies in force, issued 18,510 during the year, and terminated 17,555.

A Tennessee company (Life & Casualty) began the year with 11,374, issued 10,218, and terminated 10,801.

A Virginia company (Southern Aid) began the year with 4,263, issued 4,049, and terminated 3,590.

(The Supreme Life & Casualty, mentioned in the list for 1928, consolidated with another company.)

A Virginia company (Virginia Life & Casualty) began the year with 1,584, issued 2,797, and terminated 1,618.

A North Carolina company (North Carolina Mutual) began the year with 2,924, issued 3,838, and terminated 3,270.

A Maryland company (Mutual Life of Baltimore) began the year with 8,032, issued 7,007, and terminated 6,384.

A Maryland company (Sun Life) began the year with 4,326, issued 3,762, and terminated 2,577.

An Illinois company (Washington Fidelity National) began the year with 1,448, issued 2,085, and terminated 2,039.

A District of Columbia company (Federal Life) began the year with 1,910, issued 1,107, and terminated 1,387.

A Virginia company (Home Beneficial) began the year with 37,586, issued 33,662, and terminated 35,077.

(The Liberty Life of Maryland, mentioned in the list for 1928, consolidated with another company.)

A Virginia company (Richmond Beneficial) began the year with 1,234, issued 482, and terminations are not stated in the report.

A Maryland company (Home Friendly) began the year with 6,024, issued 6,550, and terminated 6,269.

A North Carolina company (Home Security) began the year with 3,220, issued 5,565, and terminated 5,098.

EXHIBIT D

SOME CRITICISMS BY THE COURTS OF INDUSTRIAL LIFE-INSURANCE POLICIES, COMPANIES, AGENTS, AND METHODS

District of Columbia Appellate Court appeals for legislative relief from harsh industrial provisions

"Courts of justice do not look with favor upon forfeitures which are the result of technical provisions in contracts of insurance. Especially is this true where there is involved a so-called industrial insurance policy, like the one here in issue; since policyholders of this kind are frequently illiterate and generally little versed in business matters, hence more likely to be guided by the conduct and acts of the company than by the technical provisions of the policy. Indeed, it is to be regretted that more adequate protection against the harshness of such contracts is not provided by statute." (*Eureka Life Insurance Co. v. Hawkins*, 39 App. D. C. 329.)

Maryland Appellate Court also feels concerned about industrial policyholders

"The policyholders of this kind of an insurance company (industrial life insurance policyholders) are generally poor and illiterate people who most need protection against harsh, technical forfeitures, because least able to appreciate their significance and because easily induced by the conduct of the company to act upon the belief that their policies are in force." (*Baltimore Life Insurance Co. v. Howard*, 95 Md. 244.)

Maryland Appellate Court takes judicial notice of fact that agents sometimes falsify applications

"It is unfortunately true that agents, in order to effect insurance, sometimes write in their applications, or in some way report to their principals, statements which either are not justified by what the applicants say, or do not disclose the whole truth, as related by such applicants." (*Forwood v. Prudential Insurance Co.*, 117 Md. 254.)

Virginia Appellate Court can not believe that any person would ever accept policy guaranteeing that he was entirely free from latent diseases

"When one says he is in good health, he does not mean, and nobody understands him to mean, that he may not have a latent disease of which he is wholly unconscious. It is doubtless competent for a life insurance company, in its policies, to take the

expression 'good health' out of its common meaning and make it exclude every disease, whether latent or unknown or not (assuming that any person would ever accept a policy of that kind), but it must do so in distinct and unmistakable language. The mere statement by a party that he fully warrants himself to be in good health is not sufficient." (*Greenwood v. Royal Neighbors*, 118 Va. 329.)

District of Columbia Appellate Court says clause in former Metropolitan policy is "well calculated to mislead" policyholders

"The statement in the policy that the application upon which it was written 'omits the warranty usually contained in applications' is well calculated to mislead the people who purchase this form of insurance." (*Healy v. Metro. Life Ins. Co.*, 37 App. D. C. 240.)

New York Appellate Court condemns throwing the policyholder off his guard by warranties not clearly understood

"Where a warranty is understandingly and clearly given by an insured * * * he will be held strictly to his contract. But when thrown off his guard and induced to enter into such a contract by declarations of the insurer, * * * the declaration in the same paper that the statements are warranties and the basis of the contract, etc., must be so construed, if possible, as to harmonize with the explanations and declarations of the insurer; and if this is not possible they should be rejected." (*Fitch v. Am. Popular Life Ins. Co.*, 59 N. Y. 557.)

New York Appellate Court scores methods adopted in writing industrial policies; says they are ignorantly made, not understood by policyholders, and experience shows a large percentage of mistake or fraud by the companies' agents

"Little used to business or business forms, * * * he * * * (the applicant) finally signs his name in the place where he is directed to sign upon the application; he does not read the same, nor is it read to him. * * * He continues to pay his premiums until death ensues, and then those for whom he hoped to make provision and for whom he has made payment find that the contract is void; that no provision was made for them, because of the mistake or fraud of the agent soliciting the insurance. * * * In the volume of insurance business which is done, a percentage of it which experience in the courts shows is quite large must result as above outlined. It is only necessary, therefore, that the finely printed contract be drawn strong enough in order to exempt the company for liability for * * * the fraud of its own agent. * * * Thousands of persons neither read such contracts, nor would they understand their legal effect if they did. * * * Such a contract comes dangerously near to offending against the requirements of a sound public policy. * * * The contracts are ignorantly made, and are only voluntarily entered into because not understood. * * * A person without character * * * is thus foisted upon the public to commit wrongs and defraud a class of persons who are in a measure helpless. * * * A contract ought not to be upheld which in its practical working exempts the company from liability for the fraud and mistake of its agent. * * * It employed him and should be held liable for the consequence of his acts." (*O'Farrell v. Metropolitan Life Ins. Co.*, 22 App. Div., N. Y., 495; later affirmed in 44 App. Div. and in Court of Appeals of New York, 168 N. Y. 592.)

Contract lacking in mutuality

"The defendant's position * * * is that it so framed its contract with this girl that, although it got its pay, the plaintiff can not get hers; and we shall examine this position with the gravity and care that it merits." (*Kelly v. Met. Co.*, 15 App. Div. 220.)

Warranties should not be "a trap for applicants"

"The purpose of warranties * * * is not to set a trap for applicants. * * * They (the company) have taken the money. Now, just as soon as the boy died and the beneficiary asks to be paid, then their records are looked up.' The company had exactly the same information * * * at the time the contract was made that it has now." (*O'Rourke v. John Hancock Mut. Life*, 23 R. I. 457.)

Company thought insured "a good risk while alive"

"If they (the company) were satisfied and issued the policy, they can not now be heard to say that the doctor selected by them to represent them made a mistake and that the insured was not healthy and had cancer, in the absence of a false or fraudulent representation made by the insured, and there is not the slightest evidence of this in the whole testimony. * * * The company's physician had every opportunity to satisfy himself as to her state of health and physical condition, and if he did not see fit to do so, then it was his fault. * * * The company * * * thought her a good enough risk to receive her money; she was a good risk while alive." (*Baker v. Metropolitan Life Ins. Co.*, 106 S. C. 419.)

Company's position "a fraud upon the insured"

"To permit the company to claim, after the lapse of the time specified in the incontestability clause, that the policy could be contested * * * would be to work a fraud upon the insured and his beneficiary." (*Chinery v. Metro. Life Ins. Co.*, 182 N. Y. Supp. 555.)

Company "knew precise extent of illness"

"When the company accepted this risk they knew the precise extent of the illness * * * which they now desire to have this court hold * * * was a serious one. It did not then deem it

sufficiently serious to prevent it from issuing the policy." (Smith v. Prudential Life Ins. Co., 83 N. J. Law 719.)

Company is liable for "fraud and mistake of its agent"

"There was no attempt to deceive the company. * * * A contract ought not to be upheld which * * * exempts the company from liability for the fraud and mistake of its agent. An insurance company which employs an agent of so little moral sense that he will * * * swear that he committed a fraud in writing the application ought not to be heard to plead an exemption." (O'Farrell v. Metropolitan Life Ins. Co., 22 App. Div., N. Y., 495.)

Company knew the facts when it issued policy

"The defendant was chargeable with knowledge of the facts when it issued its contract and took the money for it; it can not now defeat it by asserting that Clute (the insured) did not truly state them. It knew then * * * what it knows now." (Singleton v. Prudential Ins. Co., 11 App. Div., N. Y., 403.)

"Fraud of agent alone"—"Good faith upon part of insured"

"It is not claimed that the insured gave false answers. * * * The fraud of the agent alone will not be allowed to * * * defeat liability where there is good faith upon the part of the insured." (Quinn v. Metropolitan Life Ins. Co., 10 App. Div., N. Y., 483.)

Company could not take money during life and later allege in defense what it knew all along

"The company * * * could not take the money of the insured while he lived and, when he was dead, claim a forfeiture on account of what it knew at the time it made the contract of insurance, for that would be a fraud." (Sternaman v. Metropolitan Life Ins. Co., 170 N. Y. 13.)

Ignorant Italian—perfunctory examination by company's doctor

"The insured was an Italian, apparently not well acquainted with the English language, confronted with an English-speaking doctor, who probably conducted the examination in the usual more or less perfunctory manner and had the insured sign the paper more or less as a matter of form." (Guarraia v. Metropolitan Life Ins. Co., 101 Atlantic Rep. 299.)

Old lady without glasses signed where told to sign by company's representatives; contest based on what she thus signed

"The sole proof which defendant relies upon * * * consists of the statements in the doctor's certificate. * * * The evidence * * * is uncontradicted that the plaintiff made the doctor's certificate part of the proof of death in the hour of her bereavement, amidst the distractions incident thereto. They were not read by or to her, nor were their contents or purport explained. She was without her glasses, hence could not read. She signed where she was told to sign." (Frazier v. Metropolitan Life Ins. Co., 161 Missouri App. 709.)

Illiterate plaintiff signed blank application, filled out later by company's superintendent at his office

"The plaintiff can neither read nor write. * * * The agent * * * had the plaintiff make his mark to a blank application. This was taken to one of the local superintendents of the defendant, who was informed of the condition of the woman insured. The answers to the questions * * * were then filled up in the superintendent's office and a policy issued." (Robinson v. Metropolitan Life Ins. Co., 1 App. Div., N. Y., 269.)

Medical examiner recorded falsehood, though he was told the truth

"The case is clear. It is one in which the truth is told to the medical examiner; where the latter, instead of the truth, writes down a falsehood." (Grattan v. Metropolitan Life Ins. Co., 92 N. Y. 274.)

Company's attitude a "deceptive inducement to insured"

"Such a contest is within the scope of that clause which makes the policy incontestable after one year from its date. * * * To hold otherwise would be to permit such a clause * * * to remain in a policy as a deceptive inducement to the insured." (Mohr v. Prudential Ins. Co., 32 Rhode Island 177.)

Insured acted honestly, company negligently

"The applicant appeared to be in good health. * * * The defendant had the right to and could have examined him. If it did and issued a policy, * * * that would seem to indicate that the deceased was in good health at the time of issuance of the policy. * * * There is no proof that he was aware at the time of applying for the insurance that he was suffering from tuberculosis or that he was in fact suffering therefrom." (Meyers v. Metro. Life Ins. Co., 128 Misc. 703.)

Company's attitude a "trap for the unwary"

"When the insurance company fails to follow out this statutory provision it should not be permitted, on being brought into court, for the first time to confront the * * * claimant with such a very material matter. * * * We all know * * * that applicants for insurance sign such papers without careful scrutiny. It was to guard against such traps for the unwary that our statute was enacted." (Schuler v. Metropolitan Life Ins. Co., 191 Missouri App. 68.)

Company's claim makes statute a "mere idle form of words"

"If we say that the company may disregard this statute and issue its policy without attaching a copy of the application, and still have the right to assert and rely upon such application as a

part of the contract, the legislative enactment is reduced to a mere idle form of words." (Rauen v. Prudential Ins. Co., 129 Iowa, 725.)

Company's position as to beneficiary makes policy "a delusion and a snare"

"The plaintiff was entitled to recover. Any other construction (i. e., relative to beneficiary) would make such a policy a delusion and a snare. No one could tell, when he named a beneficiary, whether the person sought to be benefited could possibly ever derive any benefit from the insurance." (Golden v. Metropolitan Life Ins. Co., 35 App. Div., N. Y., 569.)

Company acts with "indifference"; pays person having no legitimate claim to proceeds

"The insurer * * * may not act with such indifference that the funds are diverted from the estate by payment to one who has no legitimate claim upon them." (Zornow, Admr., v. Prudential Ins. Co., 210 App. Div., N. Y., 339.)

Facility-of-payment clause "of a questionable nature susceptible of fraudulent abuse"

"The writer is of the opinion that the clause referred to (i. e., facility-of-payment clause) is itself of such a questionable nature, so susceptible of fraudulent abuse, that settlements made under it should be carefully scrutinized by the courts." (Sheridan v. Prudential Ins. Co., 128 Ill. App. 519.)

Option retained by company can not be used to "defeat payment of insurance"

"The right granted defendant * * * to exercise its option in the matter of payment * * * can not be used to defeat the payment of the insurance or to entirely escape the payment of its obligation." (Williams v. Metro. Life Ins. Co., 233 Southwestern Rep. 248.)

According to company, it can settle on any basis with person of its own selection

"If the company may select their own party and settle with him on his own terms, they can pick up anybody and discharge themselves with a mere song." (Brennan v. Prudential Ins. Co., 32 Atl. Rep. 1042.)

Court declares company has committed "a great injustice," but policy terms prevent the court remedying it

"We do not understand why people buy and pay for insurance of this kind. It * * * puts in the hands of the agents of companies * * * a power which is very likely to be abused. * * * We can not help but believe that a great injustice has been done to the plaintiff, * * * but we do not see how it can be remedied, in view of the terms of the policy." (Diggs v. Metropolitan Life Ins. Co., vol. 70, pt. 4, Pittsburgh Legal Journal, p. 988.)

Courts "should not lend their sanction" to company's attitude

"If appellant (i. e., the company) has any real defense to the policy, it has not asserted it. * * * As a result this small fund (\$88), instead of being at once available for the payment of the undertaker's bill, has been the subject of litigation for more than three years. The courts should not lend their sanction to the attitude here assumed by defendant. * * * No defense whatsoever on the merits is suggested, and we can find no just or reasonable ground for the appeal." (Wallace v. Prudential Ins. Co., 174 Missouri App. 110.)

Attitude of company "extremely unfortunate"

"It is extremely unfortunate that the attitude of defendant necessitates the appointment of an administrator * * * and that this small fund (\$144), if recovered, must be subject to the expense and delay incident upon administration." (Manning v. Prudential Ins. Co., 202 Missouri App. 125.)

Attitude of company "perverts real object" of insurance

"To place a policy of this small amount * * * into the hands of an * * * administrator would be to tie up the whole fund, obviously intended to meet burial and other immediate expenses, * * * to pervert it from its real object and to cause it to be eaten into seriously by court expenses." (Renfro v. Metropolitan Life Ins. Co., 148 Mo. App. 258.)

Company induces owner of policy to surrender receipt book, then pays some one else

"The clause (facility-of-payment clause) * * * does not contemplate * * * that the company has the right to obtain the surrender of the book from the real owner of it and then pay the amount * * * at its option to any other beneficiary." (Wilkinson v. Metropolitan Life Ins. Co., 63 Mo. App. 404.)

Company not allowed to profit by "its own fraud"

"The evidence establishes convincingly that the assured made truthful answers to all questions asked of her, neither committed nor intended to commit any fraud, but if a fraud was committed, the jury have found that it was committed by the agent of the defendant company in taking advantage of the inability of the assured to read and write by recording * * * false statements which had not * * * been made by the assured, and by inducing her to sign * * * in the belief that he had correctly recorded her answers. * * * The fraud alleged having been committed, not by the assured but by the defendant company, through its agent, the company can not avail itself of its own

fraud, and invalidate the policy, where it has collected the premiums thereon and enjoyed the full benefits of its contract." (Giola v. Metropolitan Life Ins. Co., 161 N. Y. Supp. 234.)

Requirement for attaching application was intended to "remedy a mischief," District of Columbia Appellate Court says

"The section was intended to remedy a mischief. The purpose of the provision is that the insured shall be furnished with a copy of the application, upon the representations in which the validity of the policy and its binding force may be made to depend." (Metropolitan Life Ins. Co. v. Burch, 39 App. D. C. 397.)

Agent falsified application, but was not even put on stand by company to testify for it

"The plaintiff introduced evidence tending to show that the answers were not correctly written down by the agent. * * * The plaintiff's testimony as to what occurred when the applications were prepared was wholly uncontradicted, as the defendant did not put the agent on the stand. * * * The answer was true. The agent wrote down 'No,' which was false. For this falsity the defendant is responsible." (Peters v. U. S. Industrial Ins. Co., 10 App. Div., N. Y., 533.)

Company knew facts; can not have immunity for "its own negligence"

"Sound public policy prohibits the company from stipulating for immunity from the consequences of its own negligence, or, what is the same thing, the negligence of its agent. * * * When the company issued the policy * * * it knew, through its medical examiner, that the answers as given were not correctly recorded, and that this occurred through no fault of the insured." (Sternaman v. Metropolitan Life Ins. Co., 170 N. Y. 13.)

Illiterate Greek man and woman deceived by agent

"The evidence fully warranted the finding of the jury that the plaintiff and the insured correctly stated the true facts to the agent, and that he wrote false answers in the application and falsely interpreted to the medical examiner." (Insured woman was an illiterate Greek.) "To hold that the plaintiff can not collect this policy of insurance, which was obtained through no dishonesty on his part or that of the insured, but was written by reason of the fraudulent conduct of the defendant's own agent, would fall far short of meeting the demands of justice. * * * It was the fault of the company that this dishonest man was made its agent with authority to solicit insurance; * * * and the defendant, and not the plaintiff, who has done no wrong, must suffer on account of his fraudulent conduct." (Domocaris v. Metropolitan Life Ins. Co., 81 N. H. 177.)

Company and illiterate policyholder both deceived by dishonest agent of company

"Both the plaintiff and the defendant were deceived by the fraudulent conduct of the defendant's agent. By his fraud the plaintiff, an ignorant person who was unable to read or write, was induced to procure * * * policies of insurance * * * which were void by the express terms of one of the company's by-laws. * * * The defendants * * * can not claim and enjoy the benefits they have received under them without making themselves parties to the fraud." (Delouche v. Metropolitan Life Ins. Co., 69 N. H. 587.)

Contents of application and policy unknown to insured—Assistant superintendent of company knew facts, but company refuses payment

"The defendant's assistant superintendent of agents * * * was at the plaintiff's store at least twelve times during the continuance of the policy * * * knew the business there carried on, and made no objection. * * * The application was written by the defendant's soliciting agent, and neither that nor the policy was ever read by or to the plaintiff. The plaintiff did not know the contents of either. * * * He made no attempt to conceal his business. * * * It would be a fraud on their (the company's) part to hold him (plaintiff) to the truth of the representation which he did not in fact make. * * * By receiving the subsequent premiums, collected by their agents with full knowledge of the business, they continued to be chargeable with such knowledge. * * * They can not adopt that part of the agent's acts beneficial to them, and reject the rest. * * * No fraud is imputable to the plaintiff. * * * The facts show that both parties acted in good faith and were alike deceived by the agent. By his fraudulent conduct the plaintiff was unwittingly placed in the position of making a false representation." (McDonald v. Metropolitan Life Ins. Co., 68 N. H. 4.)

Fidelity & Casualty Co. held responsible for mistake or omission of its agent

"If an agent * * * undertakes the preparation of an application for insurance * * * and suggests or advises what facts are material to the risk * * * and by mistake or omission fails to record material facts within his knowledge, the company can not avoid liability * * * if the applicant has acted in good faith throughout and has fully disclosed the facts to the agent." (Fidelity & Casualty Co. v. Cross, 95 Southern Rep. 631.)

Agent never saw insured.—Questions truthfully answered

"The agent had never seen the insured in his life. * * * The witness answered all questions truthfully which the agent asked him and the agent wrote the answers down. * * * It is not alleged * * * that there was any collusion. * * * There is no proof whatever that any fraud was perpetrated upon him (the agent) by the appellee." (Arkansas State Life Ins. Co. v. Allen, 266 Southwestern Rep. 449.)

Illiterate Italian gives "correct information"; agent makes "false entry in application"

"Where a soliciting agent * * * is given the correct information by an applicant who can not read or write" (applicant was an illiterate Italian) "and the agent fills out the application and does not read same to nor tell the applicant what he has written * * * the act of the agent in making the false entry in the application is chargeable to the company." (Home Ben. Assn. v. Salvate, 295 Southwestern Rep. 638.)

Ignorant Pole, unable to read, signs application which had been falsified by agent

"The company was not deceived, for its agent knew the actual facts, and so filled out the * * * application as to conceal them. * * * According to his own testimony, he knew that thereby he made the application blank false on its face. The application so filled out was submitted * * * to the plaintiff, a Pole, who could not read English, and he signed it." (Stanulevich v. St. Lawrence Life Assn., 170 N. Y. Supp. 161.)

Company's managing agent tells uneducated person application is "mere formality"; applicant makes "truthful disclosures"; agent records "false answer"

"If the insured makes truthful disclosures * * * but the agent * * * either carelessly or fraudulently writes a false answer, the same becomes the act of the company.

"If the managing agent presents an application for life insurance to the applicant, which the company has already prepared, with a request that he sign it, and is informed that it is a mere formality required by the company * * * and he signs it without reading or having it read to him, (he) is not negligent, and where he is a person of little or no education * * * he has a right to rely on the statements of the agent." (Federal Life Ins. Co. v. Whitehead, 174 Pacific Rep. 784.)

"No merit to defense; no merit in appeal"

"The alleged connection between a cold and a dose of castor oil on November 23, 1925, and the appendicitis on April 16, 1926, is rather fanciful. There was no merit to the defense in this case and there is no merit in the appeal." (Clayton v. Gen. Accident, etc., Co., 104 N. Y. Law 364.)

Company refuses payment because of asthma and bronchitis where death was due to accident

"When a forfeiture of an insurance policy is alleged on merely technical grounds not going to the risk, the contract will be upheld if it can be without violating any principle of law." (Insured died from accident; company defended on ground he had suffered from chronic asthma and bronchitis.) (French v. Fidelity & Casualty Co., 135 Wis. 259.)

Company's physician makes thorough examination and unreservedly recommends applicant; company refuses payment

"It appears that the insured was thoroughly examined by appellant's examining physician, who found him in good condition, and who unreservedly recommended him as a good risk." (Roedel v. John Hancock Co., 176 Mo. App. 584.)

Company's physician declared negligent; court says there is "not the slightest evidence" of misstatement by policyholder

"The defendant had ample opportunity to investigate and satisfy itself as to the statements made by Mrs. Dill before the policy was issued. If they were satisfied and issued the policy, they can not now be heard to say that the doctor selected by them to represent them made a mistake * * * in the absence of a false or fraudulent representation made by the insured, and there is not the slightest evidence of this in the whole testimony. * * * The defendant's physician, who in person saw the insured, gave his opinion that she was in good health, and he recommended her as 'first class.' * * * The agent of the defendant who took the application by his certificate stated that the applicant appeared to be a good risk. * * * The company's physician had every opportunity to satisfy himself as to her state of health, * * * and if he did not see fit to do so then it was his fault." (Baker v. Metropolitan Life Ins. Co., 106 S. C. 419.)

Company's medical examiner makes thorough examination, and finds insured "absolutely free from disease," but company refuses payment

"The report of defendant's own medical examiner * * * stated * * * that he made a thorough examination of the insured * * * and found her absolutely free from disease and in excellent health." (Bultralik v. Metropolitan Life Ins. Co., 233 Southwestern Rep. 250.)

Company's physician forced to admit that if policyholder could determine she had consumption, he could have done so

"The statement of the * * * medical inspector * * * set out that he * * * had personally * * * inspected the applicant, * * * and * * * was 'of the opinion that said life is in good health' * * * and he closed by recommending the life to be accepted as first class. * * * The defendant introduced as a witness this same physician * * * and he answered that under this form of application there is not any form of examination made at all; no medical examination, no test of the lungs * * * relied entirely upon the statements of the applicant. * * * Admitted that he had certified that Mrs. Shea's health was good * * * and that he believed so then, or he would not have so certified. * * * On recross-examination witness testified that if the patient had consumption and

had determined that for herself, he as a physician could have detected it." (*Huls v. Metropolitan Life Ins. Co.*, 207 Southwestern Rep. 270.)

Kidney disease unknown to insured—company's physician negligent

"Was the defendant's physician * * * obligated to make such an examination of the assured as would disclose her actual physical condition? It does not appear that any answers were given by the insured to his questions which would lead him to make or omit an examination which would disclose the existence of a disease of the kidneys. It also does not appear that the insured knew that she had such a disease." (*Holloway v. Metropolitan Life Ins. Co.*, 154 N. Y. Supp. 194.)

Medical examination by company, and no subsequent change in condition, but payment refused

"In the case at bar the defendant had a medical examination before it issued the policy, and there was no proof offered of any change in the condition of the insured's health between the time of that examination and the issuance of the policy." (*Chinery v. Metropolitan Life Ins. Co.*, 182 N. Y. Supp. 555.)

Company must suffer for its own "bad bargains"

"A company * * * is entitled to no more consideration than an individual in being compelled to suffer the consequences of bad bargains. * * * The insured * * * did not knowingly mislead the medical examiner as to his physical condition, nor was such examiner deceived. The deceased was examined by a physician acting for the defendant, who recommended the risk. It is estopped then from setting up as a defense 'that the insured was not in the condition of health required by the policy.'" (*Roe v. Nat. Life Ins. Assn.*, 137 Iowa 696.)

Medical examiner recommends risk after examination, but company contests policy

"The testimony of * * * the medical examiner of the company that he recommended the risk, not upon her statement that she had never had pneumonia or consumption, but upon his own examination and diagnosis of her physical condition, was clearly competent." (*Brock v. Metropolitan Life Ins. Co.*, 156 N. C. 112.)

Company's physician finds no disease; insured persistently urged to take policy; she acted honestly, though mistaken, but company refused to pay her

"The doctrine of the foregoing cases" (i. e., that if the policy contains inconsistent provisions it should be sustained rather than forfeited) "is peculiarly applicable to industrial insurance * * * for the persons * * * thus insured are usually people of limited means, many of them women, children, and busy laboring men, not versed in matters of contract, and frequently illiterate and dependent upon the agent, in a large measure, for their information. * * * The physician who examined her" (the insured) "for the insurance company found her to be a good risk, and stated that there was nothing in her appearance to indicate that she was in any way diseased. * * * She did not seek the insurance, but was persistently solicited and urged to take it. * * * The evidence and the answers to the interrogatories exclude the idea of fraud on the part of the decedent, and strongly tend to show that she acted honestly and in good faith, though mistaken as to her conditions." (*Metropolitan Life Ins. Co. v. Johnson*, 49 Ind. App. 233.)

Company's agreement to incontestability "must have some force"; company's construction of clause makes it a "mere snare to delude the insured"

"Agreements by life insurance companies not to contest payment of a policy must have some force, and when a company solemnly asserts that it has made all the examination it desires and one that is satisfactory to itself respecting the health of the insured and, therefore, agrees not to contest payment in case of death, its assertion and agreement should be given effect. Any other interpretation would render the incontestability clause absolutely meaningless and a mere snare to delude the insured into the taking of a policy which appeared incontestable but which in fact was not." (*Webster v. Columbian Natl. Life Ins. Co.*, 131 App. Div., N. Y., 837.)

Company agrees to pay wife; she pays premiums on policy; company pays mother

"An agreement was entered into by the company and the assured and his wife that if the latter would pay the premiums the policy would be assigned to her and the company would, upon the death of the assured, pay the amount named in the policy to her. * * * She paid the premiums. The company paid the amount named in the policy to the mother of the assured." (*Thomas v. Prudential Ins. Co.*, 158 Ind. 461.)

Company seeks to take advantage of "fraudulent and dishonorable act of its superintendent"

"The superintendent of the * * * company procured the husband of the insured * * * to execute a release * * * upon the policies for one-fifth of their amount. * * * The plaintiff could neither read nor write; * * * the contract of insurance was not read to her" (except the facility of payment clause). * * * "The scheme by which this company seeks to defeat this result is a fraud upon the rights of the plaintiff. The obliquity which prompted the superintendent * * * to resort to the means which * * * he did resort to in order to escape payment of these policies is quite astonishing and calls for severe condemnation. * * * This defendant now seeks to avail itself of this fraudulent and dishonorable act of its

superintendent. * * * The law permits the defeat of this unconscionable and fraudulent scheme, for so we must characterize it." (*Shea v. U. S. Industrial Insurance Co.*, 23 App. Div., N. Y., 53.)

Company issues policy "after such investigation as it chose to make," but refuses payment

"The company saw fit to write this policy after such investigation as it chose to make in regard to the health of the applicant. It is a matter of common knowledge that life insurance companies do not issue such policies until they have received what they regard as satisfactory evidence that the person to be insured is in good health." (*Lee v. Prudential Co.*, 203 Mass. 299.)

Duty of company to exercise diligence

"It is also common knowledge that policies are issued at the solicitation of the company, and it may well be said that it is the duty of the insurance company not to enter into a contract of such a character until it is convinced that the insured is in good health. * * * The insured has a right to believe that the company has become so convinced, and to rely on his contract, in the absence of fraud or misrepresentations on his part." (*Mumaw v. Southern Life Ins. Co.*, 119 N. E. 132.)

Illiterate foreign woman—Slavic agent of company

"The insured was an ignorant woman of foreign birth, unable to read in the English language, and not able to write her name in any language. * * * On account of the small spaces provided the agent * * * who filled out her application, himself of Slavic origin, may have unduly abbreviated the answers, and * * * she may have been, and probably was, ignorant of their meaning." (*Malchak v. Metro. Co.*, 236 N. Y. Supp. 300.)

District of Columbia company leads ignorant persons to believe policy is in force

"The insured and the beneficiary, apparently ignorant persons, were led to believe * * * that the policy was in force. The association ought, therefore, to be, and is, estopped, after the death of the insured, to say that the policy had been forfeited." (*Natl. Benefit Assn. v. Elzie*, 35 App. D. C. 295.)

*Company is able to "know its own act" * * * when its interest is stimulated" by demand for payment of policy*

"The defendant" (insurance company) "urges the magnitude of its business * * * as evidence of its incapacity to know such things." (i. e., previous rejection for insurance.) "Its capacity to know its own act in this respect when its interest is stimulated does not appear to be defective." (The court further refers to "the expression of this rule of self-stultification.") (*Kelly v. Metro. Co.*, 15 App. Div. 220.)

Latent disease—No medical examination—Good faith on part of policyholder

"There is no evidence * * * that the insured or his beneficiary, or even the agent who took his application, knew that Frank Kinney (the insured) was not in good health at the date he made his application. * * * It would seem unjust to avoid a policy based upon statements made in good faith by proving after death by expert medical examiners that in their opinion death was caused by some latent ailment of which the insured and the agent knew nothing and had no means of knowing, in the absence of a medical examination. Not having required a medical examination, and having relied upon * * * statements * * * made in good faith * * * and it not having been shown without dispute that the * * * disease * * * was the proximate cause of * * * death, we think the insurance company may not now rely upon the medical examinations." (*Natl. Life & Accident Ins. Co. v. Kinney*, 232 S. W. 633.)

Death due to cancer of stomach—Payment refused because of a cold

"Statement that one is 'in good health' is not shown to be false by proof that insured had a cold when he made said statement and that he died a few weeks later of cancer of the stomach, which later disease was not discovered until shortly before his death. * * * It would be most unreasonable to construe the term 'sound health' * * * to mean that the insured is absolutely free from all bodily infirmities. * * * If this were its true meaning, few persons of middle age could truthfully say they were in sound health." (*Sieverts v. Ben. Assn.*, 95 Iowa 710.)

Georgia court says refusal to pay because of latent disease would "render doubtful and uncertain" the value of every life-insurance policy

"To permit the insurer, upon the death of the insured, to go back of and behind the bona fide contract and set up its invalidity on account of some unknown and unmanifested disease, which from its nature and customary course must have been existent in some incipient form, although its existence was in no way manifest * * * and despite the fact that the assured was * * * in the actual enjoyment of good health, would be to render doubtful and uncertain the protection afforded by every policy of life insurance, unless, perchance, it might contain other and independent provisions limiting the time of contestability. * * * In the instant case the medical testimony indicates that the disease must have originated * * * from 5 to 15 years prior to the contract of insurance. The cause or causes of death are oftentimes as subtle and obscure as any fact which relates to the life of man. * * * All life carries within itself the germ of its own dissolution; * * * to live is to begin to die." (*National Life & Accident Insurance Co. v. Martia*, 35 Ga. App. 1.)

"How can one be bound by application he never signed, and whose contents he never knew?"

"On the death of the insured, an illiterate negress, the defendant company refused to pay the policy because of falsehood in answering certain interrogatories in the application. Plaintiff * * * gave notice of proof that insured was old, and unable to read; that all questions asked her she truthfully answered; that the application had not been read over to her or signed by her, and that she did not know its contents, and that the false answers were made solely through the fraud of defendant's agent taking the application." (The foregoing is from the syllabus. The court says:) "How can it be inexcusable negligence not to read, when one can not read? How can one be bound by an application he never signed, and whose contents he never knew? How can one ascertain and correct errors in the answers contained in an application, when the company keeps that, and puts no copy of it with the policy?" (Lewis v. Mutual Reserve Fund Association, 27 Southern Rep. 649.)

Company had special obligation to deal fairly with illiterate Hungarian

"The deceased was a Hungarian, with a very imperfect knowledge of the English language. At the time of making her answers she spoke through an interpreter, and there is no evidence that she either did or could read the policy or the application. In such a case a greater burden rests upon the insurer to deal fairly with the insured. This is especially true as to the acts of the agent in soliciting the insurance and writing down the answers." (Suravitz v. Prudential Co., 244 Penna. St. 582.)

The Senate resumed executive business.

ORDER OF BUSINESS

Mr. GEORGE. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 2125, the nomination of E. Marvin Underwood to be United States district judge for the northern district of Georgia.

Mr. REED. Has that been considered?

Mr. GEORGE. It is now upon the Executive Calendar, and I am asking that it be considered.

Mr. REED. Can we not finish the entire Executive Calendar?

Mr. GEORGE. I hope so.

Mr. McNARY. Mr. President, if the Senator will defer his request, I may state to him that I expect to ask for the completion of all nominations on the Executive Calendar before we recess this afternoon.

Mr. GLASS. Mr. President, I should like to submit a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. When I left the Senate Chamber a short while ago I understood that the Senator from Iowa [Mr. BROOKHART] was to occupy the entire remainder of the afternoon, and for that reason I left. What has become of the calendar?

The PRESIDING OFFICER. We are still on the Executive Calendar.

Mr. GLASS. Does the Senator from Oregon expect to move a recess now?

Mr. McNARY. I desire to return to the Executive Calendar, conclude its consideration, and then I shall move a recess until 12 o'clock to-morrow noon, at which time the Senator from Iowa [Mr. BROOKHART] will take the floor to further discuss the nomination of Eugene Meyer. We have a unanimous-consent agreement to vote upon that matter at 4 o'clock to-morrow afternoon.

Mr. GLASS. What becomes of the calendar in the meantime?

Mr. McNARY. The Legislative Calendar?

Mr. GLASS. Yes.

Mr. McNARY. The Legislative Calendar will be before us as soon as we conclude consideration of nominations on the Executive Calendar, following the vote to-morrow afternoon at 4 o'clock.

Mr. BLAINE. Mr. President, I want to suggest to the Senator from Oregon that I know many Senators assumed that the address of the Senator from Iowa would consume the entire time of the Senate this afternoon and that the balance of the Executive Calendar would not be taken up. I know that personally. Senators have either returned to their offices or possibly gone to their homes with that understanding.

Mr. REED. Mr. President, may I make a suggestion to the Senator from Wisconsin? The Executive Calendar is very

long, but comprises mostly postmaster nominations. If there is any name on the calendar that is objected to, it is perfectly easy to get a reconsideration to-morrow so that no damage would be done to any absentee Senator if we finish the Calendar to-day.

Mr. McKELLAR. The President will not be notified of any confirmations.

The PRESIDING OFFICER. Does the Senator from Wisconsin object to the request of the Senator from Georgia?

Mr. BLAINE. I think it is unwise to proceed without a quorum call. I have no objection to taking up the Executive Calendar, but I think Senators who have left the Chamber under the impression I have just stated ought to have an opportunity to return. There may be some objection to a nomination. I notice there are many nominations reported from the Judiciary Committee. To some of those nominations there were objections in the committee and perhaps Senators interested in them will want to be present.

Mr. GEORGE. Mr. President, I submitted the request that we consider Calendar No. 2125, being the nomination for United States district judge in the northern district of Georgia, solely for the reason that I understood the calendar would not be finished or completed this afternoon. I therefore again ask unanimous consent with the statement that for several days, many days in fact, the northern district of Georgia has been without a Federal judge. It is a matter that ought to be disposed of. My colleague the senior Senator from Georgia [Mr. HARRIS] is present and we have no objection, and I know of no objection to the confirmation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Georgia?

Mr. McNARY. Mr. President, I think my request should take precedence. I am sure no one is absent who is interested in the calendar at all, because it was generally understood that we would finish it to-day. I am satisfied no absent Senator would object to the Executive Calendar being completed.

Mr. BLAINE. My suggestion to the Senator is that Senators mentioned the fact to me that if the Senate undertook to take up the balance of the Executive Calendar or dispose of any business under unanimous consent, they would desire to be present. I told them I would remain here and ask for a quorum if such a request should be made or if we proceeded to take up the rest of the Executive Calendar. I have no personal objection to taking up the calendar, but I feel a personal responsibility to Senators who mentioned it to me. I do not want to suggest the absence of a quorum at this time.

Mr. McNARY. Mr. President, may I ask the Senator from Georgia [Mr. GEORGE] and the Senator from Alabama [Mr. HEFLIN] if they will be satisfied if we proceed immediately following the vote to-morrow at 4 o'clock upon the Meyer nomination to complete the Executive Calendar?

Mr. HEFLIN. It will be satisfactory to me.

Mr. GEORGE. I assume before we finally resume legislative business that there will be consideration of the unobjectioned nominations on the Executive Calendar?

Mr. McNARY. I propose to the Senator, in view of the statement made by the Senator from Wisconsin, that he withdraw his request at this time upon my assurance that to-morrow, immediately following the vote on the Meyer nomination, we will conclude consideration of the nominations on the Executive Calendar.

Mr. GEORGE. I do not understand the Senator from Wisconsin to object to the request I have submitted, because I confined it to one name. I would not be disposed to insist except, as I said, that the northern district of Georgia has been for some weeks without a judge.

Mr. McNARY. I can assure the Senator that there will not be more than one day's delay, and to-morrow we will have the Executive Calendar concluded immediately following the vote on the Meyer nomination.

Mr. GEORGE. Very well.

RECESS

Mr. McNARY. I move that the Senate recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate, in executive session (at 5 o'clock and 8 minutes p. m.), took a recess until to-morrow, Wednesday, February 25, 1931, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate February 24 (legislative day of February 17), 1931

COLLECTOR OF CUSTOMS

Fred A. Bradley, of Buffalo, N. Y., to be collector of customs for customs collection district No. 9, with headquarters at Buffalo, N. Y. (Reappointment.)

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 24, 1931

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Turn again, O Divine Redeemer, and cause Thy face to shine upon us, and may we recognize in Thee a loving Father. Endow us with that deep consciousness that we derive whatever is best from Thee and that which will outlive all earthly glory. Sustain us with that life of trust and fidelity which is patiently borne. Do Thou bless all parents and their children, and may all homes be established in truth, purity, and love. In the presence of questions and perplexities give us clear understanding; always point out the way of personal rectitude and persuade us that the highest culture is to speak no ill. In the Savior's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

REGULATION OF STOCK OWNERSHIP IN RAILROADS

Mr. BEERS. Mr. Speaker, I send House Concurrent Resolution No. 50 to the desk, and ask unanimous consent for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 50

Resolved by the House of Representatives (the Senate concurring), That there be printed 1,700 additional copies of the report of the Committee on Interstate and Foreign Commerce of the House of Representatives (H. Rept. 2789) entitled "Regulation of Stock Ownership in Railroads," of which 500 copies shall be for the use of the House, 200 for the use of the Senate, 600 copies for the use of the Committee on Interstate and Foreign Commerce of the House, 100 copies for the use of the Committee on Interstate Commerce of the Senate, 200 copies for the use of the House document room, and 100 copies for the use of the Senate document room.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GARNER. Reserving the right to object, I think the gentleman from Wisconsin [Mr. STAFFORD] had a suggestion about this; I do not know what it was.

Mr. BEERS. I spoke to the gentleman from Wisconsin. He wanted 500 additional copies for the House, but I do not think the expense warrants it.

The SPEAKER. Is there objection?

There was no objection.

The concurrent resolution was agreed to.

HOUSE MANUAL

Mr. BEERS. Mr. Speaker, I present another resolution and ask unanimous consent for its present consideration.

The Clerk read as follows:

House Resolution 374

Resolved, That the House Rules and Manual of the House of Representatives for the Seventy-second Congress be printed as a House document, and that 2,500 copies be printed and bound for the use of the House of Representatives.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

WASHINGTON AND LINCOLN

Mr. FRANK M. RAMEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing an address made by myself over the radio.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FRANK M. RAMEY. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following address delivered by myself over the radio on February 19, 1931, on the subject of Washington and Lincoln:

In February of each year we celebrate the birthdays of our two greatest heroes, George Washington, the Father of his Country, and Abraham Lincoln, the Great Emancipator. Other countries have their heroes, but no country has produced any two men in the affairs of its nation who rose to such high distinction, having so vast a difference in surroundings and environments at the time of their birth and during their early life.

The parents of Washington had considerable wealth, considering the time in which he was born; while, on the other hand, Lincoln was born in extreme poverty. Washington, as a young man, instead of seeking a commission in the British military force and pursuing a life of luxury and ease, chose to become a surveyor and to endure hard work and toil in the western wilderness. The early life of Lincoln was spent in the lowest limits of poverty with day after day of endless sorrow, the loss of his mother, and many, many other events tending to break the proud spirit which Lincoln possessed.

But Washington and Lincoln alike had tremendous courage and were absolutely fearless when they were convinced that their cause was right, and once they decided upon a course of action, time nor place nor person could swerve them from their path of duty as it appeared before them.

George Washington belongs to all America. He is a national heritage. His plans were always executed with the view of benefiting the entire Nation. It was his vision which was the driving force in those momentous years which made out of 13 colonies, colonies sharply defined by jealousy and customs, a united nation, united in culture, commerce, and sentiment.

Washington was a true and loyal friend. The great friendship between him and Lafayette is almost as tender as the great Bible story of David and Jonathan and the story of Damon and Pythias.

In a statement just issued by the George Washington Bicentennial Commission, it is pointed out that of all the men whom the fortunes of war brought across George Washington's path there was none who became nearer to him than Lafayette. The generous, high-spirited young Frenchman, full of fresh enthusiasm and brave as a lion, appealed at once to Washington's heart.

It is stated that Washington quickly admitted the gallant Frenchman to his confidence, and the excellent service of Lafayette in the field together with his invaluable help in securing the French alliance, deepened and strengthened the sympathy and affection which were entirely reciprocal. After Lafayette departed, a constant correspondence was maintained, and when the Bastille fell, it was to Washington that Lafayette sent its key, which still hangs on the wall of one of the rooms at Mount Vernon.

As Lafayette rose rapidly to the dangerous heights of leadership in the French Revolution he had at every step Washington's advice and sympathy. When the tide turned and Lafayette fell headlong from power, ending in an Austrian prison, Washington spared no pains to help him, although his own position was one of extreme difficulty. Lafayette was not only the proscribed exile of one country, but also the political prisoner of another, and President Washington could not compromise the United States at that critical moment by showing too much interest in the fate of his unhappy friend. He nevertheless went to the very edge of prudence in trying to save him, and the ministers of the United States were instructed to use every private effort to secure Lafayette's release, or, at least, the mitigation of his confinement. All these attempts failed but Washington was more successful in other directions.

Washington sent money to Madam de Lafayette who was absolutely without funds at the time. When Lafayette's son and his own namesake, George Washington Lafayette, came to this country for a haven of safety President Washington had him cared for in Boston and New York by his personal friends—George Cabot in the one case and Alexander Hamilton in the other. As soon as public affairs made it appear proper for him to do it he took the lad into his own household, treated him as a son, and kept him near him until events permitted the boy to return to Europe and rejoin his father.

The sufferings and dangers of Lafayette and his family were indeed a source of great unhappiness to Washington, and it is said that when he attempted to talk about Lafayette he was so much affected that he shed tears—a very rare exhibition of emotion in a man so intensely reserved.

The life of Washington was filled with many vocations and enterprises, but on being asked what his vocation was he would invariably say that he was a farmer. By nature George Washington was essentially a farmer, a high-grade farmer. He loved his land, and his farm was an active one. He kept his roads constantly repaired with the best of improvements thereon.