406. By Mr. CULLEN: Petition of the Central Trades and Labor Council of Greater New York and vicinity, indorsing the action of labor's committee in pressing for a vote on modification of the Volstead law in this session of Congress to permit the manufacture and sale of a mild beverage, non-intoxicating in fact, containing 2.75 per cent alcohol by weight; to the Committee on the Judiciary.

407. By Mr. FITZPATRICK: Petition of the Federation of Labor of Westchester County and the Westchester County Building Trades Council, opposing all legislation providing for a reduction in the salaries of Federal employess; to the Committee on Expenditures in the Executive Departments.

408. By Mr. GARBER: Petition of citizens of the eighth Oklahoma district, protesting against the 10 per cent tax on theater admissions; to the Committee on Ways and Means.

409. By Mr. GOLDSBOROUGH: Petition of Woman's Christian Temperance Union of Salisbury, Md., supporting the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

410. By Mr. McKEOWN: Petition of Dr. C. A. Wolfinger, University Station, Enid, Okla., and other citizens of that city, in support of House Joint Resolutions 82, 83, and 258; to the Committee on the Judiciary.

411. By Mr. PERSON: Petition of 54 citizens of Detroit, Mich., favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

412. By Mr. RUDD: Petition of Chicago Workers Committee on Unemployment, Chicago, Ill., for an increase in money supply sufficient to restore in the United States the average wholesale commodity price level of the year 1926; to the Committee on Ways and Means.

413. By Mr. THURSTON: Petition signed by 30 citizens of Shannon City, Iowa, urging the Members of Congress from Iowa to strenuously oppose an excise tax on automobiles and accessories, or a tax on motor fuels; to the Committee on Ways and Means.

414. By Mr. WATSON: Petition of Makefield Woman's Christian Temperance Union of Dolington, Pa., urging maintenance of the prohibition law and its enforcement, and against its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

415. By Mr. KURTZ: Petition from members of the D. B. Douthett woman's Bible class of the First United Presbyterian Church of Wilkinsburg, Pa., opposing the resubmission of or referendum on the eighteenth amendment, or any change whatsoever in the prohibition law; to the Committee on the Judiciary.

416. Also, petition of men's Bible class, Homewood United Presbyterian Church, Homewood, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

417. Also, petition of Woman's Christian Temperance Union of Swissvale, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

418. Also, petition of Mary Turner Bible class of First United Presbyterian Church of Wilkinsburg, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

419. Also, petition of Blair County branch, Woman's International League for Peace and Freedom, Altoona, Pa., petitioning Congress to forbid the shipment of arms to the warring nations and to announce that loans to other nations are against public policy, and petitioning the President of the United States to publish the communications with China and Japan concerning the Manchurian situation; to the Committee on the Judiciary.

420. Also, petition of Woman's Christian Temperance Union, Washington County, Pa., opposing the reporting out of a bill for the resubmission of the temperance question; to the Committee on the Judiciary.

421. Also, petition of Woman's Missionary Society of the First United Presbyterian Church, Wilkinsburg, Pa., opposing the resubmission of the temperance question; to the Committee on the Judiciary.

422. Also, petition of members of East End Woman's Christian Temperance Union, Pittsburgh, Pa., opposing resubmission of temperance question; to the Committee on the Judiciary.

423. By Mr. CROWTHER: Petition of residents of Schenectady, N. Y., for congressional support of the eighteenth amendment; to the Committee on the Judiciary.

SENATE

FRIDAY, JANUARY 15, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Lord of all being, who holdest all things in the hollow of Thine hand, whose majesty and glory transcend all human thought, we yield Thee hearty thanks for the knowledge that Thou art ever our refuge, and that underneath are the everlasting arms of Thy divine care. Make us strong in that faith which alone can set us free to do our work unhampered by disheveling anxiety, enabling us to bear disappointment with noble ease, preserving us from despondency arising from defects that cling from weaknesses that recur.

Vouchsafe to the sons of daughters of this Nation a new and clearer vision of responsibility in the face of disillusionment, that we may be ever mindful of our duty to our country by showing forth in word and deed our loyalty and devotion to the sacred principles of government. Bless the President of these United States and all others in authority, that they may have a right judgment in all things, courage born of righteousness, in the face of every hindrance, and, above all, a calm unfaltering trust in Thee, without whose guidance the machinations of men and nations are brought to nought. We ask in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Thursday, January 7, 1932, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

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	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bailey	Dickinson	Keyes	Smith
Barkley	Dill	King	Smoot
Bingham	Fess	La Follette	Steiwer
Black	Fletcher	Logan	Swanson
Blaine	Frazier	McGill	Thomas, Idaho
Borah	George	McKellar	Thomas, Okla.
Bratton	Goldsborough	McNary	Townsend
Brookhart	Gore	Metcalf	Trammell
Bulkley	Hale	Morrison	Tydings
Bulow	Harris	Moses	Vandenberg
Byrnes	Harrison	Neely	Wagner
Capper	Hastings	Norbeck	Walcott
Caraway	Hatfield	Norris	Walsh, Mass.
Carey	Hawes	Nye	Walsh, Mont.
Connally	Hayden	Oddie	Waterman
Coolidge	Hebert	Patterson	Watson
Copeland	Howell	Pittman	Wheeler
Costigan	Hull	Reed	White
Couzens	Jones	Robinson, Ind.	

Mr. BLACK. I desire to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is necessarily detained from the Senate on official business. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

NASHVILLE (TENN.) PRESIDENTS' PLAZA COMMISSION

The VICE PRESIDENT. The Chair appoints the Senator from Tennessee [Mr. HULL] as a member, on the part

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of the Senate, of the Nashville (Tenn.) Presidents' Plaza Commission, established by section 2 of an act approved December 12, 1928, to fill the vacancy created by the expiration of the term of Hon. William E. Brock, former Senator from Tennessee.

CHAIN STORE LEADERS AND LOSS LEADERS (S. DOC. NO. 51)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting in further response to Senate Resolution 224, Seventieth Congress, a report of the commission entitled "Chain Store Leaders and Loss Leaders," which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

CONSTRUCTION PROJECTS UNDER EXECUTIVE DEPARTMENTS

The VICE PRESIDENT laid before the Senate letters from the Secretary of the Treasury and the Secretary of Commerce, respectively, stating that the information requested by Senate Resolution 128 (agreed to January 7, 1932), with reference to construction projects which might profitably be entered into within the next six years, had been furnished by them to the Federal Employment Stabilization Board for transmission to the Senate, which were ordered to lie on the table.

GRAIN USED IN THE MANUFACTURE OF LIQUORS (S. DOC. NO. 50)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, reporting in response to Senate Resolution 124 (agreed to on the 4th instant) concerning the number of bushels of grain used in the manufacture of malt and spirituous liquors in the United States during the years 1909 to 1917, inclusive, which was referred to the Committee on the Judiciary and ordered to be printed.

USELESS PAPERS IN THE WAR DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting, pursuant to law, a report of papers and documents on the files of the War Department which are not needed or useful in the transaction of current business of the department and have no permanent value or historical interest, and asking for action looking toward their disposition, which, with the accompanying report, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. REED and Mr. FLETCHER members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to enact the farmers farm relief act

Whereas American agriculture has been all but destroyed through the period of price fixing and deflation; and

Whereas thousands of farmers have lost their farms during the past 10 years and thousands more are at this time being ousted from their farms through the process of mortgage foreclosures: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the members of the Legislature of the State of Wisconsin hereby respectfully memorialize the Congress of the United States to speedily enact into law the bill known as the farmers farm relief act, which provides for the establishment of an efficient credit system whereby the unjust and unequal burdens placed upon agriculture during the period of price fixing and deflation may be lightened, and for the liquidation and refinancing of agricultural indebtedness at a reduced rate of interest through the Federal farm-loan system, the Federal reserve banking system, and the postal savings depository system, and creating a board of agriculture to supervise the same. Be it further

Resolved, That properly attested copies of this resolution be transmitted upon adoption to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolutions of the Legislature of the State of Wisconsin, which were referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to place an excise tax on American investments abroad and to make United States bonds taxable in lieu of imposing a sales tax

Whereas the large deficit renders necessary the imposition of new or increased taxes in large amounts to balance the Federal budget; and

Whereas the sales tax on automobiles, radios, bank checks, notes, theater tickets, and numerous other commodities and transactions is a burdensome and inequitable tax which will create hardship upon many individuals who are at or near the subsistence level and will retard recovery from depression; and

Whereas the very large amounts of American capital invested abroad represent a source of taxpaying ability that is untouched and which should be made to bear its fair share of the cost of maintaining the American Government, under whose laws this wealth was acquired and by whose protection it is now secured; and

Whereas the practice pursued by the National Government of issuing tax-exempt bonds creates another privileged class of wealthy citizens who through this device escape their fair share of the costs of the American Government, for which special privilege there is no need or justification: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin respectfully memorializes the Congress of the United States, in lieu of sales taxes, to impose an excise tax of not less than 3 per cent on American capital invested abroad, and also to provide that hereafter no United States bonds shall be issued which are tax exempt; be it further

Resolved, That a properly attested copy of this resolution be transmitted to each House of the Congress of the United States and to each Wisconsin Member thereof.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

STATE OF WISCONSIN.

Joint resolution memorializing Congress for the immediate payment in cash of the World War adjusted compensation certificates

Whereas this Nation owes a debt of gratitude it can never repay to the nearly 5,000,000 men and women who served the United States in the Army and Navy and as nurses in the World War; and

Whereas Congress in acknowledgment of the claim to consideration of these ex-service men passed the World War adjusted compensation act, under which certificates payable in 1947 were issued to all World War veterans as a partial adjustment for their loss of earnings while in the service of the United States; and

Whereas such adjusted compensation has often been referred to as a bonus when in fact it is a debt; and

Whereas many of these ex-service men are now out of work and their families in great need; and

Whereas there is a universal demand for such payment as shown by the millions of signatures to petitions now on file with Congress; and

Whereas the immediate payment in cash of the World War adjusted compensation certificates, which would give an average of $700 to each veteran, would not only relieve the distress of these men who so unselfishly served this country but would have a most beneficial effect upon general industrial conditions: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to promptly pass one of the bills which have been introduced in both Houses of Congress for the immediate payment in cash of the World War adjusted compensation certificate; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of Congress of the United States, to each Wisconsin Member thereof, and to the Secretary of the Treasury, Andrew W. Mellon.

HENRY A. HUBER,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CHAS. B. PERRY,
Speaker of the Assembly.
C. E. SHAFFER,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate a telegram from M. Kashian, of Corning, N. Y., relative to foreign debts, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the New York State Bankers Association, New York City, favoring a reduction in Government expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate the petition of Charles Forney, of Norfolk, Va., praying that certain witnesses appearing before the Committee on Finance in the hearings held on the sales of foreign securities and giving allegedly false testimony be cited for prosecution, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Victory Post, No. 4, the American Legion, of Washington, D. C., praying for the suspension of Territorial laws of Hawaii and the transfer of the trial of certain American citizens now in the Territory to the Federal district courts of the United States, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented petitions of sundry citizens of Fall River and Severy, in the State of Kansas, praying for the maintenance of the national prohibition law and its enforcement, which were referred to the Committee on the Judiciary.

THE PROHIBITION QUESTION

Mr. KENDRICK. Mr. President, I have on my desk a petition asking Congress to repeal the eighteenth amendment and to substitute therefor a plan of Federal regulation of the liquor traffic. The petition is signed by 4,854 citizens of my State, and an examination of the names of the signers reflects the fact that many of them are among the most prominent people in Wyoming. Hundreds of them are my personal acquaintances, and it is my privilege to claim many of them as my personal friends. I have every reason to believe that many of the signers are total abstainers and do not use intoxicating liquor in any form. In presenting this petition to Congress they are undoubtedly prompted by the highest motives of citizenship and are actuated only by a desire to substitute Federal control and orderly distribution of liquor for the present lack of control and lawless distribution, and thus actually promote the cause of temperance.

I ask that the letter transmitting the petition be read by the clerk and that the letter and petition with its numerous signers be referred to the Committee on the Judiciary, which, as I understand, is now beginning hearings or is preparing to hold hearings on this important question.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

SHERIDAN, WYO., *January 8, 1932.*

Hon. JOHN B. KENDRICK,
Senate Office Building, Washington, D. C.

DEAR SENATOR KENDRICK: We are sending you to-day under separate cover list of signers to a petition, directed to you, Senator CAREY, and Mr. CARTER, urging action in Congress to repeal the eighteenth amendment and to substitute for prohibition a Federal plan of regulation of liquor traffic to the end that we may hope for a greater degree of temperance than we now have or can hope to have under present arrangements, and also with the hope that we may be able to get all the affairs of government into the hands of our elected officials and remove the bootlegger menace which is attaining greater proportions every day.

There are, I believe, 3,553 signers from Sheridan and adjacent territory, and 1,306 from Sweetwater County. We understand that Casper and Cheyenne have sent, or will send, signature lists from those two communities. I think that perhaps a few signers from Casper and Cheyenne may have sent their petitions in to us here and may be included in our list.

So many signatures obtained through response to publication of the petition in the papers indicates to us a very strong sentiment here for repeal and substitution of a plan of regulation.

With warm personal regard and all good wishes, I am,

Sincerely yours,

JOHN G. HUTTON,
Secretary-Treasurer Sheridan Press (Inc.)

The VICE PRESIDENT. The letter and petition will be referred to the Committee on the Judiciary.

THE EIGHTEENTH AMENDMENT AND THE PROHIBITION LAW

Mr. GORE presented a letter in the nature of a memorial from the Federation Woman's Christian Temperance Union, of Oklahoma City, Okla., which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

FEDERATION WOMAN'S CHRISTIAN TEMPERANCE UNION,
Oklahoma City, Okla., January 8, 1932.

Senator T. P. GORE,
Senate Chamber, Washington, D. C.

DEAR SENATOR GORE: At a meeting of the city federation of the Woman's Christian Temperance Union on Thursday, representing 1,000 members, it was voted unanimously to write our Senators and Representative in Washington, asking them to vote "no" on all bills for resubmission of the eighteenth amendment, or any other bill of the opponents of prohibition that would weaken it, and will you kindly make this a part of the printed record.

Thanking you cordially, I am,

ALICE M. DAVID, *President.*
IDA B. FLEENOR, *Secretary.*

SUPPLIES FOR RELIEF OF DESTITUTE

Mr. THOMAS of Oklahoma. Mr. President, I have a matter in the nature of an emergency petition. I ask unanimous consent to use a few moments to explain it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Oklahoma is recognized.

Mr. THOMAS of Oklahoma. Mr. President, an effort is being made to take care of our citizens who are in distress. In Oklahoma City the municipal government, in connection with several welfare organizations and the regular relief organizations, have found that some 350 families are in destitute circumstances. These families have no place to live. Some are living in improvised tents and some in shacks made of sheet iron, boards, and boxes. These organizations first rented a tract of a hundred acres of ground adjacent to the city, proposing to put that tract under the jurisdiction of the city in order to afford police protection and also to provide for sanitation, water, and light service. A few days ago the representatives of the combined movement sent a telegram to the Secretary of War asking for certain equipment. I ask unanimous consent to have a copy of such telegram read.

The VICE PRESIDENT. Without objection, the Secretary will read.

The Chief Clerk read as follows:

JANUARY 9, 1932.

Hon. PATRICK J. HURLEY,
The Secretary of War, Washington, D. C.:

Oklahoma City faced with serious problem housing dependent families. Have leased 100 acres and establishing temporary camp in which hope to house approximately 350 families now living in every type of shack, all undesirable and unsatisfactory because of insanitary health conditions.

Camp to be under the jurisdiction of the city government. Local community-fund authorities and unemployment-relief committee have taken the matter up with Governor Murray and General Barrett, who indorsed plan and have asked War Department, through Colonel Haskell, to supply the following equipment:

Four hundred pyramidal tents, 1,000 regulation Army cots, 1,000 regulation Army blankets, 2 regulation Army field kitchens, 6 regulation Army field ranges, 6 regulation "G–I" cans, 400 Sibley tent stoves and necessary pipes, 1 regulation delouser.

Colonel Haskell advises regulations make it impossible to issue Army blankets and cots. Absolutely imperative that we have entire equipment. We would need equipment for approximately five months. Also imperative we receive this equipment either from Fort Sam Houston or Fort Sill not later than this week. Your assistance and influence in making possible to issue this Federal equipment to this city will be greatly appreciated. Please advise by wire.

CARL C. MCGEE,
Editor Oklahoma News.

Mr. THOMAS of Oklahoma. Mr. President, in reply to that petition the Secretary of War sent a telegram, which I ask unanimous consent to have read.

The VICE PRESIDENT. Without objection, the Secretary will read.

The Chief Clerk read as follows:

JANUARY 12, 1932.

CARL C. MCGEE,
Editor Oklahoma News, Oklahoma City:

Reference your telegram January 9, requesting various articles of Army equipment for alleviating housing and unemployment problems of city. War Department has instructed all corps area commanders to cooperate with local authorities in extending relief to fullest extent along following lines:

Loaning of cots and blankets when available to charitable organizations upon request of governor of any State. Sale of salvaged clothing when available at nominal prices to charitable organizations, as well as sale of certain surplus clothing at fixed

reduced prices. Speeding up of construction and maintenance work whenever possible within limits of appropriations made by Congress.

Department's program is necessarily limited to that outlined above in absence of congressional authorization.

Regretted that all items desired by you can not be supplied. Stocks of such equipment have been greatly depleted during past few years account of relief work connected with floods and droughts.

PATRICK J. HURLEY,
Secretary of War.

Mr. THOMAS of Oklahoma. Mr. President, the Secretary of War, representing the Government, is doing all possible to help out in situations like this, but he advises that certain legal objections exist to the granting of the request. He can loan blankets and cots, but as to certain other equipment the law provides an inhibition. I have another telegram from the representative of the combined welfare organizations in Oklahoma City, which I will ask to place in the RECORD. This message requests the enactment of legislation authorizing the Secretary of War to do the things against which there is now an inhibition. I ask that this telegram be made a part of the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered. The telegram referred to is as follows:

OKLAHOMA CITY, OKLA., *January 14, 1932.*

Senator ELMER THOMAS,
Senate Building.

The governor has requisitioned 400 pyramidal tents complete for emergency use among the destitute of Oklahoma City. The Federal law forbids compliance by the Secretary of War. We need a resolution by Congress to get these tents at once. The small towns of the State have done little to help their destitute. They have been encouraged to move in on us. They are largely citizens of Oklahoma and all citizens of the United States. We are moving heaven and earth to meet our situation, and ask only this help. These people are living under most insanitary conditions, threatening the city with epidemic. We have ground laid out and arrangements for water and sanitation. These people are practically without shelter and crowded until moral conditions are bad. National Guard needs its tents in Oklahoma. Unless prompt action by Congress we will have intense suffering if not serious epidemic. We appeal to you to try to get unanimous and instant consent from Congress.

CARL C. MAGEE.

Mr. THOMAS of Oklahoma. In response to this petition I introduce a joint resolution and ask that same be read. I should like to have the attention of the chairman of the Committee on Military Affairs and likewise the members of that committee.

The VICE PRESIDENT. Without objection, the Secretary will read.

The joint resolution (S. J. Res. 80) authorizing the Secretary of War to furnish equipment, goods, and supplies to governors and acting governors for use in aid of distressed citizens was read the first time by its title and the second time at length, as follows:

Resolved, etc., That upon the request from any governor or acting governor of any State, Territory, or possession of the United States for equipment, goods, and supplies, the Secretary of War is hereby authorized to make available to any such governor or acting governor such equipment, goods, and supplies for the use and benefit of any such State, Territory, or possession in connection with relief work for citizens in distress. *Provided*, That the Secretary of War shall make and promulgate rules and regulations for carrying into effect the provisions of this resolution.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. I suppose the joint resolution will be referred to the Committee on Military Affairs; and if it shall be, I want to assure the Senator that the committee will give it prompt attention.

Mr. THOMAS of Oklahoma. Just one further word, Mr. President. The joint resolution is not intended to aid Oklahoma City alone. The resolution is general in its terms, and under it action may be taken in response to a request coming from any governor or any acting governor of any State or Territory in American possession. I am glad to have the assurance that the joint resolution will have early consideration, and I will appreciate the attention of the chairman of the committee and the committee to it.

The VICE PRESIDENT. The joint resolution will be referred to the Committee on Military Affairs.

PROPOSED INVESTIGATION OF NEW YORK STOCK EXCHANGE

Mr. FLETCHER. Mr. President, I have a communication in the nature of a petition from the Manhattan Board of Commerce (Inc.), of New York, which I ask to have printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the petition, in the form of a communication, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

NEW YORK, *January 12, 1932.*

MY DEAR SENATOR FLETCHER: We respectfully urge that you give serious consideration to the impending investigation of the New York Stock Exchange and other stock exchanges and better-business bureaus.

These so-called better-business bureaus throughout the country are secret and are practically subsidiary corporations of the stock exchange. They pretend to be nonprofit, welfare, or civic organizations, but they are secretly used by the stock exchange as a medium through which to reach the Department of Justice, the Federal Trade Commission, and the Post Office Department. They should be exposed and their hook-up with the stock exchange made public.

If the New York Stock Exchange is a useful and well-intentioned organization, such as it represents itself to be, an investigation by you should be welcomed by them and can do them no harm.

But, on the other hand, if they are running a wide-open gambling house, and if their activities have disturbed and demoralized the entire financial and industrial structure of our country, causing thousands of bank failures and driving 7,000,000 people out of employment, your investigation of them will prove to be of great public service and will aid in a great measure in relieving the present depression and eliminating any cause for a future financial crisis.

Everybody in the country seems to be dazed by the manipulations of the stock exchange, and our citizens will be grateful if you will bring about an investigation so that everyone may be enlightened as to just what the stock exchange is actually doing openly and secretly.

May we hear from you at an early date?

Yours very truly,

MANHATTAN BOARD OF COMMERCE,
I. CHARLES SCHWALB, *General Counsel.*

ENLARGEMENT OF POST-OFFICE BUILDING AT HUDSON, N. Y.

Mr. WAGNER. I ask to have printed in the RECORD and appropriately referred a petition from the Board of Supervisors of Columbia County, N. Y., favoring an immediate appropriation for enlarging the post-office building at Hudson, N. Y.

There being no objection, the petition in the form of a resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

BOARD OF SUPERVISORS,
Columbia County, N. Y.

At an annual session of the board of supervisors of the county of Columbia, held at their rooms in the city of Hudson on the 15th day of December, 1931.

Present: Burke Diefendorf, chairman; Emory C. Van Loan, clerk; and a quorum.

On motion of Mr. Wheeler, fifth ward, the following resolution was adopted, 21 supervisors voting in favor of such resolution and no supervisors voting against the same, 2 absent:

"Whereas the Federal Government having made provisions for a large amount of money to be expended on Government building projects to aid the unemployed throughout the country; and

"Whereas provision has been made for an appropriation of $70,000 by the Congress of the United States at Washington, D. C., for the purpose of enlarging the post office at Hudson, N. Y.; and

"Whereas there is considerable unemployment in the city of Hudson at this time: Therefore be it

"*Resolved*, That the actual appropriation be made by Congress as soon as possible in order to alleviate the suffering from unemployment; that the Columbia County Board of Supervisors in annual session recommend this appropriation and that the clerk of the board send a certified copy of this resolution to Congressman HARCOURT J. PRATT, Senator ROYAL S. COPELAND, and Senator ROBERT F. WAGNER."

STATE OF NEW YORK,
County of Columbia, ss:

I, Emory C. Van Loan, clerk of the board of supervisors of the county of Columbia, do hereby certify that I have compared the foregoing copy of resolution with the original and original minutes thereof, now remaining on file of record in my office, and that the same is a true and correct transcript therefrom and of the whole of such original.

In testimony whereof I have hereunto set my hand and affixed the seal of said board of supervisors this 16th day of December, 1931.

[SEAL.] E. C. VAN LOAN, *Clerk.*

CERTAIN WAR DEPARTMENT APPROPRIATIONS

Mr. WAGNER. I also present a petition in the form of resolutions from the Onondaga Chapter, Reserve Officers' Association of the United States, recommending the making of certain War Department appropriations, which I ask may be printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the petition in the form of resolutions was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

RESERVE OFFICERS' ASSOCIATION OF THE UNITED STATES,
DEPARTMENT OF NEW YORK,
Syracuse, N. Y., January 7, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR: The Onondaga Chapter of the Reserve Officers' Association, representing 300 reserve officers in this congressional district, have passed the following resolutions and directed that they be forwarded to you for your consideration and we trust vigorous support:

"*Resolved*, That our representatives in Congress be urged and requested to support the amounts recommended by the War Department in the Budget, as follows:

"Organized Reserves, $6,354,348 (decrease of $183,437).

"Reserve Officers' Training Corps, $4,088,384 (increase of $109,484).

"Citizens' military training camp, $2,603,624 (decrease of $175,505).

"National Guard, $31,263,565 (decrease of $1,645,577).

"National Board for the Promotion of Rifle Practice, $739,150 (increase of $6,380).

"*Resolved*, That our representatives in Congress be asked to personally contact all members of the following committees in Congress:

"Senate: Military Affairs Committee, Appropriations Committee.

"House of Representatives: Military Affairs Committee, Subcommittee Army Appropriations, deficiency bills committee, and tell the members of these committees that they intend to and will support the amounts presented in the Budget.

"*Resolved*, That our representatives in Congress also be requested to support appropriations sufficient for field training and armory drill pay for the National Guard.

"*Resolved*, That our representatives in Congress be requested to support the deficiency bill for the Air Reserve and also the reserve division bill when introduced.

"*Resolved*, That our representatives in Congress be requested to vigorously support all recommendations for appropriations for the Regular Army."

Very truly yours,

H. D. DYKE,
Lieutenant Colonel, Infantry Reserve,
President Onondaga Chapter.

CURTAILMENT OF GOVERNMENT EXPENDITURES

Mr. COPELAND presented a letter from the executive manager of the New York State Bankers Association, together with a resolution adopted at the fourth annual midwinter meeting of the association, held in New York City, which, with the accompanying resolution, was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

NEW YORK STATE BANKERS ASSOCIATION,
New York City, January 13, 1932.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

SIR: I am requested to send you the inclosed copy of a resolution passed at the fourth annual midwinter meeting of this association held in New York City on January 8, 1932.

Respectfully yours,

W. GORDON BROWN,
Executive Manager.

NEW YORK STATE BANKERS ASSOCIATION,
New York City, January 13, 1932.

To the PRESIDENT OF THE INSTITUTION ADDRESSED.

DEAR SIR: The following resolution was passed at the fourth annual midwinter meeting of the association held in New York on January 8, 1932:

"*Resolved*, That the New York State Bankers Association strongly indorse the memorial of the American Bankers Association calling upon Congress to bring about a drastic curtailment of governmental expenditures in every possible way to the end that public confidence in the high credit of government may remain unimpaired. We invite the attention of Congress to the fact that since the Government now asks the public to return to the tax rates of 1924 it is only fair to urge that the Government should make such reduction in expenditures as would create a corresponding relation of expense to income and thus bring about a balanced Budget."

While we realize that there are certain fixed charges upon the Government which can not be reduced, there is a vast field of expenditure which has been increasing year after year over which Congress and the administration have control and should now materially reduce.

We further call upon those who control the legislative and administrative branches of New York State, its counties and municipalities to halt the mounting cost of government to the end that the people may be relieved from excessive taxation and the feeling of uncertainty resulting from unbalanced budgets may be removed.

Yours faithfully,

W. GORDON BROWN,
Executive Manager.

USE OF THE HIGHWAYS BY HEAVY TRUCKS AND BUSSES

Mr. COPELAND presented a communication from the Arcadia Produce Co. (Inc.), of Newark, N. Y., embodying a resolution adopted by the National Onion Association at its recent meeting held in Toledo, Ohio, which was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

NEWARK, N. Y., *January 11, 1932.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

DEAR SIR: The National Onion Association at their meeting held at Toledo, Ohio, on January 2 passed the following resolution in regard to providing some way of taxing trucks and busses that are filling up our highways at the present time:

"*Resolved*, That the constantly increasing use of our highways by heavy trucks and busses is a nuisance and menace to public safety; that the practically free use of our highways by these trucks and busses is unjust to the taxpayers and unfair competition for the railroads; that, in our opinion, the only way to stabilize railroad securities is to charge truck owners such rates for the use of highways that long hauls by trucks and busses will be unprofitable."

They have requested each member of the association to write their State and Federal legislative representatives, asking them to do all in their power to work out some legislation at the earliest possible moment to remedy this situation.

We feel that this condition is unjust to the taxpayer and unfair competition for the railroads, and we think there should be some remedy provided.

Yours very truly,

ARCADIA PRODUCE CO. (INC.),
By JOHN N. CHAMBERLIN.

PROPOSED MODIFICATION OF THE VOLSTEAD ACT

Mr. COPELAND presented a letter from the secretary of the Central Trades and Labor Council of Greater New York and Vicinity, transmitting resolutions adopted by that organization, which, with the accompanying resolutions, was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

NEW YORK CITY, *January 12, 1932.*

Hon. ROYAL S. COPELAND,
United States Senator, Washington, D. C.

MY DEAR SENATOR: I have been directed by the Central Trades and Labor Council of Greater New York and Vicinity, representing approximately 700,000 organized workers affiliated with the American Federation of Labor, to forward you a copy of the inclosed resolution relative to the modification of the Volstead Act in this session of Congress, which was unanimously adopted by our regular meeting held January 7, 1932. Thanking you for your favorable support on this important question, I am,

Very truly yours,

JAMES C. QUINN, *Secretary.*

Whereas the enactment of the eighteenth amendment and the Volstead law have failed to meet the approval of the people of our country, efforts to enforce them at vast public expense having utterly failed to obtain and secure for them respect and obedience by the citizens of our country; and

Whereas the hypocrisy of the whole prohibition question is best illustrated by the action of the Federal Government itself when it loaned $20,000,000, through the Federal Farm Board, to the Fruit Industries (Ltd.), a private corporation marketing the juice of wine grapes with the guarantee that within 60 days this juice will have developed an alcoholic content of at least 15 per cent; and

Whereas the Federal Government has not only given its tacit consent to the manufacturing of wine of a strong alcoholic content through a private corporation known as Fruit Industries (Ltd.) but has extended the use of hard liquors, under a ruling of the Attorney General issued March 31, 1931, permitting in addition to regular physicians, dentists, veterinarians, optometrists, osteopaths, chiropractors, chiropodists, spinologists to prescribe whisky; and

Whereas the Federal Government has failed to heed the popular demand of the people of the United States for a mild beverage of wholesome beer of low alcoholic content; and

Whereas labor's national committee for modification of the Volstead Act was organized for the purpose of waging an aggressive campaign for modification of the Volstead law in the Seventy-second Congress to permit the manufacture and sale of 2.75 beer in conformity with previous declarations of the conventions of the American Federation of Labor: Therefore be it

Resolved, That the Central Trades and Labor Council of Greater New York and Vicinity indorse the action of labor's committee in

pressing for a vote on modification of the Volstead law in this session of Congress to permit the manufacture and sale of a mild beverage, nonintoxicating in fact, containing 2.75 per cent alcohol by weight; be it further

Resolved, That copies of this resolution be forwarded to each Congressman from Greater New York and both Senators from the State of New York, with the urgent request that they support Senate bill No. 2415 and House Resolution No. 5597 in preference to all other proposals to modify or amend the existing prohibition laws in this session of Congress; be it further

Resolved, That copies of this resolution be forwarded to each affiliated organization and to United States Senator BULKLEY, of Ohio, and Congressman BECK, of Pennsylvania, who proposed labor's modification bill in each branch of Congress.

FIRST DEFICIENCY APPROPRIATIONS

Mr. JONES. Mr. President, while I secured unanimous consent day before yesterday that the rule might be considered as complied with by filing the report on the urgent deficiency bill yesterday, the clerk thinks it well, in order to keep the record straight, that the report be filed in open session.

So, from the Committee on Appropriations, I report back favorably with amendments the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, and I submit a report (No. 88) thereon.

REPORTS OF COMMITTEES

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 1951) for the relief of Howard P. Cornick, reported adversely thereon.

He also, from the same committee, to which was referred the bill (S. 2378) to regulate the conduct and administration of military arsenals, air corps depots, and other War Department activities and property, and for other purposes, reported it with amendments and submitted a report (No. 90) thereon.

He also, from the same committee, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 1694. An act to authorize the Secretary of War to exchange obsolete, surplus, deteriorated, or unserviceable supplies or equipment for new supplies or equipment of the same general character (Rept. No. 91); and

S. J. Res. 48. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late William F. Edgar, of Los Angeles County, State of California, for the benefit of the museum and library connected with the office of the Surgeon General of the United States Army (Rept. No. 92).

Mr. McNARY, from the Committee on Commerce, to which was referred the bill (S. 718) authorizing a survey of Coquille River, Oreg., reported it with amendments and submitted a report (No. 94) thereon.

He also (for Mr. JOHNSON), from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 355. An act providing for the participation of the United States in a Century of Progress (the Chicago world's fair centennial celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes (Rept. No. 93);

S. 719. An act authorizing a survey of Columbia River from Tongue Point to the sea (Rept. No. 95);

S. 721. An act authorizing a preliminary examination and survey of Alsea Bay, in the State of Oregon (Rept. No. 96);

S. 726. An act granting the consent of Congress to the Sunset Investment Co. to construct, maintain, and operate a dam to retain tidal waters in Inner Depoe Bay, Lincoln County, Oreg. (Rept. No. 97);

S. 727. An act granting the consent of Congress to the State of Oregon and the Haynes Slough drainage district to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Haynes Slough, Coos Bay, Coos County, Oreg. (Rept. No. 98);

S. 728. An act granting the consent of Congress to the State of Oregon and the Beaver Slough drainage district to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Beaver Slough, Coquille River, Coos County, Oreg. (Rept. No. 99);

S. 729. An act granting the consent of Congress to the State of Oregon and the Larson Slough drainage district to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Larson Slough, Coos Bay, Coos County, Oreg. (Rept. No. 100); and

S. 730. An act to provide for preliminary examination and survey to be made of the Willamette River and its tributaries, Oreg., with a view to providing a navigable channel from Eugene to Springfield (Rept. No. 101).

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

S. 723. An act authorizing a preliminary examination and survey of the Yamhill River, Oreg. (Rept. No. 102); and

S. 2278. An act authorizing the Secretary of War to reduce the penalty of the bond of the Brazos River and Harbor Navigation District, of Brazoria County, Tex., furnished as surety for its doing certain work on the improvement of Freeport Harbor, Tex. (Rept. No. 103).

Mr. MOSES, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 88) to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof, reported it without amendment and submitted a report (No. 105) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably Executive AA, Seventieth Congress, second session, a general treaty of inter-American arbitration, signed at Washington, January 5, 1929, with reservations, which was placed on the Executive Calendar.

Mr. METCALF, from the Committee on Education and Labor, reported favorably the nomination of Claude M. Henry, of South Dakota, to be a member of the Federal Board for Vocational Education for a term of three years from July 17, 1931, to which office he was appointed during the last recess of the Senate (reappointment), which was placed on the Executive Calendar.

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Thomas Stevens Hammond, Illinois National Guard, to be brigadier general, reserve, from January 8, 1932, and also the nominations of sundry officers in the Regular Army, which were placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry post-office nominations, which were placed on the Executive Calendar.

INVESTIGATION OF AGRICULTURAL CREDIT SITUATION

Mr. TOWNSEND. From the Committee to Audit and Control the Contingent Expenses of the Senate I report various resolutions and ask unanimous consent for their present consideration.

The VICE PRESIDENT. The Secretary will state the first resolution reported by the Senator from Delaware.

The Chief Clerk read the resolution (S. Res. 38) submitted by Mr. CAREY on December 9, 1931, as follows:

Resolved, That the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, is hereby authorized and directed to make a general study and investigation of the agricultural-credit situation and of the Federal instrumentalities which are concerned with supervising and making loans and advances to farmers for agricultural purposes, and to submit a report thereon to the Senate as soon as practicable, together with its recommendations for remedial legislation.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Seventy-second Congress until the final report is submitted, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony, and make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents

per hundred words. The expenses of the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. COUZENS. Mr. President, reserving the right to object, I should like to ask the amount proposed to be appropriated for the purpose.

The VICE PRESIDENT. The Chair understands that the recommendation of the Committee to Audit and Control the Contingent Expenses of the Senate is that the resolution be referred to the Committee on Banking and Currency.

Mr. TOWNSEND. That is correct.

The VICE PRESIDENT. Without objection, the resolution will be referred to the Committee on Banking and Currency.

INVESTIGATION OF CONDITIONS IN HONOLULU

The Chief Clerk read the resolution (S. Res. 137) submitted by Mr. McKELLAR on the 13th instant, as follows:

Whereas recently the New York Times and the New York Herald Tribune, two of the most reputable newspapers in the United States, printed stories of a condition of lawlessness in Hawaii, and especially in Honolulu, that is shocking to a degree; and

Whereas Rear Admiral Yates Stirling, commanding the naval base at Pearl Harbor, has made a report published in these papers condemning officials intrusted with the enforcement of laws in Honolulu and Hawaii; and

Whereas it is apparent from said report that many revolting crimes have recently been committed in Honolulu and no real efforts have been made by the authorities to punish such crimes; and

Whereas it has been deemed necessary by the Navy Department to issue orders that American sailors and marines and American naval officers are prohibited from disembarking at Honolulu, which is American territory, because of the lawlessness and criminality rampant in said city: Now, therefore, be it

Resolved, That a select committee of three Senators be appointed by the Vice President, who shall make a thorough investigation of conditions in the said city of Honolulu and the Territory of Hawaii, and report its findings to the Senate at the earliest possible moment, particularly with reference to the following:

(1) The character and efficiency of all executive officials, from the governor on down;

(2) The recent acts of crime committed in said city and in said Territory and the attitude of the executive officials of the law in reference to said crimes; and

(3) The attitude of the people of Hawaii toward the Navy and its personnel.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings; to sit and act at such times and places; to employ such experts and clerical, stenographic, and other assistants as may be deemed necessary; to require, by subpœna or otherwise, the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $2,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman. The said committee shall have power to designate not exceeding two of its number to go to Honolulu for the purpose of making a first-hand investigation of the facts, if same is deemed necessary.

The VICE PRESIDENT. The resolution is reported with the recommendation that it be referred to the Committee on Territories and Insular Affairs.

Mr. McKELLAR. Mr. President, I hope this resolution will not be referred. There is something quite remarkable about the resolution.

I offered the resolution first to have this matter investigated by a select committee appointed by the Vice President. I am quite confident that the Vice President would have appointed a good committee. I stated to the Committee to Audit and Control the Contingent Expenses of the Senate that under no circumstances could I serve on the committee. I am not seeking service on the committee, and I want to let the Senate know it. Not only am I not seeking service on the committee but I can not serve on the committee because of other duties. There are, however, a number of excellent Senators who are perfectly willing to serve on that committee.

At that time, however, the chairman of the committee, the Senator from Connecticut [Mr. BINGHAM], came to me and said that the investigation ought to be made by the Committee on Territories and Insular Affairs. I felt inclined to agree with him. I had heard—I want to be perfectly frank about it—that that committee did not desire to make the investigation. I so stated to the Senator from Connecticut, and he said that that was not correct, that the committee would be glad to do it. Therefore I changed the resolution at the suggestion of the Senator from Connecticut, the chairman of the Committee on Territories and Insular Affairs, and rewrote it; and it was directed that that committee should make the investigation of conditions out there. Later on I found that there were objections even to that committee making an examination, so I reintroduced the original resolution, and both of them went before the committee.

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

Mr. McKELLAR. I yield.

Mr. BINGHAM. May I say to the Senator that in accordance with my original statement I have called the committee together for to-morrow morning to have a hearing to determine whether a Senate investigation is necessary, and have invited to appear before the committee Admiral Pratt, the Secretary of the Navy, the Secretary of War, the Attorney General, the Hawaiian Delegate, and one or two other citizens in town who are familiar with the situation, and that the hearing by the committee will begin to-morrow morning at half past 10.

Mr. McKELLAR. What is the Senator's objection to having the Senate refer the resolution to his committee to have it carry on the investigation?

Mr. BORAH. Mr. President, I am opposed to an investigation of this matter. I want to be heard as to whether or not any investigation at all shall be made.

The people in Hawaii have a very serious situation on their hands. I am not in favor of placing them on trial before the Senate of the United States before they have an opportunity to demonstrate whether or not they can execute their laws.

I do not desire to discuss the matter at this time, but before the investigation is had I want to be heard.

The VICE PRESIDENT. The Chair may state that if there is objection to the resolution being considered, it would have to go to the calendar, and could not come up until to-morrow or until the next meeting of the Senate.

Mr. McKELLAR. Has any Senator objected?

The VICE PRESIDENT. The Chair understood that the Senator from Idaho wanted to be heard to oppose the resolution.

Mr. BORAH. I have no objection to disposing of it, but I do not want to have it disposed of at a time when we are under the 5-minute rule.

Mr. McKELLAR. As I understand, we are not under the 5-minute rule now.

Mr. BORAH. I ask the Senator to let it go over for another day.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I am glad to yield.

Mr. NORRIS. It seems to me the request is that the resolution go to a committee. There could not be any objection to that from either side.

Mr. BORAH. No; the request was not that it go to a committee.

Mr. McKELLAR. I do not understand the report. If this resolution is passed, and the Committee on Territories and Insular Affairs is directed to make the investigation, that is all I ask. I have nothing else in view.

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

Mr. McKELLAR. Yes; I yield.

Mr. FESS. The Senate, including the Senator from Tennessee, know that we have been trying to inaugurate the policy here that when a resolution comes to the Committee to Audit and Control the Contingent Expenses of the Senate which carries with it a matter that might be of tremendous importance, and ought to be reported on by a standing com-

mittee, we ask to have it go to the standing committee first; and then, if the standing committee recommends that there be an investigation, it comes to our committee, and we vote the money.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COUZENS. Is not the question before the Senate as to whether or not we shall give unanimous consent for the present consideration of the resolution? As I understood the Senator from Delaware, his request was for unanimous consent to consider it.

The VICE PRESIDENT. The Senator from Delaware asked unanimous consent for the immediate consideration of the various resolutions he reported, and the recommendation in this case is to refer the matter to the committee.

Mr. COUZENS. I object to the consideration of the resolution at this time.

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

Mr. McKELLAR. If it goes to the calendar, that is all right. We shall bring it up to-morrow.

Mr. FESS. Mr. President——

Mr. McKELLAR. I now yield to the Senator from Ohio.

Mr. FESS. I should like to finish the statement.

Mr. McKELLAR. I shall be glad to yield, because I want to make a reply to it.

Mr. FESS. I desire to finish the statement I started to make.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Ohio will proceed.

Mr. FESS. This matter came up before our committee, and it was stated that the Department of Justice was already inaugurating an investigation. We had no control over that; but the committee felt that the proper course would be to ask that this resolution be referred to the Committee on Territories and Insular Affairs for them to determine whether there should be an investigation. In case they report that there should be, we shall have no further objection.

Mr. McKELLAR. I will ask the Senator, judging from his experience as a legislator in this body, whether that was not a very deft and delightful way of putting the resolution to death?

Mr. FESS. No. We did the same thing with the resolution of the Senator from Wyoming [Mr. CAREY]. We referred it to the Banking and Currency Committee for action.

Mr. McKELLAR. No; the committee did a different thing with the resolution of the Senator from Wyoming. In that report the committee asked that the Banking and Currency Committee report back to the Senate.

Mr. FESS. Oh, no! It was referred to the committee for consideration whether or not they should report it back.

Mr. McKELLAR. Do I understand that exactly the same report was made by this committee?

Mr. FESS. Precisely.

Mr. McKELLAR. Is it expected that exactly the same course shall be taken with regard to the two matters?

Mr. FESS. Exactly.

Mr. McKELLAR. That the resolution is to be voted on and reported back to the Senate?

Mr. FESS. The Committee on Banking and Currency is to consider whether this investigation should be conducted. If so, then it comes to us.

Mr. McKELLAR. And the same thing in reference to this committee?

Mr. FESS. Precisely.

Mr. McKELLAR. It is to report back to the Senate?

Mr. FESS. Precisely.

Mr. BINGHAM. Mr. President——

Mr. LA FOLLETTE. I ask for the regular order.

The VICE PRESIDENT. The regular order is the presentation of reports of committees. There is pending before the Senate a report from the Senator from Delaware [Mr. TOWNSEND], and unanimous consent is asked for its present consideration.

Mr. BINGHAM. Mr. President, I desire to call attention, in connection with the resolution of the Senator from Tennessee [Mr. McKELLAR], to the following communication from the Attorney General of the United States:

DEPARTMENT OF JUSTICE,
January 14, 1932.

The honorable the SECRETARY OF THE INTERIOR,
Washington, D. C.

MY DEAR MR. SECRETARY: Assistant Attorney General Richardson has been designated to proceed at once to the Hawaiian Islands to make the inquiry requested by Senate Resolution 134. By way of suggestion, I have made a general outline of subjects for investigation. Copy is transmitted herewith. As the Territorial legislature is about to be convened and some of the matters mentioned in this outline may be considered by the legislature, I suggest you transmit a copy of this document to Governor Judd, so that he and the legislature may know what this department is directing its attention to, with the possibility that some progress may be made in the consideration of these matters before Mr. Richardson reaches Honolulu.

If you have any suggestions as to further subjects of inquiry, I shall be glad to have them.

With personal regards, very truly yours,

WILLIAM D. MITCHELL,
Attorney General.

JANUARY 14, 1932.

Hon. SETH W. RICHARDSON,
Assistant Attorney General,
Department of Justice, Washington, D. C.

MY DEAR MR. RICHARDSON: I am obliged to ask you to proceed at once to Honolulu to examine into the conditions affecting law enforcement in the Hawaiian Islands. Your attention is called to Senate Resolution 134, requesting me to report to the Senate upon the administration and enforcement of criminal laws in the Territory of Hawaii by the police authorities, the prosecuting officers, and the courts of the Territory, and to suggest any changes in the organic law desirable in the interest of prompt and efficient administration of justice in the Territory. Because of the conflicting statements about conditions there, it is necessary that representatives of this department ascertain the facts by inquiry on the ground.

A preliminary review of the organization of the machinery of justice in the Hawaiian Islands has been made. In order to assist you, here is an outline of the subjects of inquiry:

1. Courts: The principal courts for the enforcement of criminal law in the islands are the United States district court and the circuit courts. The United States court has jurisdiction only of violations of acts of Congress. The circuit courts have jurisdiction of the enforcement of Territorial criminal laws as well as of some Federal statutes. The judges of both the district court of the United States and the circuit courts of the Territory are appointed by the President with the advice and consent of the Senate.

Appeals from the Territorial circuit courts go to the Territorial supreme court, and appeals from the United States district court go to the United States Circuit Court of Appeals for the Ninth Circuit. Cases in the United States district court are conducted by a United States attorney appointed by the President. Criminal cases in the circuit courts in Honolulu are conducted by the city and county prosecutor who is an elective officer. The city and county of Honolulu appear to be coterminous.

Cases of the type which have recently attracted public attention are not within the jurisdiction of the United States district court nor of the United States attorney. They are triable in Territorial courts and the prosecutions are conducted by the city and county prosecutor.

I suggest you inquire into the operations of the office of the city and county prosecutor to ascertain whether it is efficient, and whether any change in the method of selection of the local prosecutor, such as an appointment by the governor of the Territory, would tend to make the work of that office more effective.

2. Police: In the island of Oahu, on which Honolulu is situated, the principal agents for the detection of crime are the police. The head of the police force is a sheriff, elected by the people. There seems to be some sort of civil-service system applicable to the police force. The organization and efficiency of the police force should be examined, and consideration should be given to whether the discipline and efficiency of the police are open to improvement and, if so, whether that could be accomplished by legislation for appointment of a chief of police by the governor, and to change the system respecting the appointment and removal of officers. A bill for reorganization of the police force appears to have been introduced in the last session of the Territorial legislature but was not passed.

3. Jury system: The provisions of the Constitution of the United States relating to trials of criminal offenses by jury appear to be applicable to the Hawaiian Islands. The organic act, under which the Territory is organized, provides:

"All juries shall be constituted without reference to the race or place of nativity of the jurors; but no person who is not a male citizen of the United States and 21 years of age and who can not understandingly speak, read, and write the English language, shall be a qualified juror or grand juror in the Territory of Hawaii. No person shall be convicted in any criminal case

except by unanimous verdict of the jury. No plaintiff or defendant in any suit or proceeding in a court of the Territory of Hawaii shall be entitled to a trial by a jury impaneled exclusively from persons of any race."

The Territorial laws enacted by the Territorial legislature also provide that a juror must possess the qualifications for registration as a voter, be a resident of the circuit from which selected, of ordinary intelligence, and must not have been convicted of any felony or misdemeanor involving moral turpitude.

I suggest you inquire into the methods of making up the lists of eligible persons for jury service so as to determine whether jurors of the best type available are obtained. The Territorial laws provide a jury commission for each circuit, composed of the circuit judge and two citizens, members of opposite political parties, who annually make up lists of qualified persons for jury service. It should be ascertained whether this system works satisfactorily and whether any improvements may be brought about by legislation or judicial action.

4. Parole board: The Territorial law provides for granting of paroles upon the recommendation of the Board of Prison Inspectors. The parole system having a bearing on the problem of law enforcement, the operations of the existing system should be considered to determine whether it proceeds on principles followed by up-to-date penal systems, and if not, whether any legislation is desirable on that subject.

5. Weight of evidence required in certain criminal cases: The Territorial laws now provide that no person shall be convicted of the crime of rape on uncorroborated evidence of the prosecutrix. I can understand the reason for requiring corroboration as to the fact that force was used, but where that fact is properly established it is not so clear to me that corroboration of the testimony of the prosecutrix should be required as to the identity of the offender.

A memorandum reviewing the statutes of the States of the Union on this subject is being prepared and will be furnished you.

6. Operation of the Federal courts in narcotic drugs and prohibition matters: While offenses of the kind which have recently attracted attention are not within the jurisdiction of the United States court and are not dealt with by the United States attorney or officials of this department, it would be well to consider how efficiently violations of Federal statutes are prosecuted within the district, as this has a bearing on the general crime situation.

The bureau of the Treasury having charge of investigation of offenses against Federal laws relating to narcotics has a force of men in Honolulu. The Prohibition Unit of this department has a force at that place. I am informed that the local police also have authority to detect and arrest offenders under these laws; that the prosecution of prohibition cases may be conducted in either the United States court or the circuit courts of the Territory; and that the practice varies in the different districts in the islands.

The foregoing suggestions do not mean that any conclusion has been reached here as to whether any of the agencies referred to are deficient or as to the extent to which they may require reorganization. These are matters for you to inquire into. While many of the problems mentioned are local in their nature, it must be remembered that there are important naval and military establishments on the Hawaiian Islands, and for that reason it is of especial importance that law and order should be efficiently maintained.

This outline does not limit your inquiry. You are free to go into any phase of the matter that you deem advisable. My impression is that under the organic act under which the Territory is organized, the Territorial legislature has ample authority to enact any legislation that may appear to be desirable for the improvement of enforcement of criminal justice. A special session of that legislature is about to be convened.

I am transmitting a copy of this letter to the Secretary of the Interior for transmission to the governor of the Territory, so that the Territorial legislature may consider the subjects here mentioned. It is desirable, if any legislation is required and it is within the powers of the Territorial legislature, that it be dealt with by that body. The important thing for you is to get at the real facts, which I have no doubt you will do with your accustomed vigor.

You might also consider whether it is desirable that the powers of the governor of the Territory be enlarged by Congress. Under existing law his power to deal with the agencies for enforcement of criminal laws is quite limited.

Mr. J. Edgar Hoover, Director of the Bureau of Investigation, has arranged to place at your disposal a sufficient force of his men, headed by one of his agents in charge.

Very truly yours,

WILLIAM D. MITCHELL,
Attorney General.

HEARINGS BEFORE THE COMMITTEE ON PATENTS

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, without amendment, Senate Resolution 130, submitted by Mr. HEBERT on the 8th instant, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Patents, or any subcommittee thereof, be, and hereby is, authorized, during the Seventy-second Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE POST OFFICES AND POST ROADS COMMITTEE

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably without amendment Senate Resolution 135, submitted by Mr. ODDIE on the 12th instant, which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, is hereby authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS, ETC.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably with an amendment Senate Resolution 48, submitted by Mr. MCKELLAR on December 9, 1931.

The amendment was, on page 3, line 4, to strike out "$25,000" and insert "$1,500," so as to make the resolution read:

Whereas charges have been openly made in the Senate of improper sea mail contracts in Senate Document 210, Seventy-first Congress, entitled "The Truth About the Postal Contracts"; and

Whereas a reply has been made by the Shipping Board and still further charges have been made and published in the RECORD; and

Whereas charges have also been made in reference to postal air mail contracts; and

Whereas the use of mail tubes, especially from airports, has been a matter of consideration by the Senate; and

Whereas by action of the Postmaster General the Interstate Commerce Commission has before it a proposal to increase by $7,000,000 the parcel-post rates; and

Whereas under the post-office building program few buildings in the smaller towns are being erected: Now, therefore, be it

Resolved, That the Committee on Post Offices and Post Roads, or any duly elected subcommittee thereof elected by the full committee, is hereby authorized to investigate during the present session of Congress or any recess thereof, to hold hearings at such times and places as such committee may deem proper and investigate fully the questions:

1. Of all air mail contracts.
2. Of all ocean mail contracts.
3. Of the use of mail tubes in cities, including the transmission of mail from airports to post offices.
4. Of the necessity or expediency of increasing rates on parcel post or other kind of mail matter.
5. Also the question of erecting buildings in small towns.

And the said committee will report its findings to the present session of Congress. For the purpose of this resolution the committee, or any duly elected subcommittee thereof elected as aforesaid, is authorized to hold hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services in reporting such hearings shall not exceed 25 cents per hundred words. The expenses of the committee, which shall not exceed $1,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. TOWNSEND. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. JONES. What committee does the resolution come from?

The VICE PRESIDENT. The Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. JONES. Has it been considered by the Post Office Committee?

Mr. MCKELLAR. It has. The Post Office Committee reported out a resolution of that kind last year, and this morning I understand the same action was taken in reference to it by the Post Office Committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

The Senate, by unanimous consent, proceeded to consider the resolution.

The amendment was agreed to.

The resolution, as amended, was agreed to.

ADDITIONAL CLERK TO BANKING AND CURRENCY COMMITTEE

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, with amendments, Senate Resolution 107, submitted by Mr. NORBECK on December 18, 1931.

The amendments were, in line 2, after the word "employ," to strike out "Gibbs W. Sherrill as," and in line 4, after the word "Congress," to strike out "he," so as to make the resolution read:

Resolved, That the Committee on Banking and Currency is hereby authorized to employ an additional assistant clerk during the first session of the Seventy-second Congress, to be paid at the rate of $1,800 per annum, out of the contingent fund of the Senate.

Mr. TOWNSEND. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. Mr. President, reserving the right to object, I ask what amount is provided for this purpose?

The VICE PRESIDENT. One thousand eight hundred dollars per annum.

Mr. JONES. Mr. President, I desire to ask if this is to be a regular clerkship, or merely for the session? Is it a regular, permanent clerkship?

The VICE PRESIDENT. The language is, "during the first session of the Seventy-second Congress."

Mr. KING. Is it clear that it is not an annual appropriation?

The VICE PRESIDENT. The clerk will read the resolution as proposed to be amended.

The Chief Clerk read the resolution as proposed to be amended.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The amendment was agreed to.

The resolution, as amended, was agreed to.

SPECIAL ASSISTANT CLERK. COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, reported back favorably, with an amendment, Senate Resolution 136, submitted by Mr. BINGHAM on the 12th instant.

The amendment was, on page 1, line 4, to strike out "$2,220" and insert "$1,800," so as to make the resolution read:

Resolved, That the Committee on Territories and Insular Affairs is hereby authorized to employ a special assistant clerk during the Seventy-second Congress, to be paid at the rate of $1,800 per annum out of the contingent fund of the Senate.

Mr. TOWNSEND. I ask unanimous consent for the present consideration of the resolution.

Mr. KING. Mr. President, in view of what appears to me to be rather limited work of the committee at this session—the Philippine Islands probably is the only subject that will engage its attention—I inquire of the chairman of the committee whether there is any necessity for this additional clerk.

Mr. BINGHAM. Mr. President, as I told the committee yesterday, the committee has only the four clerks that every Senator has, whether he is a committee chairman or not. The work of the committee recently has become so heavy that the clerks have been obliged to work at night as well as in the day; and in fairness to them it seemed to me that during the present session of Congress, in view of all the matters that are now before us and are coming up, an extra clerk should be provided to handle the extra work placed upon the committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. JONES. Mr. President, I desire to ask the Senator if it would not do to have this authority limited to the session, at any rate. Of course, the Senator knows the work of his committee, and what increased work has been brought on; but is not that work likely to be finished by the end of the session, so that this clerk would not be needed all the year through?

Mr. BINGHAM. Mr. President, the former chairman of the Appropriations Committee, the late Senator Warren, went over this matter with me two or three years ago, and agreed with me that the committee needed another clerk, and agreed that the item should be put into the bill in connection with the reorganization of the Senate. However, it was not done. The Senator will remember that at the time that bill was passed it was rushed through in the last few hours of the session, and I did not like to press the matter at that time. It is a matter of the greatest necessity. The Banking and Currency Committee has just had an additional clerk granted; the Committee on the Library has recently had an additional clerk granted; and the work of this committee has become so heavy that I hope the Senator will not object.

Mr. JONES. The Banking and Currency Committee was only granted an additional clerk, my recollection is, for the session.

Mr. KING. That is all.

Mr. JONES. Just for the session. It is not a permanent clerkship. This proposal changes the recommendation of the joint committee of the two Houses. We have been trying to prevent, and so far have been preventing, any change in the recommendation of the joint committee. If we now open it up and make a change we are going to have a lot of requests for changes, and we shall really have no basis on which to refuse them.

Mr. BINGHAM. Very well, Mr. President, I will accept the amendment to make it for the session.

Mr. JONES. I think that would be better.

Mr. NORRIS. Mr. President, it seems to me there ought to be a showing for the necessity of this extra clerk. Can the Senator from Connecticut tell us how many bills the Committee on Territories and Insular Affairs reported out in the last Congress, for instance?

Mr. BINGHAM. No, Mr. President. As I recollect, however, the committee were exceedingly busy holding hearings, and their correspondence from the Territories and insular possessions is unusually heavy. The people of the Philippine Islands number 17,000,000, and there is very heavy correspondence from the Philippines. There is a very considerable correspondence from Porto Rico, with its million and a half of people. They have no representative at this end of the Capitol at all, and it is their custom to write to the chairman of this committee on all sorts of matters, including requests for public documents and other things that normally go to a Senator from the people of his State.

Mr. NORRIS. There may be something in that. If the correspondence coming from the possessions of the United States is of such magnitude that the chairman of the committee is not able to answer it, I would not have any objection to supplying him with another clerk. The Committee on Territories, so far as I know, has never done any great amount of work. It will be remembered that when the tariff bill was under consideration, we were having quite a contest about whether we should have a tariff on sugar, I think it was, and there was a proposition before the Senate to have an amendment offered to the tariff bill to give the Philippines their independence. We had a definite agreement made on the floor of the Senate that before the session was over a bill pending in the Committee on Territories looking to that end would be reported one way or the other. I do not think it was even reported.

Mr. BINGHAM. Mr. President, the Senator is most unfair. Extended hearings were held, and the bill was reported. The delay was first caused at the request of the Filipinos themselves; but the bill was reported.

Mr. NORRIS. Very well; it was not reported until a time when we were not able to take it up in the Senate, and it never was taken up in the Senate. At least there is one report the committee has made.

All these other committees report dozens and dozens of bills; they have hearings; they are divided up into subcommittees, with four or five hearings going on at the same time at the beginning of a session, with correspondence coming from all over the United States, including the Philippine Islands.

As far as I am concerned, if the work of the Committee on Territories is such that its present force can not do the work, I am willing that they should be given all the force necessary to do their work. Already what we have done has been cited as a precedent. I do not blame the Senator for citing it. We established the precedent just a few minutes ago, granting an additional clerk for the Committee on Banking and Currency. That is a pretty busy committee right now. They have had four or five bills on the floor of the Senate at this session. We have disposed of most of them, and probably beginning two weeks from now they will not have anything to do to amount to anything for the balance of the session. But they have an extra clerk. That is cited as a precedent now why we should give an extra clerk to the Committee on Territories.

I do not know where this is to end. It will extend to all the committees, possibly. At the beginning of a session of Congress, as a rule, a big rush comes, when many, many bills are introduced and when hearings are held. When they are out of the way most of the committees do not have much to do. The Committee on Banking and Currency usually has important legislation before it, but not very much of it. When they had the Federal reserve legislation before them they were occupied with that during an entire session of Congress, and the committee was very hard worked; but since that, until this session, they have not had very much to do. I do not think they have had as much work to do as quite a number of the other committees of the Senate.

I think this resolution ought to be referred to the Committee on Rules. It is hardly fair, when a committee asks for an additional clerk, to refer the request to the committee making the plea. I wonder whether the Senator from Connecticut would object to having the resolution referred to the Committee on Rules for their consideration, and if it is shown before that committee that this extra help is needed, and they report to that effect, as far as I am concerned, I will have nothing further to say about it.

Mr. BINGHAM. Mr. President, it is a very curious precedent the Senator is attempting to establish. At this session of Congress at least three or four committees have secured favorable action of the Senate for one additional clerk. The chairman of the Committee on Territories did appear before the Committee to Audit and Control the Contingent Expenses of the Senate and answered all their questions, all the members of the committee being present.

Of course, I have no serious objection to the matter being referred to the Committee on Rules, but the case has already been made before the Committee to Audit and Control the Contingent Expenses of the Senate. The Senator from Nebraska did not offer the slightest objection to any of the applications made relating to three other committees.

Mr. NORRIS. I heard of only one other. I confess I think I ought to have made inquiry as to that. I have heard a good many other Senators say they ought to have made inquiry, and I think that is true.

We are now in the midst of a great program of economy, led by the greatest engineer in history, to economize everywhere, and I believe it is a good doctrine. We ought to commence at home.

I may be entirely wrong, but in my judgment the Committee on Territories has less work to do than almost any other standing committee of the Senate. As I have said, I may be wrong about that. I form my judgment to a large extent on the bills which come in from different committees, and in a general way bills of importance are pending from the various committees where hearings have been held. If I am wrong about that, if this committee is overburdened with work and is doing more work than any other committee, I shall not have any objection to giving them an additional clerk, two more, a half a dozen more if necessary to do the work. They ought to have all the clerical assistance necessary. But this is a poor time to start one committee after another asking for more clerical help, until, when we get through, instead of economizing, we will have become the most extravagant of all the governmental bodies in providing for our own work.

Mr. NEELY. Mr. President, does the Senator know how many bills or resolutions were reported from the Committee on Territories during the last session of Congress?

Mr. NORRIS. I asked the chairman of the committee, but he did not know; at least, he did not tell us.

Mr. NEELY. Does the Senator know whether anything was ever reported by the committee?

Mr. NORRIS. Yes; one measure was reported, which the chairman has mentioned.

The VICE PRESIDENT. Is there objection to the consideration of the resolution?

Mr. NORRIS. I object, unless the Senator will agree to let it go to the Committee on Rules or to some other committee.

Mr. BINGHAM. I stated that I would not object.

Mr. NORRIS. Then let it go to the Committee on Rules.

The VICE PRESIDENT. Without objection, the resolution will be referred to the Committee on Rules.

INDIAN LANDS IN OKLAHOMA

Mr. THOMAS of Oklahoma. Now, Mr. President, I report favorably from the Committee on Indian Affairs Senate bill 2407, to authorize the sale of parts of a cemetery reserve made for the Kiowa, Comanche, and Apache Indians in Oklahoma, with an amendment, and submit a report thereon (No. 89).

The VICE PRESIDENT. Is there objection to the consideration of the bill? The Chair hears none, and the amendment will be reported.

The amendment was, on page 1, line 8, before the word "County," to strike out the word "Wichita" and to insert in lieu thereof the word "Caddo," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to cause to be issued a patent in fee for not to exceed 2½ acres of land lying in the northwest corner of the south half of southwest quarter of section 23, township 5 north, range 12 west, Indian meridian, in Caddo County, Okla., said area being within the tract set apart and reserved as a tribal burial ground for the Kiowa, Comanche, and Apache Indians, but long used with their knowledge and assent as a burial place for white residents of the vicinity: *Provided*, That no patent shall issue until a cemetery association has been legally organized to hold title and until payment for the area involved has been made to the superintendent of the reservation in an amount not less than the appraised value of the land.

SEC. 2. The Secretary of the Interior is further authorized, in his discretion, to offer for sale on competitive bids, at not less than their appraised value, and to convey to the purchasers such other parts of the said 80 acres heretofore set apart and known as the Cache Creek Indian Cemetery as may be found not longer needed for Indian burial or administrative purposes, with the understanding that the net proceeds received from such sale or sales and from the cultivation or leasing of any part prior to sale shall be set apart and constitute a fund for the beautifying, improvement, and management of the portion retained as a tribal cemetery.

SEC. 3. It is further provided that each of the three tribes interested may select one of its full-blood members, the three to function as trustees and custodians of the tribal cemetery, signing leases and otherwise assisting in the management of the property, subject to advice and approval of the superintendent.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. JONES:

A bill (S. 2982) for the relief of J. G. Seupelt; to the Committee on Indian Affairs.

A bill (S. 2983) for the relief of homesteaders on the Diminished Colville Indian Reservation, Washington; to the Committee on Public Lands and Surveys.

By Mr. BINGHAM:

A bill (S. 2984) for the relief of John Joseph Shay; to the Committee on Naval Affairs.

A bill (S. 2985) granting the consent of Congress to the Connecticut River State Bridge Commission, a statutory commission of the State of Connecticut created and existing under the provisions of special Act No. 496 of the General Assembly of the State of Connecticut, 1931 session, to construct, maintain, and operate a bridge across the Connecticut River; to the Committee on Commerce.

By Mr. WHEELER:

A bill (S. 2986) to supplement the act entitled "An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington," approved March 13, 1924 (43 Stat. 21); and

A bill (S. 2987) providing for the construction and equipment of a hospital upon the Blackfeet Indian Reservation, in the State of Montana; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2988) granting an increase of pension to Celia J. McKinley (with accompanying papers); and

A bill (S. 2989) granting increase of pensions under the general law to soldiers and sailors of the Regular Army and Navy, and their dependents, for disability incurred in service in line of duty; to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 2990) for the relief of C. O. Meyer; and

A bill (S. 2991) for the relief of B. J. Sample; to the Committee on Post Offices and Post Roads.

A bill (S. 2992) to redistrict South Carolina and to divide said districts into divisions; and to amend paragraph 4n, section 1, Judicial Code (U. S. C., title 28, Supp. III, 1929), and section 105, Judicial Code (U. S. C., title 28, par. 186, 1925), as amended, and section 105, Judicial Code, as amended (U. S. C., title 28, par. 186a, Supp. III, 1929), and for other purposes; to the Committee on the Judiciary.

By Mr. STEIWER:

A bill (S. 2993) for the relief of Walter Malone; to the Committee on Military Affairs.

A bill (S. 2994) granting a pension to J. B. Stanfield (with accompanying papers);

A bill (S. 2995) granting a pension to Susan F. Cates (with accompanying papers);

A bill (S. 2996) granting an increase of pension to James Harvey Fisher (with accompanying papers);

A bill (S. 2997) granting a pension to Eli Sims (with accompanying papers);

A bill (S. 2998) granting a pension to Arminta Sullivan (with accompanying papers);

A bill (S. 2999) granting a pension to Newell A. Wiley (with accompanying papers);

A bill (S. 3000) granting a pension to Sue I. Alexander (with accompanying papers);

A bill (S. 3001) granting a pension to I. W. Bloom (with accompanying papers); and

A bill (S. 3002) granting a pension to Mary Nightingale; to the Committee on Pensions.

A bill (S. 3003) to authorize the addition of certain lands to the Fremont National Forest; to the Committee on Public Lands and Surveys.

By Mr. BAILEY:

A bill (S. 3004) for the relief of Rufus J. Davis; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3005) for the relief of John Joseph Ames; to the Committee on Claims.

A bill (S. 3006) for the relief of Charles Wellesley Berrington;

A bill (S. 3007) for the relief of Burton Bowen; and

A bill (S. 3008) granting an honorable discharge to Timothy J. Long; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 3009) to extend the boundaries of the Fremont National Forest; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

A bill (S. 3010) to authorize the Secretary of the Interior to make loans from the tribal trust fund of the Kiowa, Comanche, and Apache Tribes to members of such tribes; to the Committee on Indian Affairs.

By Mr. GEORGE:

A bill (S. 3011) to authorize the Attorney General to permit prisoners to attend the funeral of a deceased and bedside of a dying relative, and for other purposes; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3012) for the relief of Morris J. Lang; to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 3013) granting an increase of pension to Lou Sutton; to the Committee on Pensions.

A bill (S. 3014) to provide for the commemoration of the landing of Ponce de Leon in the State of Florida; to the Committee on Military Affairs.

By Mr. CONNALLY:

A bill (S. 3015) granting a pension to L. Avant;

A bill (S. 3016) granting a pension to William S. Wall;

A bill (S. 3017) granting increase of pension to members of Troop G, First Regiment Texas Volunteer Cavalry (commonly known as Montell Guards);

A bill (S. 3018) granting an increase of pension to Sidney J. Baylor;

A bill (S. 3019) granting an increase of pension to George W. Baylor;

A bill (S. 3020) granting an increase of pension to Wyatt E. Heard;

A bill (S. 3021) granting an increase of pension to James Whitecotton; and

A bill (S. 3022) granting an increase of pension to Henry W. Baylor; to the Committee on Pensions.

A bill (S. 3023) authorizing the Secretary of War to convey to the city of Eagle Pass, Tex., certain land in Maverick County, Tex., comprising the abandoned military reservation of Camp Eagle Pass; and

A bill (S. 3024) for the relief of Llewellyn B. Griffith; to the Committee on Military Affairs.

A bill (S. 3025) for the relief of the First State Bank & Trust Co., of Mission, Tex.; to the Committee on Claims.

By Mr. BORAH:

A bill (S. 3026) authorizing the General Accounting Office to make certain credits in the accounts of Horace Lee Washington and Arthur B. Cooke, United States Consular Service; to the Committee on Foreign Relations.

A bill (S. 3027) for the relief of James J. Jordan (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 3028) to add certain lands to the Boise National Forest, Idaho; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 3029) making available unexpended balance of appropriation for General and Special Claims Commissions, United States and Mexico; to the Committee on Foreign Relations.

By Mr. DILL:

A bill (S. 3030) for the relief of Amos T. Selby, deceased; to the Committee on Military Affairs.

A bill (S. 3031) for the relief of Molly Stark Williams; and

A bill (S. 3032) for the relief of the Spokane & Eastern Trust Co., of Spokane, Wash.; to the Committee on Claims.

A bill (S. 3033) granting a pension to Allan F. Bartz;

A bill (S. 3034) granting a pension to Oliver L. Wolford;

A bill (S. 3035) granting a pension to Rose Burkett;

A bill (S. 3036) granting a pension to Alta A. W. Cartledge (with accompanying papers); and

A bill (S. 3037) to protect labor in its old age; to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 3038) to create a bureau of welfare of the blind in the Department of Labor, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes; to the Committee on Education and Labor.

A bill (S. 3039) to amend the air commerce act of 1926, so as to provide further encouragement for civilian flying; to the Committee on Commerce.

By Mr. BRATTON:

A bill (S. 3040) granting an increase of pension to Rebecca B. Tooley; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 3041) granting a pension to Viola May Snow (with accompanying papers); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 3042) granting an increase of pension to Bart H. Hickman; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3043) granting an increase of pension to Mildred L. Wright (with accompanying papers); to the Committee on Pensions.

By Mr. DAVIS:

A bill (S. 3044) granting a pension to J. P. Wilkes; to the Committee on Pensions.

By Mr. COSTIGAN and Mr. LA FOLLETTE:

A bill (S. 3045) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes; to the Committee on Manufactures.

By Mr. DILL:

A bill (S. 3046) to amend the radio act of 1927, as amended; to the Committee on Interstate Commerce.

By Mr. HATFIELD:

A bill (S. 3047) authorizing the Federal Radio Commission to assign to labor a cleared broadcasting channel; to the Committee on Interstate Commerce.

By Mr. ODDIE:

A bill (S. 3048) for the relief of Sergt. William S. Risley, Corpl. James R. Allen, and Pvts. William H. Edwards, Lorenzo Edmunds, Ole Michelsen, Andrew J. Burke, Frederick N. Sorenson, Walter A. Fullerton, Harry Pierce, Hughy Wright, James H. Jensen, Ren Bryson, and John J. Kelly, who served in Company B, First Battalion Nevada Volunteer Infantry, war with Spain; to the Committee on Military Affairs.

By Mr. McKELLAR:

A joint resolution (S. J. Res. 81) providing for an investigation of the government of the Territory of Hawaii, and for other purposes; to the Committee on Territories and Insular Affairs.

FEDERAL HOME LOAN BANKS—AMENDMENT

Mr. TRAMMELL submitted an amendment intended to be proposed by him to the bill (S. 2959) to create Federal home loan banks, to provide for the supervision thereof, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

CHANGES OF REFERENCE

On motion of Mr. HASTINGS, the Committee on Banking and Currency was discharged from the further consideration of the bill (S. 2199) exempting building and loan associations from being adjudged bankrupts, and it was referred to the Committee on the Judiciary.

On motion of Mr. REED, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 2943) granting honorable discharges to men who served honorably during the period of actual hostilities in the World War and later deserted the service, and it was referred to the Committee on Naval Affairs.

ALABAMA CONTESTED ELECTION—EXPENSES

Mr. HASTINGS submitted the following resolution (S. Res. 139), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate $5,000 in addition to the amount heretofore authorized for such purpose.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 4) to provide for the printing of 5,000 copies of the hearings on agricultural conference and Farm Board inquiry.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore subsequently laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

LABOR CONDITIONS AT HOOVER DAM

Mr. ASHURST. Mr. President, I rise to secure a change of reference of a certain resolution, and I ask the attention of the senior Senator from Ohio [Mr. FESS].

I have been converted to the idea of the Senator from Ohio [Mr. FESS], and I believe he is correct in that a resolution calling for an investigation should in the first instance go to the committee which apparently would have jurisdiction of the subject matter. I wish to act upon the conversion, so I ask that my resolution, Senate Resolution 22, which proposes an investigation of labor conditions at the Hoover Dam, be withdrawn from the Committee to Audit and Control the Contingent Expenses of the Senate and sent instead to the Committee on Irrigation and Reclamation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order will be made.

PROPOSED DECREASES IN APPROPRIATIONS

Mr. HARRISON. Mr. President, I ask unanimous consent that I may call up Senate Resolution 120 for the consideration of the Senate.

I do not want to delay the regular order, but it seems that reports are being made and requests for unanimous consent granted for the consideration of various matters, and I am anxious to get action by the Senate on this resolution before we take up the appropriation bill.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, may I ask the Senator from Mississippi whether that is a resolution which has been on the desk for some time?

Mr. HARRISON. Yes; it was offered two days before we adjourned for the Christmas holidays.

Mr. McNARY. I think that is a matter of very great importance, and should not be taken up for consideration until we finish the routine morning business.

Mr. HARRISON. I will wait. I just want to have it considered before the appropriation bill is considered.

INVESTMENTS ABROAD BY MANUFACTURING INTERESTS

Mr. WALSH of Montana. Mr. President, I introduce the resolution, which I send to the desk, and ask that it be read.

The VICE PRESIDENT. Let the resolution be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 138), as follows:

Resolved, That the Secretary of Commerce be, and he hereby is, requested to transmit to the Senate a list of individuals, firms, and corporations engaged in manufacturing or other form of production in continental United States that have established plants or engaged in production in any foreign country having investments therein of more than $50,000, and in that connection to advise the Senate:

(a) Of the foreign city and country in which such individual firms or corporations are respectively so engaged.

(b) Of the character of the product or material issuing from each of such plants or establishments.

(c) Of the approximate amount of the investment in such enterprises, respectively.

(d) Of the number of employees engaged in each of such plants and establishments.

(e) Of the date when they were established or the work in which they are engaged was initiated, and if any additions to their operations have since taken place, the date thereof.

Mr. WALSH of Montana. Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

Mr. WALSH of Massachusetts. Mr. President, I assume the resolution is a follow up to the report made by the Department of Commerce as to the general extent of investments abroad by manufacturing interests of the United States?

Mr. WALSH of Montana. It is; and asking for further details of information.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

THE SILVER PROBLEM—ADDRESS BY ARTHUR G. PRICHARD

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered before the Conference of Western Governors, held in Portland, Oreg., in October, 1931, and delivered in part before the meeting of the western division of the United States Chamber of Commerce at Spokane, on December 5, 1931, by Arthur G. Prichard, chairman of the foreign trade and international relations committee of the Tacoma Chamber of Commerce; vice president of the Fidelity Trust Co., Tacoma, Wash.; director of the Pacific Foreign Trade Council; member of the advisory committee on silver, International Chamber of Commerce. In addition to printing the address by Mr. Prichard in the RECORD, I also ask that there may be printed in the RECORD a letter addressed by Mr. Prichard to me under date of January 8. I should like to say that it pertains to the question of silver, and particularly to a bill which I have recently introduced.

There being no objection, the letter and address were ordered printed in the RECORD, as follows:

TACOMA, WASH., *January 8, 1932.*

Hon. BURTON K. WHEELER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I notice with a great deal of interest your introduction of a bill for the remonetization of silver. The Pacific coast has been very much interested in this question, and do not hesitate to state emphatically that it is one of the principal factors in the present depression, and until silver is restored we can see no possible chance of a revival of our foreign trade. It affects the lumber interests and the farmers most vitally as well as it affects the manufacturer and industrialist, even though they have not found it out yet.

I am taking the liberty of inclosing a copy of an address I made before the conference of western governors, in Portland, and also before the western divisional meeting of the United States Chamber of Commerce, in Spokane.

Assuring you that the entire Pacific coast chambers of commerce are back of any movement to restore silver and have urgently appealed to our delegation in Washington to speed immediate action, I am,

Respectfully yours,

A. G. PRICHARD.

ADDRESS ON THE SILVER PROBLEM DELIVERED BEFORE THE CONFERENCE OF WESTERN GOVERNORS, HELD IN PORTLAND, OREG., IN OCTOBER, 1931, AND DELIVERED IN PART BEFORE THE MEETING OF THE WESTERN DIVISION OF THE UNITED STATES CHAMBER OF COMMERCE IN SPOKANE, DECEMBER 5, 1931, BY ARTHUR G. PRICHARD

As a preface to my address, let me emphasize the fact that the discussion for restoring silver and stabilizing its value is not a revival of Bryanism, but is a demand for the international recognition of silver, and a desire to revive world trade by giving to over half the people of the world a fixed value to what is to them their evidence of wealth, a value that they have been robbed of through legislation; and also to save the gold standard, for only by restoring silver into the monetary systems of the world can the gold standard be maintained.

It is needless for me to mention that we are in the midst of one of the worst and far-reaching depressions that the world has ever experienced; a depression that is international or world-wide in extent. That neither the United States nor any one or two nations can return to prosperity alone is recognized by the best informed. The world as a whole must be revived, for with the present-day rapid means of transportation and communication the world as a whole is a unit. The motto used during the Civil War in this country, "United we stand, divided we fall," applies with equal force to-day. The world is now divided.

While many causes can be assigned as reasons for the present depression, I do not hesitate to emphasize that one of the main factors that continues this depression is the low price of silver.

The world is divided in its conception of basic money. There is in the world to-day approximately $10,000,000,000 of monetary gold, of which the United States holds about 50 per cent and France about 30 per cent, a total of 80 per cent, yet with only about one-twelfth the population of the world. On the other hand, over half the people of the world—yes; now nearly three-fifths—use silver as their conception of wealth and possess about 80 per cent of the monetary silver. This division of opinion divides the world and makes for the paralyzing of world trade.

Let us remember that the human mind has always based its conception of basic wealth or value on both gold and silver ever since the dawn of civilization, and it will always be so. Over half of the people of the world have always pinned their faith in and have used silver. Now, with silver at or near its lowest value in the history of the world, what has happened? Over half the world finds its savings and its wealth shattered. And why? Because of legislative action by the leading nations of the world.

Let us review what this means. I have just said that the United States and France, with about one-twelfth of the world's population, now possess, about 80 per cent of the world's gold, and a few other nations have the remaining 20 per cent, or we can safely estimate that two-fifths of the world's population have the gold and three-fifths have the silver. The two-fifths, or we will call them the "gold countries," are to some extent like the United States, the people of which are accustomed to using currency, accepting and exchanging the same, knowing that their Government has in its possession either gold or silver, or both, to back or redeem its currency obligation. But the vast majority of the three-fifths, or the "silver nations," have in their individual possession the actual silver, either in the form of silver bullion, American dollars, Chinese taels, Indian rupees, or, as in India, in the form of bracelets, rings, necklaces, and other trinkets worn by their women, so that when silver is legislated to the lowest price in history it has wrecked the wealth of over half the world. This in turn has caused a disastrous falling off of world trade.

In October, last, I had the honor of being chairman of the day at a meeting of the Pacific Foreign Trade Council when the silver problem was discussed and was privileged to introduce United States Senator KEY PITTMAN, of Nevada, who had just returned from a three months' visit to China, having been sent there by the United States Senate to investigate the silver situation. In discussing this question with him, the Senator told me that the price of silver did not worry the masses of the Chinese to any extent, for the wage earner was getting his pay in silver and was able to buy his amusement and living necessities the same as ever, unless he wanted something that came from the United States or other gold countries, when he finds that it takes four and one-half of his silver dollars to buy what one of his dollars would have bought a few years ago. What happens? He doesn't buy; he gets along without it. Who is suffering? I say, most emphatically, the United States, also England, France, and Germany. We are losing the opportunity to dispose of our surplus products. This is why our lumber industry is suffering, why our farmer has to leave his wheat in the warehouse or sell at a price less than the cost to produce, why our fish industry and our fruit industry suffer, and our great manufacturing and industrial concerns have to curtail output, and why men by the tens of thousands are thrown out of employment. All because the silver countries find that it takes four and one-half dollars to buy what one dollar bought for centuries before! This is forcing the silver countries to become self-contained or to confine their foreign trade to other silver nations.

We have been accustomed in the United States to have raw territory or frontiers to populate and develop, but now we have nearly brought our entire country into a highly developed state, and with our machine age and mass production it behooves us to assist in raising the living standard of other undeveloped countries to teach them to want even as luxuries many modern contrivances that are looked upon by us as necessities. To do this we must put them in a position to buy with their money.

We have no overproduction in this country except as to our own ability to consume. We should assist the silver countries to a higher standard of living, thereby creating new outlets for our manufactured and other products, which in turn would require us to buy more raw materials from them.

Some writers contend that the low price of silver does not apply in the foregoing case, as the silver countries would not pay in silver but in goods. Such a statement is nothing more than willfully misguiding, for while they may pay in goods it must be remembered that they sell in terms of silver and buy from us in terms of gold. What has been said of trade with China applies with equal effect to Mexico, India, and South America.

From the dawn of civilization until 1816 gold and silver operated harmoniously as a basis of value; but when powerful international banking interests foresaw that by creating a condition that would make for a fixed value for gold and a fluctuating value for silver, a condition could be developed whereby millions could be made by fluctuations in silver values, and when in 1872 England and Germany, with 90 per cent of the world's gold in their possession, demonetized silver, a condition began which has benefited the international bankers to the detriment of world trade.

We know that for over 2,000 years the Roman Empire maintained a fixed ratio between gold and silver of 12 to 1. After the fall of that great power, a varying ratio of around 15 or 16 to 1 was

maintained, but since 1873 silver has gradually decreased in price until to-day it is on a basis of about 70 to 1.

Opponents of silver contend that to restore silver to the monetary systems of the world would cause an overproduction of the white metal. Such a statement is misleading and false. There has never been an overproduction; in fact, the ratio of production of both gold and silver has averaged close to the old Roman ratio of twelve times as much silver as gold. In fact, accurate statistics show that since the discovery of America, 439 years ago, the production ratio has averaged only 14 to 1, and in the last 15 years only about ten times as much silver has been produced as gold. It would almost seem as though God, having hidden these two metals in the bowels of the earth, has allowed and guided man to find them in a ratio of quantity that should be a guide to relative value one to the other.

There is to-day a total of approximately $10,000,000,000 of monetary gold in the world, not enough to monetize the currencies of all the nations of the world, and 11,000,000,000 ounces silver. But a few years ago this silver was worth $14,000,000,000 and the gold $10,000,000,000, a total of $24,000,000,000. To-day this same silver is worth $3,000,000,000 and the gold $10,000,000,000, a total of $13,000,000,000; or, in other words, the world has lost a value of $11,000,000,000 in the value of its monetary worth through legislative action of a few major countries of the world. Couple this with the fact that the debts of the world, national and individual, have increased fourfold or more, and with an ever-increasing volume of business up until a few months ago evidences the danger the world faces to-day with this lessened monetary basic value. This foretells the danger to the gold standard. In order to maintain the gold standard silver must come to the rescue and relieve the strain now put upon gold. Silver must be restored to its rightful place and the two metals used in unison one with the other.

At the meeting of the International Chamber of Commerce, held in Washington in May last, which I attended as a delegate, I was privileged to sit at a round-table discussion of the silver question. All the leading nations of the world were in attendance. I was surprised to have France present a stronger resolution to restore silver than the resolution passed and presented by the United States Chamber of Commerce. Equally emphatic resolutions were presented by Japan, China, and India. This proved to my mind that the business interests of these countries sensed the need of restoring silver in order to restore prosperity, but that the political interests were the objectors.

A graph recently published by an authoritative source shows that commodity prices rise and fall with the price of silver, the latter always in the lead. In other words, if silver goes up commodities go up in price, and if silver goes down so do commodities.

"Silver has always acted like a lever to raise or lower commodity prices, and its recent sudden short rise acted temporarily like a great electric current throughout the world—reviving trade, giving employment and bringing relief and renewed courage to millions of harassed and struggling people in all countries.

"A determined attempt by several nations to actually bring about the proposed silver conference might very likely be followed by much increased industrial activity.

"It was an important Chinese financial authority who said only last winter that the Chinese could not understand why the American Farm Board should go to the expense of buying wheat if they wished to raise the price of wheat when if they had used one-tenth of the money to buy silver they would have raised the wheat prices higher.

"The dynamic rise in silver due to a period of several weeks of buying in relatively small quantities, and accompanied by rising commodities, seems to have demonstrated this view of the Chinese as to the leverage power of silver. And why should it not exercise such a power when over 80 per cent of the use of silver is monetary and it is the principal yardstick of value by over half the population of the earth?"

I recently had a talk with a prominent Mexican, telling him that I was interested in learning the results as to conditions in Mexico since his country went on the silver standard and abandoned gold. He said, "Why, Mr. Prichard, Mexico is in better shape than she has been for 20 years, our unemployment is lessening and the people are busier and happier." "How does this affect the trade with the United States?" I asked. He said, "I regret to say that we find we can not buy from the United States; it takes too much of our money to do so. Why, just before leaving Mexico City the first sewing machine made outside the United States was imported into Mexico." "Where did it come from," I inquired. "From Germany," he said, and added, "We expect to get our electrical goods from there also and shoes from Czechoslovakia," and so on.

How long are we to idly sit by holding our big bag of gold and let the trade of the silver countries that we have so long enjoyed slip through our fingers? Is it not time that the business interests of this country realize that we are the real sufferers from the low price of silver? If the industrialist wishes to keep his factory busy, if the farmer wishes to sell all his crop and at a profit, and if labor wishes employment and to keep from starving, it is necessary for them to take heed and demand that something be speedily done to bring back the buying power of the silver nations and their one thousand million people.

A concrete example of the effect of silver prices on us was told me during a recent trip to one of the north Pacific seaport cities on Grays Harbor, where I made an address before their chamber of commerce. It will be remembered that in March last silver rose 5 cents an ounce in one week, then fell back in price as much the week following. At the conclusion of my address, the gentleman who had introduced me, said, "I should like to add one thing to what Mr. Prichard has said. We well remember that rise in silver during that week in March, for the lumber mills on Grays Harbor received orders for three full cargoes of lumber, but since the drop in silver we have not had an order from there for a stick of lumber." What more conclusive argument is needed?

I have been requested to express my views on a recent report made by three economists appointed by the International Chamber of Commerce to report on the silver problem. I find a very decided objection existing by many leaders in business to their report, and I take the same viewpoint, that the report was biased in favor of the international bankers and it was unsound in principle and practice. The international bankers have for years made their millions in commissions in the fluctuations of oriental and other exchanges, as well as in financing foreign loans in this country. What the world needs is stabilized money throughout the world. The economists on the committee were, apparently, representing the interests of the international bankers as well as the political interests of England and France. Business England and business France wish silver restored. The report recommends among other things that American silver producers and refiners enter into a sales agreement with India to restrict production. The feeling toward this is that it is unsound and impracticable and uneconomic, as well as some of the other parts of the report, as there never has been an overproduction of silver. I feel confident that the chamber directors will never approve the report.

In closing let me say that this desire to restore silver is not just an effort on the part of the mining producers to increase the price of their product, much as they may need it, but they know the uses for which their products are neded and perhaps are better equipped to know the economic need for their metals. This is not just a problem of the Western States—it affects every State in the Union—yes, directly or indirectly, every man, woman, and child in the United States.

Personally, I am not a mining man, but living in one of the principal seaport cities on the Pacific coast, I have had the opportunity of intimate knowledge of how the low price of silver has affected our foreign trade, for my home city is one of several on the Pacific coast that is a gateway to every silver-using nation in the world.

I unhesitatingly say that the unemployment problem can be more quickly solved, the wheels of industry quickened, and peace and prosperity returned to mankind by restoring to the world the monetary use of silver, and I believe that the United States should take the lead in demanding that leading nations of the world should agree on this vital economic problem.

FIREARMS CONTROL—ADDRESS BY SENATOR CAPPER

Mr. JONES. Mr. President, on January 8, 1932, the Senator from Kansas [Mr. CAPPER], as a member of the advisory council of the National Anti-Weapon Association, delivered an address over the Columbia Broadcasting System on the subject of the control and regulation of the sale of firearms. I ask that his address may be printed in the RECORD.

There being no objection, the address was ordered printed in the RECORD, as follows:

My friends of the radio audience: I am speaking to you to-day through the courtesy of the National Anti-Weapon Association, regarding the bill I am sponsoring for the regulation of the sale of firearms.

I do not think we can build a Utopia through the mere enactment of regulatory laws, but where the laws fail to protect the people, they certainly should be repaired.

Since the World War this country has been passing through an unpleasant phase of its existence, which can be traced back to the war itself. I am referring to the general moral let-down, which was characterized by a growing spirit of lawlessness in our cities. Soon after the war America learned all about gangs and racketeers.

Some of America learned about them through unwelcome contact. Most of America learned through the newspapers, the magazines, the motion pictures, and the stage. It is unfortunate that some misguided persons saw fit to glorify the gangster in the eyes of the young and those easily misled.

With such influences at work, it is not surprising that the country was subjected to a plague of boy and girl bandits, soon to be followed by a ghastly succession of shootings and murders in which children and young people were the principal participants.

To sober minds, it became evident that the laws of this country—that is, the laws of the States in general—made it too easy to get a gun. Firearms dealers were passing weapons and cartridges over the counter to persons who could not be trusted with any deadly weapon. There was practically no regulation of sales. Generally, there was a law against carrying concealed weapons. But the presence of such a weapon is usually not discovered until some kind of crime has been committed.

Now, in Congress I am not only senior Senator from Kansas. I am also the chairman of the Senate Committee on the District of Columbia. I noticed that the laws of the District of Columbia were particularly weak in regard to the control of the sale of firearms.

My judgment was confirmed by police officials and by many members of the general public. So for some years past I have been trying to get enacted a law that would effectively put an end to the present unrestricted sale of guns in the District of Columbia. It is not an easy task to cover this problem by legislation, but I have just introduced a bill which I think will furnish an adequate basis for firearms regulation.

This bill is modeled upon the uniform firearms act drafted by the Commissioners on Uniform State Laws. This act is intended to be a model for the States, and I hope that the legislatures of the various States will give it some study.

The bill is not as strong as some folks would like to see it. On the other hand, some people may think it is too drastic. Personally I feel it is a reasonable and fair measure, which will work no undue inconvenience to the public.

If this bill becomes a law, and I hope it does, it will no longer be possible for anyone to drop into a firearms store, select a gun, and get possession of it in a single brief transaction. Instead of this a purchaser applies to the dealer to buy a gun and gets it not sooner than 48 hours after the date of application.

I think the wisdom of this provision is clear. The police statistics of Washington show that a great many shootings are based on hasty and wrongful impulse. A man with a mortal grievance against another, under existing law, can run into a gun store, get his weapon, and go about his deadly business before he has time to reflect upon the folly of his conduct. Such impulses in persons of uncertain moral fiber are inclined to get rather weak and wobbly after 48 hours of this cooling-off process.

This waiting period between application and purchase of a revolver also gives the authorities time to check up on the name and address furnished the dealer by the purchaser. If the applicant is faking the information, that is soon known. If he is a minor, a criminal, a drug addict, an habitual drunkard, or otherwise incompetent, that information is soon furnished the dealer with instructions to turn down the applicant.

I do not think that any peaceful citizen, wishing to buy a gun for lawful purposes, would object to being asked to wait two days or to answer a few questions before completing the purchase. Good citizens are seldom in a frantic hurry to get their hands on a gun.

The bill also carries heavy penalties for any violations of its provisions and imposes additional penalties for committing any crime of violence while armed.

That is what the bill proposes to do. Let us find out now whether such a law is really necessary.

In the first place, there is abundant evidence that most crimes of violence committed in the District of Columbia and throughout the country are accomplished by the use of revolvers. The revolver in itself is not a bad thing. It has many lawful uses, but it belongs only in the hands of persons capable of taking care of it properly and using it with caution.

Obviously, the danger to society does not lie in the weapon itself, but in the finger that pulls the trigger. Behind that trigger finger may be a brain unbalanced by drink or drugs, a brain that does not recognize the instinct of moral restraint, or an immature, childish brain.

It is our responsibility to see that firearms are delivered safely only into the hands of persons qualified to use them for protection—not for slaughter. Clearly we have been remiss in throwing legal safeguards about the traffic in revolvers.

Not only in the District of Columbia, but throughout the Nation, there has been of late a horrifying wave of shootings by mere children. Youngsters have been killed by their playmates. Two children were recently sentenced to life imprisonment for murder. And all over the land little boys and girls are playing with toy guns, if they can not get the real article, and are being applauded as "cute" for commanding their playmates or their elders to "stick 'em up." I do not think this is "cute." I think it is the real American tragedy.

If these little ones are encouraged in the belief that they are being very clever by playing with imitation guns, don't you think they would be very proud, indeed, later on, to get their hands on a real, workable, shiny revolver?

Are we going to make it easy for them to get guns? Or are we going to do our utmost to insure that firearms shall be sold only to people who regard a revolver in a more serious way and with a better appreciation of its potential danger?

During the past year I have had some very interesting correspondence on the subject of firearms regulation. Among the distinguished men with whom I had the pleasure of corresponding on this matter is Judge Harry O. Chamberlin, of Indianapolis.

Judge Chamberlin very kindly sent me a copy of an address delivered by him before the Indianapolis Bar Association on the Revolver and its Relation to Crime. In this speech Judge Chamberlin quotes from letters received by him from the wardens of several penitentiaries concerning revolvers. Let me give you an idea of how the heads of these penitentiaries feel on the subject of loose regulation of firearms. I quote:

"The warden of the Pennsylvania Western State Penitentiary says, among other things: 'The highwayman would never try a stick-up without a revolver. In 1,916 cases under examination, the inmates being examined admit the presence of a gun. * * * There is no question in my mind that the ability to secure a gun in the United States is very largely responsible for crimes of violence.'

"The superintendent of the Pennsylvania Industrial Penitentiary, says: 'I do feel you are undoubtedly right in assuming that a lot of criminals with a yellow streak a yard wide down their backs become very brave characters when they have a gun to supply the natural courage in which they are lacking.'

"The agent and warden of Auburn Prison in New York says: 'There is no doubt that the ease with which the criminal can purchase firearms is an important factor in the crime wave that is sweeping the country.'

"The agent and warden of Sing Sing Prison, says, in part: 'To my mind it is almost axiomatic that if we could have some effective legislation through the Federal Government, which would control the supply, distribution, and sales of such weapons, the more serious crimes of violence, particularly robberies, would be reduced to an almost negligible proportion.'"

That is the testimony of men who certainly should be intimately acquainted with the criminal element in this country. It is only a very small part of the statements quoted by Judge Chamberlin, but the rest is along the same general lines.

And now let us take up some of the objections that I have heard on this bill. A great many of these objections can be dismissed with a word, because they were based on the mistaken assumption that the bill would legislate firearms out of existence, so that the good citizen could not get one, but the criminal could. Another objection is that the procedure for getting a gun, as outlined in the bill, is surrounded by too much red tape. I do not think the authors of these objections have seen some of the firearm control bills I have seen, which provided that all persons buying pistols would be finger-printed or that a permit would be required simply to own a revolver.

Red tape? I hate red tape. I think we have too much of it in business and government. But I object to classifying as "red tape" any procedure that is necessary to accomplish a good end. Sometimes a process must be a little slow, a little deliberate, to give time for thought and for investigation.

I scarcely think that any good citizen would feel as though he were being persecuted or subjected to inconvenience simply because we want to keep guns out of the hands of those unfit to own them. This so-called "red tape" protects the selfsame citizen who might conceivably grumble at the delay in buying his revolver.

Still other people think we are trying to enact a Baumes law or a Sullivan law in the District of Columbia. They point out, to bolster their opinions, that these laws have broken down. I do not think that anyone studying this bill and the laws referred to will find any substantial similarity. Some laws against guns have fallen down because they were too drastic. A really drastic law would possibly fail of its purpose in the District of Columbia. The existing law is so mild as to be innocuous and ineffectual.

Let me read what has been written by Mr. Charles V. Imlay, a member of the commissioners on uniform State laws and a member of the committee that drafted the uniform firearms act.

"It is the belief of the committee," says Mr. Imlay, "that the proposed uniform act embodies sound forms of regulations which have stood the test of experience in this country, and that it embodies such new ideas as have been presented from time to time, including those advanced by Commissioner McLaughlin, the national crime commission, and other organizations working along this line. Thus, at the same time that it preserves the traditional methods of firearms regulation, it takes advantage of enlightened experience of recent years.

"It comes as near, in the opinion of the committee, as it is possible to come in meeting the two divergent views of a too drastic regulation on the one hand, and a too liberal lack of regulation on the other."

I think it should be plain, from what Mr. Imlay says, that a great deal of good legal thought went into the formulation of the firearms act. As he says, it stands midway between the drastic and the lukewarm systems of regulations, each of which has been proven inefficient in actual operation.

Nevertheless, this bill will probably suffer the fate of earlier firearms legislation if the public is not aroused to the pressing necessity for legislation of this kind. I do not say that my firearms bill is perfect but I think it is the best that has come to my hand. If it is enacted, I hope the States will pass similar laws.

If the people of the United States want to tolerate the gangster and the gunman, well and good. There is no use getting interested in this problem if you refuse to recognize the menace at your very doors. But I believe that America wants to get rid of gunmen, of these shameful juvenile murders, and this reckless gun play. I would certainly like to know how you feel about this, and whether you will support this firearms bill. I thank you.

GOVERNMENTAL EXPENDITURES—EDITORIAL FROM LONGVIEW (WASH.) DAILY NEWS

Mr. JONES. Mr. President, I have here an editorial from the Longview Daily News, of the State of Washington, explaining the situation confronting Congress and the people with reference to appropriations for the Government and taking a very clear, unbiased, and, in my judgment, a very common-sense view of the situation. I ask unanimous consent that the editorial may be printed in the RECORD.

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

WE SEE FOR OURSELVES

The common outdoor and indoor sport these days is to malign the Government, condemning it for interfering with business, too

much bureaucracy, and general wastefulness. On numerous tongues is the statement that "1 out of every 10" is on the Government pay roll. Few of us stop to analyze these statements, particularly the last one; but we feel that we have a grudge and we are going to give vent to it.

Hard times, of course, are at the bottom of all the complaints, and it is an indictment of our intelligence that it requires such an urge to get us thinking. When times were prosperous, we paid our taxes with the usual complaining which has always, since history was first recorded, accompanied such a transaction and gave no further thought to it. But now we are wondering where all the money is going, yet are demanding more of the Government in new construction, more services, and in the same breath demanding a reduction in government costs.

It is the old story of whose ox is gored. Do any of us in this section write our Representative urging him not to ask for additional appropriations for this or that which directly affects us? Hardly. Rather, we are demanding more money for Army posts, naval bases, channel improvement, roads, and what have you. Are any of us commending the President in his efforts to consolidate Government activities to eliminate duplications and provide more economical and efficient administration? Are we suggesting to our Congressman that this Army post is obsolete and should be abandoned or that new Government project or new piece of road is not actually necessary at this time? We haven't heard any such murmurs, rather the contrary. And the strange thing is that it is questionable if any action for consolidation as suggested by the President will be taken. Why? Because politics will interfere. Someone's ox will be gored.

Dr. Julius Klein, Assistant Secretary of Commerce, in a recent statement, took up the cudgel and gave an array of facts which it would be well for all of us to study and know. He asks for more consideration before bursting out into complaints. He cites specific instances where his department has been publicly criticized when it was only rendering a service which had been actually called for by the institution criticizing.

Quoting from David Lawrence, editor of the United States Daily, of Washington, D. C., Doctor Klein gives the fundamental background of government costs as follows:

"To-day we are spending in the Federal Budget approximately $4,000,000,000 a year. Seventy per cent of that sum, namely, $2,800,000,000, represents the annual cost to us of past wars and the annual cost of preparing for the 'next war.' It includes payments on interest and principal of Liberty bonds sold to the American people; it includes payments to World War veterans for bonus and payments for disabled and sick veterans; it includes money for pensions—all of this for war. Now, what is the remaining 30 per cent spent for? Much of it goes for public roads and public buildings to give work to unemployed; much of it goes to enforce laws that dishonest and criminally minded people violate; much of it goes to administer the collection of taxes that people do not let their Government have if they can avoid it; and much of it goes virtually for subsidies to American business and industry as well as the American farmers. Very little of it goes for actual administration. So even if you could cut out all the funds spent for the so-called bureaucrats and administrative services, you would hardly make a dent in the Federal tax burden."

From Walter Lippmann he recites, "The cost of running the executive, legislative, and judicial branches of the Government is one-tenth of the total expenditures." That is an essential fact to bear in mind when you hear diatribes about "the billions wasted by bureaucracy." It is such facts that all of us should weigh.

Doctor Klein proceeds to inquire if we would be willing to eliminate or reduce a number of existing Government services, citing the Lighthouse Service, Steamboat Inspection, the Patent Office, the Bureau of the Census, the administration of our pure food laws, and so on. Would we?

He points out that because of conditions the requests for Government service are vastly on the increase. Ten years ago the Bureau of Foreign and Domestic Commerce had a few hundred inquiries per day. To-day there are considerably more than 13,000 each business day. Who is making these inquiries? Business men. They are beginning to find out that valuable information is available and are even cooperating with the Government in sharing the expense of certain investigators. As a matter of fact, the Government insists on such cooperation. Are our lumbermen averse to Government assistance at this time? Do shipping men want the Government to drop mail subsidies any more than the operation of air mail routes?

What we need is sane thinking. We need to realize that it is our actions in the past—particularly in the matter of wars—that have made our governmental costs what they are to-day. It is up to us to dig into the facts, ignore political angles, and realize for ourselves what the facts are. More often it is not the Government administration or its employees who are at fault.

ECONOMISTS' PLAN FOR ACCELERATING PUBLIC WORKS

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD a report signed by 31 economists, entitled "Economists' Plan for Accelerating Public Works in 1932."

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

ECONOMISTS' PLAN FOR ACCELERATING PUBLIC WORKS IN 1932

Following is a report of 31 qualified scientific economists, members of the faculties of the principal universities in the United States, on a program for relieving unemployment and business depression in 1932 by means of a $5,000,000,000 Federal bond issue for emergency public works.

The memorandum was prepared after a conference in New York City of leading specialists on public works.

The conference was called together by Merryle Stanley Rukeyser, who is a financial columnist for Universal Service and editorial writer for the Hearst newspapers. In transmitting the economists' report to Mr. Hearst, at whose request the study was made, Mr. Rukeyser wrote:

Mr. WILLIAM RANDOLPH HEARST,
c/o Los Angeles Examiner, Los Angeles, Calif.

DEAR MR. HEARST: I take pleasure in transmitting to you herewith a memorandum signed by a group of qualified scientific economists on the acceleration of public works in 1932 to alleviate the business depression. This report is the result of a conference of specialists which I called at your request. The inclosed statement by disinterested economists, as you will observe, strongly supports the policy which you formulated in a nation-wide radio hook-up on June 2, and which the Hearst newspapers have subsequently consistently advocated editorially.

I know it is your desire to make the fruits of this practical economic scholarship available to the responsible officers of the Federal Government. Accordingly, we are sending printed copies of the statement to the President and to Members of Congress.

This report, it seems to me, carries a step forward the contribution which economists can make toward solving our problems. Heretofore the economists have merely advocated the broad principle of accelerating public works in time of depression while retarding them in periods of trade boom. In the accompanying statement the economists specifically apply their remedy to the existing economic situation.

With best wishes,
Sincerely yours,

M. S. RUKEYSER.

THE REPORT

For over a decade economists have been advocating the construction of public works in periods of depression in order to relieve unemployment and restore purchasing power. Despite a popular belief to the contrary, the total annual expenditure on public works in this country has not been greatly increased during the depression. Although the Federal outlay has grown, State and local expenditures showed only slight increase in 1930 and have actually decreased in 1931. As a result the total expended on public works showed only a small gain in 1930 and was actually less in 1931 than in 1929.

So, despite all that has been said concerning the construction of public works, the fact remains that no significant increase in total expenditures for public works has yet been made.

The immediate adoption of a large-scale program of public and possibly semipublic construction is now an urgently pressing need. We raised billions of dollars in loans to finance the Great War. The total American outlay at the time was, according to a recent study by Prof. J. M. Clark, over $35,000,000,000. An emergency of magnitude comparable to that of a war is now upon us, and to meet it we need to raise billions of dollars for the purpose not of manufacturing munitions or sending soldiers to Europe, but of constructing roads, bridges, reclamation and flood-control projects, reforestation and elimination of grade crossings, and public buildings. With courageous leadership and the patriotic spirit aroused by a national emergency, the achievement of such a program is possible of accomplishment.

Though even a very ambitious program of public works probably could not relieve all current unemployment, yet directly and indirectly vast numbers of those now idle could be put to work if we are willing to recognize the national emergency and to erect necessary public works.

The direct advantages to be gained need little emphasis. The human benefits in terms of supplying adequate food and clothing, of providing medical attention, and even of keeping families together, are apparent. But no less important is the preservation of the self-respect of the working man himself. Certainly it is urgent to save him from the inroads upon his efficiency and general morale which are the almost inevitable results of prolonged unemployment.

A second direct benefit to be derived from employing men on public works is that labor power, otherwise irretrievably lost, may under such a scheme be saved to society. Those who emphasize the inefficiency which often accompanies the execution of public works commonly ignore the tremendous social waste which results from supporting literally millions of men in enforced idleness.

And it must not be overlooked that in addition to the men directly employed on public-work projects many more would benefit indirectly. Thus, according to the United States Bureau of Public Roads, merely in the field of manufacturing and transportation of road materials two workmen are given employment for every one actually engaged in road building.

A courageous program of public works, dramatically introduced and effectively carried through, may mean much more than immediate unemployment relief and the avoidance of great social waste from idleness. Such a program may well inject into our depressed economy the vitality necessary to start us on the road to a real economic recovery.

The recession of 1914 was brought to a speedy termination by extraordinary war-time activities. And that of 1921 was ended in no small part through the great pressure of private construction to meet accumulated needs. It is indicated that a great public

building campaign undertaken at the present time would give the fillip to business necessary to start us safely on the road to a definite revival. Such expenditure would be especially effective, inasmuch as the construction industry is one of the most depressed at the present time, most recent statistics indicating that the value of all construction contracts in 1931 was less than 50 per cent of the 1928 peak.

After a speculative orgy such as we experienced in the closing stages of the last boom a certain amount of liquidation became necessary and in fact desirable. But with two years of deflation now behind us, we should be ready, given the proper stimulus, to substitute for further drastic liquidation a gradual but controlled credit expansion. The belief that a great public-works program will provide this stimulus to business finds extraordinary justification, therefore, under the existing circumstances.

In order to be effective, however, a public-works program must be sufficiently large. For this reason we propose that in addition to the sums normally appropriated the Federal Government raise by means of a bond issue about $5,000,000,000, the proceeds of this loan to be allocated during the next 18 months to public works as rapidly as is consistent with reasonably efficient management. Inasmuch as these United States Government bonds could be used as the basis for advance to member banks from the Federal reserve banks, they could easily be absorbed with the aid of our credit system.

Once resolved upon such a program there should be no great difficulty in utilizing the proceeds of such a loan in much-needed projects. To attain this end the purchasing power should be made available not only to the Federal Government but also through Federal grants in aid and loans to States and municipalities.

Many projects are susceptible of immediate development. The programs of many State highway commissions, for example, are now in a position to be pushed forward at once, were Federal help forthcoming. As a people, we can raise capital most cheaply through the Federal Government, whose credit is of the highest. Plans for other public works in which some delay is necessary could be rapidly pushed to the construction stage if under the stress of the emergency we were willing to cut red tape and expedite matters at every possible point. Time is the very essence of the situation.

Even though some waste be incurred through haste, it is most unlikely that the loss could even approximate that which must inevitably result from continued unemployment and industrial stagnation.

The spending of from four to six billion dollars on public works within the next year and a half appears entirely feasible. In a recent survey, a construction engineer of wide experience in public works during the war found that an emergency public and semipublic works program entailing an expenditure of $5,400,000,000 during the year 1932 was entirely practicable. Prof. Leo Wolman, of Columbia University, who conducted research on the planning and control of public works for the committee on recent economic changes of the President's Conference on Unemployment, advocated last April the prompt expenditure of several billion dollars on public works. In asking for this expenditure he noted the obstacle of administrative difficulties, but declared, "It is unthinkable that after the lapse of a year and a half the essential elements of a huge program of public construction can not be found in Washington."

Only those who are directly connected with the various Federal, State, and municipal departments concerned are in a position to say exactly how much can be spent to advantage within their jurisdiction. Nevertheless, realization of the vast possibilities for public and semipublic work expenditure may be indicated to outsiders by merely listing some of the most important possibilities. The construction engineer referred to above has proposed the following emergency public and semipublic work program for 1932:

Federal:		
Roads	$250,000,000	
Forest roads and trails	50,000,000	
Bridges	50,000,000	
Reclamation work	50,000,000	
River and harbors	250,000,000	
Flood control	150,000,000	
Water and sewers	15,000,000	
Ship construction	85,000,000	
Airships and aircraft	50,000,000	
Buildings	350,000,000	
Grade-crossing elimination	100,000,000	
		$1,400,000,000
State, county, and municipal:		
Streets, roads, and pavements	800,000,000	
Bridges	400,000,000	
Water and sewers	700,000,000	
Landing fields, parks, playgrounds	600,000,000	
Buildings	1,000,000,000	
Grade-crossing elimination	500,000,000	
		4,000,000,000
Total		5,400,000,000

The foregoing statement lists a number of projects for which estimates have been attempted. Obviously, wide fields of possible expenditures have not been included. Some realization of the possibilities of an extensive public-work program may be afforded by the following more complete, though by no means exhaustive, list of suggestions. Although some of the projects listed could be gotten under way but slowly, others are now ready for execution as soon as funds are available.

POSSIBLE PROJECTS FOR A PUBLIC-WORK PROGRAM

1. Highways:
   a. Repair and clean up, plant trees, general improvement of roadsides.
   b. Construction of new through routes and widening of old ones.
   c. Build roads to local markets.
   d. Construct overpasses at important highway junctures.
   e. Build by-pass roads around cities.
   f. Construct sidewalks along highways where foot traffic is common.
2. Construct Federal buildings for Postal, Health Service, and other departments.
3. Push the geological survey to more rapid completion.
4. Additional Federal subsidies to research projects.
5. Airport construction.
6. Further development of Public Health Service.
7. Bridge construction and repair.
8. Execute flood-control projects.
9. Improve schools and hospitals for the Indians.
10. Rivers and harbors development.
11. Reclamation projects and drainage of swamps and mosquito-breeding marshes.
12. Repair lighthouses and construct buildings for the Coast Guard.
13. Improve and extend the national park system.
14. Reforestation and construction of fire breaks, fire towers, roads, and ditches.
15. Removal of slums and promotion of housing developments through tax exemption and other governmental aid.
16. Build schools, hospitals, libraries, etc.
17. Carry through city and regional plans, many of which are now ready for rapid execution, involving street paving and widening, improving of water systems, construction of plants for sewage disposal, making parks and playgrounds, etc.

The impossibility of drawing up any hard and fast procedure in advance is obvious. Adjustments would have to be made from time to time, but a huge public-work program is believed to be entirely within the range of possible achievement. Of course, should conditions improve the public-works program would be tapered off and Government expenditures rapidly curtailed.

We are now going through the third winter of depression. This is the time to take those measures calculated to save us from a fourth and even a fifth winter of unemployment.

Thomas N. Carver, Harvard University; Paul H. Douglas, University of Chicago; W. N. Loucks, University of Pennsylvania; James C. Bonbright, Columbia University; Paul F. Brissenden, Columbia University; R. M. MacIver, Columbia University; Merryle Stanley Rukeyser, Columbia University; Willard L. Thorp, Amherst College; George R. Taylor, Amherst College; Phillips Bradley, Amherst College; William T. Foster, director, Pollak Foundation; Arthur Evans Wood, University of Michigan; Frank H. Streightoff, Indiana University; Thomas S. Luck, Indiana University; N. J. Ware, Wesleyan University; C. O. Fisher, Wesleyan University; John Ise, University of Kansas; Seba Eldridge, University of Kansas; Arthur Gayer, Barnard College; Gordon B. Hancock, Virginia Union University; H. H. McCarty, University of Iowa; Le Roy E. Bowman, The National Community Center Association; Edwin A. Elliott, Texas Christian University; David D. Vaughan, Boston University; Everett W. Goodhue, Dartmouth College; Edward Berman, University of Illinois; C. W. Doten, Massachusetts Institute of Technology; Truman C. Bigham, University of Florida; Walter J. Matherly, University of Florida; John E. Brindley, Iowa State College of Agriculture and Mechanic Arts; and Jacob E. Le Rossignol, University of Nebraska.

ANNIVERSARY OF EIGHTEENTH AMENDMENT

Mr. SHEPPARD. Mr. President, I desire to give notice that on to-morrow or on Monday, if there shall be no session to-morrow, I shall address the Senate, as is my custom at this time each year, on the anniversary of adoption of the eighteenth amendment.

PROPOSED DECREASE IN APPROPRIATIONS

The VICE PRESIDENT. Morning business is closed.

Mr. JONES. Mr. President——

The VICE PRESIDENT. The Senator from Washington.

Mr. HARRISON. Mr. President, will the Senator from Washington permit the resolution (S. Res. 120), which I introduced more than three weeks ago, to come up and let us have consideration of it before we go to the consideration of the deficiency appropriation bill, which I understand the Senator is about to call up?

Mr. JONES. If it can be done without taking up much time, I shall not object.

Mr. HARRISON. May I say to the Senator that so far as I am concerned I do not desire to discuss it unless we get into some argument about it. I am willing to have a roll-call vote on the resolution without any discussion. It is merely calling for an expression of the sense of the Senate that the Committee on Appropriations cut the recommendations of the Budget at least $300,000,000. Senators know whether or not they want that done and how they will vote on the question.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Oregon?

Mr. JONES. I yield.

Mr. McNARY. I suggest to the Senator from Mississippi that if he insists on presenting the matter to the Senate now we should have a quorum call and the resolution should then be read for the information of the Senate.

Mr. HARRISON. Very well; I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Washington yield for that purpose?

Mr. JONES. Not for a moment or two. I want to say that it is the intention of the Appropriations Committee of the Senate to hold appropriations down just as rigidly as we feel we can hold them down without impairing the efficiency of the Government. I can not see how the Senate can say on a resolution of this kind, without any investigation or study, that we ought to cut the Budget recommendations $300,000,000. I hope we can cut them more than that amount, so far as that is concerned. However, there is nothing in the resolution which points out the items which the Senator from Mississippi may have in mind that he thinks we can reduce. The Senator probably is not prepared now to tell us what items should be cut out or what items should be reduced.

I will say frankly that I can not see what force the resolution would have if it should pass, because if the Appropriations Committee and the Senate are convinced that items are absolutely essential, of course, we shall make the appropriations even though they may reach a large sum. I would like to find that we are able to cut the Budget estimates $500,000,000. I would like to be able to cut them $1,000,000,000. If we possibly can do that I am willing to do it.

We shall probably get some idea as to the sentiment of the Senate on these matters in the consideration of the deficiency appropriation bill. There may be an item or two in that bill which would test the real economical sentiment of the Senate. As I said, I frankly feel, even if the Senate should adopt the resolution, that I can not see where it will have any particular effect. I feel that it is the sense of the Senate that we should cut our appropriations to the bone, to use a common expression, and that is the sentiment of the Appropriations Committee. We are going to try to do it. The main thing, in my judgment, will be for the Senate to stand by the Appropriations Committee in its cuts when they are brought to the floor of the Senate and presented.

Mr. COUZENS. Mr. President——

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

Mr. JONES. Certainly.

Mr. COUZENS. May I ask the Senator from Washington if the Appropriations Committee, in the consideration of appropriation bills, has gone or is going into the details of the number of employees who are carried on the Government pay rolls and the real needs therefor in the various departments of the Government?

Mr. JONES. We have not gone into that phase of it, because the legislative appropriation bill carries those matters. The House Committee on Appropriations, of course, goes into all the various items of the bill, I will confess, more carefully than does the Senate Committee on Appropriations. They originate those bills. They have hearings upon each item in the bill. I think their hearings are very thorough and very careful. I feel that they are going to hold appropriations down, not only for general items of expenditure but for employees, just as low as they feel they possibly can without interfering with the efficiency of the Government service. I feel that the Senate Appropriations Committee wants to follow that idea.

In direct response to the question of the Senator from Michigan, I have this idea, I will say frankly, and I get it from going about the departments. I feel that we are going to be justified in the regular appropriation bills in making an arbitrary cut in the amount provided for salaries of clerks, and so on. I would feel like going into that now, except for the peculiar conditions which confront the country at this time. If we go to throwing out of employment clerks and employees of the Government, we will be adding to the unemployment situation. If conditions were normal I would say that we ought to make an arbitrary cut of that kind now. I think there are too many employees, I will say to the Senator frankly, but I do dislike to contemplate the idea of arbitrarily throwing Government employees out of employment under the conditions that confront the country at this time.

Mr. COUZENS. Is it not a fact that every large municipality is having to discharge thousands and thousands of workers and employees to live within their budgets?

Mr. JONES. I think that is probably true.

Mr. COUZENS. I do not enthuse over such a condition.

Mr. JONES. I do not either.

Mr. COUZENS. But as a matter of fact should not the Federal Government take the same cognizance of these matters that the State and other municipalities do?

Mr. JONES. Only if we feel that we ought to inaugurate a policy of that kind under present conditions; and yet, as I said, I would dislike to inaugurate such a policy now. I would be glad to inaugurate something of that kind during normal times. I believe we could make an arbitrary cut that would be fully justified under normal conditions and in normal times.

Mr. COUZENS. I want to say that so far as I am concerned, when the appropriation bills come to the Senate, I am going to ask those in charge of the bill for more definite information than is contained in the bills themselves. For example, I notice in the deficiency appropriation bill, which I presume will be called up very shortly, an appropriation providing for the Federal Trade Commission, as I recall it, $90,000 in a lump sum. I am going to ask, and so far as I can I am going to require, an itemized account of how that money is to be spent. I am not going to vote for a lump-sum appropriation when neither the members of the Committee on Appropriations nor other Members of the Senate know what it is all about.

Mr. JONES. I think we can explain that item, when we reach it, to the satisfaction of the Senator, although we may not be able to give the itemized information that he indicates now he desires.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. JONES. I yield.

Mr. McKELLAR. Not only the subcommittee but the full committee went into that item very carefully. The chairman of the committee will be able to explain it.

Mr. COUZENS. I am not trying to question the judgment or competency of the committee.

Mr. JONES. I think we can satisfy the Senator.

Mr. COUZENS. What I am trying to make clear is that under existing conditions I think it is the duty of the committee and of every member of the committee to be able to explain to the Senate what such items are for. It is not enough to have the committee satisfied. The whole Senate should be satisfied as to the need for these appropriations if we are going to pass the bill.

Mr. JONES. I want to ask the Senator whether or not he thinks our Appropriations Committee should go into the utmost detail in a study of every item that the House sends over here, in view of the fact that the House Committee on Appropriations has gone into the matter with very great

care? There may be some things, like some items in the deficiency appropriation bill, as to which our committee feels we should make the reductions or changes we have proposed, but I think it is practically impossible for the Committee on Appropriations of the Senate to take up ab initio every item in the bill.

Mr. COUZENS. The Senator has asked me a question. I do not ask the Appropriations Committee or its chairman to go into every item. All that I am asking the committee to do is to be able to tell us, when they come to the floor of the Senate with an appropriation bill, what is the purpose of the various items. If members of the Appropriations Committee, or the chairmen of the subcommittees who handle the appropriation bills, are familiar with them after studying the House hearings and feel that they are satisfied with reference to the purposes for which the appropriations are to be made, I shall be satisfied.

Mr. JONES. That is all right.

Mr. COUZENS. I am not willing to accept the mere statement that "the committee looked into it and is satisfied." That, in my judgment, is not an adequate answer to the Senate. So far as I am concerned, I am going to ask all kinds of questions about the items in the appropriation bills when they come before the Senate. The reason why I rose just now was to make that statement so the committee might anticipate such a situation.

Mr. JONES. I can not find any fault with the Senator's position.

Mr. KING. Mr. President——

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

Mr. JONES. I yield.

Mr. KING. I read for many years, to the injury of my eyes, most of the House hearings. I have found that most of the hearings before the Appropriations Committee in the House—and I do not want to criticize—as well as the hearings before the Appropriations Committee of the Senate, consist of statements by Federal employees who have, I will not say an ax to grind, but who are anxious to increase existing appropriations or at least to maintain existing appropriations. They come with their statements all cut and dried; they make the plea of an advocate; they are very earnest, very eloquent; and the importance of the appropriation, and, indeed, its imperiousness, seem to be beyond any question. As a rule, without being familiar with the situation, Senators and Representatives members of the appropriations committees ask but few questions; most of them do not reach the very heart of the thing; we accept their statements, and they get away with it. As a result, the appropriations have mounted higher and higher and higher.

Take the Department of Commerce. A few years ago five or six million dollars were appropriated for that department, but now the appropriation runs into the tens of millions. So the appropriations for the Indian Bureau and other bureaus mount higher and higher. Those favoring such appropriations can adduce arguments in support of them. We have got to cut those appropriations. When my friend from Washington says we must wait for normal times before we may cut, I desire to say to him that he knows that that can not be done. In normal times we will not do it, because the Treasury then will be substantially full and we will be getting large revenue from taxes. The time to cut in business is when one's business is falling or when his expenses are greater than his income; and the Federal Government must now cut expenses.

If I had my way with the resolution of the Senator from Mississippi, I would amend it and make the proposed cut $500,000,000. I think we have got to cut the expenses of the Government $500,000,000. We can take $250,000,000 from the Army and Navy; we can compel the War and Navy Departments to reduce the number of their civilian employees by 50 per cent; and so in many other departments of the Government there are many places where savings may be effected sufficient in the aggregate to reduce expenditures by five hundred or six hundred million dollars without destroying the efficiency of the Government service.

Mr. JONES. Mr. President, I shall be interested in seeing what the Senator from Utah may be able to accomplish in connection with the items in this bill respecting the Military Establishment. I shall be very much surprised, indeed, if the Senator shall be able to accomplish very much along the line of reductions in military and naval expenditures.

Mr. KING. We can at least make the effort.

Mr. JONES. Oh, yes; and effort has been made elsewhere to do something of that kind; but, Mr. President, I did not say, as indicated by the remarks of the Senator from Utah, that I did not think this was a time to make reductions in Government expenses. I think it is the time to make reductions in Government expenses generally; but what I did say was that I have my doubts about eliminating large numbers of employees and adding them to the unemployment situation that now confronts us.

Of course, as the Senator from Michigan [Mr. COUZENS] suggested, many of the municipalities throughout the country are doing that. I do not know the peculiar conditions existing in those various localities; but surely it is a heart-rending thing to deprive people of such employment as they now have, especially under the conditions that confront the country; and the question has occurred to me as to whether or not it would be a wise thing or a justifiable thing for us to make an arbitrary cut in the Government employees and add them to the present number of unemployed. There are two sides to the question, of course.

Mr. COUZENS. Mr. President, will the Senator from Washington yield to me?

Mr. JONES. I think the Senator from Mississippi first asked me to yield.

Mr. HARRISON. I yield to a question.

Mr. COUZENS. I want to say that I agree with the Senator from Washington [Mr. JONES] with respect to this resolution. I hope the Senator from Mississippi will not push it, because, if agreed to, it would do two things: It would fix an amount which no one can anticipate; in other words, I should like, if the resolution is to be considered, to have it amended to include a cut of $600,000,000. The resolution, if adopted, would mean nothing. I think if Senators themselves would take an interest in the appropriation bills, and in all of the items contained therein, we should not have to make a gesture or do any "shadow boxing" before the country as to what we are going to do. The real test is what we shall have done when the appropriations bills shall have been passed.

Mr. HARRISON. Now, Mr. President, I think I will take the floor for a little bit.

Mr. JONES. Mr. President——

Mr. McNARY. A parliamentary inquiry, Mr. President.

Mr. JONES. I have not yet given up the floor.

Mr. HARRISON. I have the floor, Mr. President, and I desire to say something.

Mr. JONES. I have the floor. The Chair recognized me.

The VICE PRESIDENT. Let the Chair make a statement. The Senator from Washington [Mr. JONES] had the floor and yielded to the Senator from Mississippi [Mr. HARRISON] for a question. The Senator from Oregon [Mr. McNARY] desired to call a quorum. The Chair asked the Senator from Washington if he would yield for that purpose, and the Senator from Washington replied, "Not at present." So really the Senator from Washington still has the floor.

Mr. JONES. I merely want to say a word.

Mr. HARRISON. Mr. President, will the Senator from Washington be as courteous to me as I was to him, and permit me to interpolate a remark for just a moment? I want to do it while the Senator from Michigan is still in the Chamber.

Mr. JONES. I will conclude in time to permit the Senator from Mississippi to address the Senator from Michigan before he goes out. I merely wish to say that I am really indifferent to the passage of this resolution. Our committee proposes to hold appropriations down just as low as we possibly can, and not only in the committee but before the Senate. If this resolution shall pass, we shall not limit ourselves to $300,000,000 if we can make a greater reduction than that. If we can not reduce appropriations to that

extent, we shall bring the matter to the Senate to be passed on. We think we can do it, but it will be up to the Senate to do the best it can. Now I yield the floor.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from Mississippi.

Mr. HARRISON. Mr. President, I thought the Senator from Washington would be the last one on this floor to oppose the adoption of this particular resolution.

Mr. JONES. I am not opposing it at all.

Mr. HARRISON. The Senator says he is not opposing the passage of the resolution.

Mr. JONES. Not at all.

Mr. HARRISON. But he is like the fellow who goes out and hollers, "Mad dog! Mad dog!" when there is only a sane dog around, yet he permits and encourages people to kill the dog, even though he is innocent. The Senator talks against the resolution, whether he is against it or not; no one would interpret the remarks of the Senator from Washington as being favorable to it. I said I thought he would be for it because it casts no reflection upon him as chairman of the Appropriations Committee; it casts no reflection upon the membership of the Appropriations Committee. I know how difficult it is for the Appropriations Committee to come upon the floor of the Senate with their amendments, whether they are decreases or increases, and withstand the war that is fought against them at times. I am trying to sustain the Senator from Washington by securing the adoption of a resolution that will express the sense of the Senate that some real retrenchment is necessary in Government expenditures.

My good friend from Michigan [Mr. COUZENS] says it is "shadow boxing"; he says it is a mere "gesture." I say to him that it is not shadow boxing and it is not any gesture. So far as I am concerned, I am going to vote to try to retrench at this particular time. I have responsibilities here as well as have other Senators in the matter of the tax bill that is soon to come before us. The Senator from Michigan is a member of the Finance Committee, of which I happen to be a member, and it looks as if we have got to increase taxes pretty high if the Budget is to be balanced. I am for increasing them if it be necessary in order to balance the Budget. I realize, however, that every cent that we can cut from the Government expenditures at this time will help just that much in the consideration of the tax bill, and I say, in the utmost good faith, to my distinguished friend, that there is no hypocrisy in this resolution; there is no deception in it; there is no "shadow boxing" in it, and it is not a "gesture" for the country.

When the policy committee of the Democratic Party met at the beginning of this Congress, the first resolution it adopted was one declaring it to be the sense of the majority party in the House and of the Democrats in the Senate that governmental expenditures should be cut to the bone. We do not want to affect the efficiency of the Government, but we propose to retrench at this time. Now I yield to my friend from Michigan, if he wants to ask me a question.

Mr. COUZENS. I was going to ask the Senator if he would not specify in what departments the reductions should be made or in what manner the Appropriations Committee should proceed. That would help us, because we might add amendments to it.

Mr. HARRISON. The trouble in that connection is that the Senator from Washington and the Senator from Michigan the other day did not honor me with their presence when I spoke quite at length on what I would do, and expressed myself fully with reference to that matter.

Mr. COUZENS. I was present, I will say to the Senator.

Mr. HARRISON. If the Senator wants a rehash of what I then said, let me refer to some of the items right now.

Mr. COUZENS. Will the Senator yield to me before he begins?

Mr. HARRISON. I will yield to the Senator after I have stated some facts.

Mr. COUZENS. Will not the Senator yield to just a question?

Mr. HARRISON. I will yield presently.

Mr. President, in 1924—and it is proposed by the Treasury Department to go back to the tax law of 1924—there was a tax on automobiles, a tax on admissions, a tax on innumerable miscellaneous articles, a 40 per cent surtax on incomes, and a higher tax on corporations. So the department says we ought to go back to the tax revenue act of 1924 in order to raise $900,000,000 to take care of the deficit. Now, let us see about the expenditures of 1924.

If it is fair to go back to the higher taxes of 1924, to burden the people in imposing taxes upon them according to the rates of that year, why is it not fair, or, at least, why does it not point in that direction to go back to 1924 to see what the expenditures of the Government were at that time? That was just a few years ago; that is just a slight span. Now, let us for a moment scan some of the appropriations for 1924 and see how they have since increased.

Take the Department of Agriculture. For the office of the Secretary in 1924 the appropriation was $382,000. The estimate in this year's Budget, the total of which I am seeking to have reduced by $300,000,000, is $821,000 for the office of the Secretary. That represents an increase of practically 300 per cent.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. HARRISON. Let me finish this statement, and then I will yield to the Senator.

Mr. COUZENS. I should like to take it up item by item.

Mr. HARRISON. For the Office of Information in the Department of Agriculture in 1924 the appropriation was $1,011,520, while the estimate for 1933 is $1,362,000, quite a large increase.

For the Market News Service in 1924 the appropriation was $401,000, but in the Budget for this year the appropriation called for is $1,406,000.

The appropriation for the Bureau of Plant Industry in 1924 was $2,426,000. Does the Senator know what is recommended for next year? The amount proposed by the Budget is $5,404,000. Since 1924 it has doubled, and all these appropriations come through the Committee on Appropriations.

Now let us take the Department of Commerce. In 1924, for the Bureau of Foreign and Domestic Commerce the appropriation was $1,900,000. The estimate for the ensuing fiscal year is $4,986,000.

For the Bureau of Lighthouses in 1924 the appropriation was $7,565,000. The estimate this year calls for $10,943,000.

Mr. President, the distinguished chairman of the Appropriations Committee utilized a considerable portion of my time a while ago and asked me certain questions as to how I would cut expenditures; but when I start to talk about the proposition and give some real facts upon which he could base action, he turns his back, engages in conversation, or walks out. It is useless for me to try to give any facts if the chairman of the Appropriations Committee, who seems opposed to expressing it as the sense of the Senate that we ought to retrench to the extent of $300,000,000 in the Budget proposals, will not listen to my remarks.

I will give some further illustrations for the edification of the chairman of the Appropriations Committee, because he asked me some questions a while ago. If there is any question as to my figures I will ask him to speak up.

For the Bureau of Fisheries in 1924 there were appropriated $1,100,000. The estimate for the ensuing fiscal year goes up to $1,337,000. Under the Department of Agriculture, for the support of Indian schools, there was in 1924 an appropriation of $4,300,000. In this year's estimate an appropriation is recommended of $10,649,000.

Mr. JONES. Mr. President, will the Senator permit me to interrupt him?

Mr. HARRISON. Yes.

Mr. JONES. I want to say to the Senator that I have looked over all those items.

Mr. HARRISON. Then they certainly ought to convince the Senator so that he would favor at least a cut of $300,000,000.

Mr. JONES. I told the Senator that I would be in favor of a cut of a billion dollars if we can possibly bring it about.

Mr. HARRISON. Yes; the Senator encourages me with his words and hits me in the jaw with his fist.

Mr. JONES. No; the Senator might get a little flatter if I did that. I want to say to the Senator that I am ready to vote for his resolution.

Mr. HARRISON. Then I will not say another word if we can get a vote on it right now.

Mr. JONES. I hope we can.

Mr. HARRISON. I have no interest in the world except that which every other Senator ought to have, and that is to have it expressed as the sense of the Senate that we should try to retrench at this time, when the whole country is on fire; that we should try to save something from the wreck; that we should not go wild with appropriations but should endeavor to check them in the interest of the taxpayers of the country.

Mr. JONES. I do not think there is a Senator here who would want unnecessary appropriations.

Mr. HARRISON. I ask for the yeas and nays on my resolution.

Mr. McNARY. Mr. President, I interrupted the Senator a few moments ago to express the belief that we should have a quorum call, so that others might consider the proposition.

I realize that the Senator's resolution is a harmless little device, and does not mean anything, supplementing his excellent speech made a few days ago.

Mr. HARRISON. That is one good thing the Senator got out of it. He heard part of a good speech.

Mr. McNARY. I heard a very good speech from the Democratic standpoint.

Mr. HARRISON. There is no politics in this, may I say to the distinguished assistant leader on the Republican side. We are trying to help you out of the hole; and, God knows, if we had not helped you out of the hole when you got us in it, you would be in the mire very deep now.

Mr. McNARY. I spoke to the chairman of the Appropriations Committee a few moments ago, and he seemed to express no objection to the resolution. As I repeat, it means nothing. It is not intended to mean anything. It will not operate in a fashion to accomplish anything; but if the Senator wants to go forward, I shall suggest the absence of a quorum, with the understanding that the resolution will be read after the quorum is announced.

Mr. HARRISON. Very well.

The PRESIDING OFFICER (Mr. BROOKHART in the chair). The clerk will call the roll.

Mr. HARRISON. May I ask the Senator whether he proposes to vote against the resolution?

Mr. McNARY. I probably shall on a roll call.

Mr. HARRISON. I am sorry.

The PRESIDING OFFICER. The resolution is not yet before the Senate. The Chair calls the attention of the Senator from Mississippi to that fact.

Mr. HARRISON. I asked unanimous consent a moment ago to place it before the Senate, and for its immediate consideration. I now renew that request.

The PRESIDING OFFICER. The Chair will present that request as soon as the roll is called.

Mr. JONES. Mr. President, I hope we will start on the roll call without a quorum call.

Mr. McNARY. No; I think we should have a quorum. The resolution should be read. Others might want to discuss it; and I insist on a roll call.

Mr. JONES. That is what I am afraid of.

The PRESIDING OFFICER. The clerk will call the roll.

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

Ashurst	Bratton	Connally	Dill
Austin	Brookhart	Coolidge	Fess
Bailey	Bulkley	Copeland	Fletcher
Barkley	Bulow	Costigan	Frazier
Bingham	Byrnes	Couzens	George
Black	Capper	Dale	Goldsborough
Blaine	Caraway	Davis	Gore
Borah	Carey	Dickinson	Hale
Harris	King	Oddie	Townsend
Harrison	La Follette	Patterson	Trammell
Hastings	Logan	Pittman	Tydings
Hatfield	McGill	Reed	Vandenberg
Hawes	McKellar	Robinson, Ind.	Wagner
Hayden	McNary	Schall	Walcott
Hebert	Metcalf	Sheppard	Walsh, Mass.
Howell	Morrison	Smith	Walsh, Mont.
Hull	Moses	Smoot	Waterman
Jones	Neely	Steiwer	Watson
Kean	Norbeck	Swanson	Wheeler
Kendrick	Norris	Thomas, Idaho	White
Keyes	Nye	Thomas, Okla.	

Mr. McNARY. The senior Senator from Minnesota [Mr. SHIPSTEAD] is detained at home on account of illness. I will permit that announcement to stand for the day.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. HARRISON. Mr. President, I ask for a roll call on my resolution.

Mr. TRAMMELL. Mr. President, just a moment before the roll call is requested. I am going to vote for this resolution, but in doing so I do not wish to have any misapprehension exist as to my future attitude in dealing with individual and specific appropriations.

As an illustration, I do not propose to vote hereafter for the purpose of cutting off a part of this $300,000,000 from the appropriation for assistance in constructing Federal highways.

I do not contemplate voting in the future, on account of voting for this resolution, to reduce the activities in public-building construction throughout the country, because I think that is of material assistance in providing employment for the unemployed at this time; nor do I expect to vote to reduce the compensation of the low-salaried and medium-salaried employees of the Government in order to cut off some of this $300,000,000.

There are other activities which I do not contemplate trying to diminish.

I do not believe that in time of stress the Government, the very head of all of the business enterprises and institutions of our country, should become panicky, and go pell-mell slashing everything, and have the very detrimental psychological effect which it will have if the Government seems to lose its nerve under the conditions which exist at this time. That will be the result.

I do not believe in waste. I believe in economy and have never stood for extravagant expenditures or waste of public funds. We must be orderly, however, in the conduct of our business. If the Government says, "We can not do any more public building of any consequence; we can not make any more substantial increases in Federal aid for road construction, and we shall have to slow up our river and harbor enterprises," and takes that attitude, it can not do otherwise than have a very demoralizing effect upon the industrial and commercial conditions of the country and upon the morale of the American people.

I do not care to give any encouragement to any sentiments of that character. I shall vote for this resolution, but I shall select in the future the items from which I shall attempt to assist in cutting down the $300,000,000.

Mr. HARRISON. I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent for the immediate consideration of Senate Resolution 120, favoring a reduction by the Senate Committee on Appropriations of not less than $300,000,000 below the Budget estimates of appropriations for 1932. Is there objection? The Chair hears none.

The Senate proceeded to consider the resolution (S. Res. 120) submitted by Mr. HARRISON December 22, 1931, which was read, as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as will bring the total amount reported to the Senate at least $300,000,000 below the total recommended in the Budget for such fiscal year.

Mr. NORRIS. Mr. President, I agree with practically everything the Senator from Florida [Mr. TRAMMELL] has

said, and because I do I am going to vote against this resolution. To my mind, it is impractical.

I think I shall be willing to go as far as the Senator from Mississippi [Mr. HARRISON] wants to go in practicing economy in the Government; but I do not believe that any good can be accomplished along that line by the passage of this resolution, and it may result in harm.

To say arbitrarily, in advance, that we are going to reduce the appropriations by $300,000,000 below the Budget recommendations is to arrive at a decision before we have heard the evidence. It is deciding the case before we have tried it.

I hope we can reduce the expenses more than $300,000,000; but to say now that we are going to do it, to my mind, is to decide what is unknown in the future.

Suppose the resolution were passed, as it probably will be: How much are we going to take out of this bill? How much are we going to take out of the next bill in order to reach the $300,000,000? We do not know now how many deficiency appropriation bills we are going to have. We know how many general appropriation bills we are going to have. Are we going to divide the amount arbitrarily among each one? Are we going to say that we will take $50,000,000 out of this one when, perhaps if we analyzed it carefully, we could take out $100,000,000, and that we will take out $50,000,000 from the next one, and $25,000,000 from the next one, without knowing just exactly what is going to be in those bills?

To my mind, it is an impossible thing; and I do not believe we can do anything practical if we follow out the instructions of this resolution. Its very presentation, and what may be said on it, may result in good, but I did not want to go on record as voting against this resolution, as it seems to me I shall have to do, and then have somebody say afterward that I was in favor of extravagance in the Government.

I am not sure what we shall have to do before we get through with this Congress in the way of raising revenue. I am not sure but that we shall have to issue bonds. I have not any doubt but that we shall have to issue some bonds to keep the Government going. That seems to be apparent now. We have provided now for the expenditure of many millions of dollars that our Government becomes obligated for that it was not obligated for at the convening of this Congress.

We have provided for a possible $2,000,000,000 to be given to the banks and the railroads. Maybe it will not take all of that. Maybe it will take more. I voted against that bill. I do not believe that under the conditions it was right to pass that kind of legislation. But a vast majority of the Senate thought it was.

We had a moratorium measure before us which kept out of the Treasury of the United States this year $250,000,000 which otherwise would have percolated into it. A large majority in this body thought that legislation was necessary. I did not think so. I voted against it. It seems to me it was a mistake.

It may be that the President will have some other plan coming by which he will save the situation through the appropriation of some money; instead of forgiving the debt, paying something to help Europe to feed their hungry, to give employment to their unemployed. If he does, and he couples with it the proposition that we are going clear down to destruction unless we immediately appropriate the money, he is going to get it through. He will scare us. He will scare all the business men, and he will say, "Give $200,000,000 to the unemployed over in Great Britain and it will immediately stimulate Great Britain to buy our goods; that is the way to get business."

What are those who would favor that kind of a proposition going to do when the President tells them to do it if they have voted to pass this resolution and have tied their hands so that they could not do it? What is going to happen? I am going to have my hands free, so that when the President gives us another command I can go with him if I want to.

Mr. President, it is a mistake to pass this resolution.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. KING. The Senator will remember that the Budget does not, unfortunately, contemplate many of these propositions which have come before us since we met, and many which may come before us before we adjourn, if we follow the statesmanship and the leadership of the President of the United States. So I think the resolution must be interpreted in the light of the Budget.

Mr. NORRIS. I interpret it that way.

Mr. KING. According to the resolution, we are to cut $300,000,000 at least below the Budget recommendations. The Budget recommendations did not have in contemplation this $2,000,000,000 plan to which the Senator has referred and to which he was opposed, and to which I was opposed. It did not contemplate the plan, which is now receiving consideration and may incubate within a few days, to place at the disposal of men who want to build homes two or three or four billion dollars. So that it seems to me that in interpreting the resolution offered by the distinguished Senator from Mississippi, we must consider it in the light of the Budget items and cut below those items. That would not restrict us from cutting below other propositions which may be suggested; several millions or hundreds of millions more.

Mr. NORRIS. Or going above them.

Mr. KING. My objection to the resolution offered by the Senator is that it does not go far enough. I think we ought to reduce the Budget items at least $500,000,000 and that we ought to set our faces resolutely against many of the recommendations made, and which doubtless will be made, by the President as well as by the executive departments, calling for hundreds of millions more.

If the Senator will pardon me, I am interested, as a member of the Finance Committee, in knowing where we are to get the money. I am interested in maintaining the credit of the country. I remember that some Government bonds are selling at 83 cents on the dollar. If we carry out the suggestions made by the leaders of the Republican Party—and I do not say this by way of partisanship, for they are perhaps joined in by many Democrats—there will be a deficit, not of two billions or two and a quarter billions, as we will have this year, but during the next fiscal year we will have a deficit of five or six billion dollars. Where are we going to get the money? I would rather cut the number of employees than to have our bonds go down and the credit of the country be impaired. So I shall vote for this resolution, only regretting that it does not call for a reduction of $500,000,000, and with the interpretation that it will not preclude me from favoring other cuts which may be submitted for our consideration.

Mr. NORRIS. Mr. President, I thank the Senator for his question. I will now proceed to answer it.

The Senator says we must consider this matter in the light of the Budget. That is true; it applies only to the Budget. I am afraid the Senator did not get what I believed to be the logic of my remarks when I was speaking of the moratorium and these other expenses which are not covered in the Budget.

Mr. President, $250,000,000 was involved in the moratorium. That is not in the Budget. But if we had that in the Treasury we could afford to cut the Budget so much more. So it does have a relation to the Budget.

It does not make any difference whether this money is taken out of Uncle Sam's coat pocket, which the Budget handles, or is taken out of his trousers' pocket, which the President handles; it comes out of Uncle Sam just the same. So, whether it is in the Budget or out of the Budget, it is Government funds on which we are acting, and if we can save something that is not in the Budget we can take so much more out of the Budget. It seems to me that is logical.

The Senator referred to the large appropriations to which I have been referring as having been made by Republicans. Bless your soul, look at the roll call on the $2,000,000,000 appropriation of money to come out of Uncle Sam's pockets. Look at the roll call and then charge it to the Republicans if you can or if you dare! There were only eight voting against it, and half of that eight were Republicans.

O Mr. President, if there is any consolation in opposing that kind of a proposition it can not come to the Democratic Party as much as to the Republican Party, because there is some reason why the engineer in the White House should whip those on this side into line. He has more or less control over them. But in some way he had a string on the Democrats also which was just as tight and fastened just as firmly. He got them just the same. And he did it on the moratorium by wire. He wired out and got the Democratic Party as well as the Republican Party, pledged them hand and foot, and delivered them over.

One could not tell when they were tied up in a bunch which were Republicans and which were Democrats. They all look just alike to Europe and they all look just alike to the international bankers.

Mr. President, I want to say just a word further about what I believe to be the impracticability of this resolution. The Senator from Utah says he wishes it called for reduction of $500,000,000. I would just as soon vote for it if it provided for a reduction of $500,000,000 as in its present form. But everybody knows—at least I think so, judging other people by my own limited knowledge—that we do not know what is going to be before us before this session of Congress shall end. We do not know whether we can cut it $300,000,000 or $500,000,000, and it seems to me it would be just as reasonable to pass a resolution now directing the Committee on Appropriations to cut all the Budget items 99 per cent. Everybody knows we could not do that and live. Everybody knows that the Government would go on the rocks, could not get along, if that were done. We would all like to do it if it were a practical proposition. We may have to do lots of things before we are through which we do not believe now we are going to do.

I have a lot of sympathy with the Senator from Florida when he says we may want to issue bonds to build highways, and I not only have sympathy with him but I agree with him. I would rather have the Government build highways and give men jobs than to take the same amount of money and give it as charity to people who are without jobs. Rather than give them a dole, I would give them jobs. It will not cost any more one way than the other, and in either case we may have to issue bonds to do it. Would we issue bonds before we saw our people starve? Of course, we would, even though the Government is going behind. Instead of feeding the hungry as a charitable proposition, would it not be better to do something which would provide jobs for those in need, who would rather have jobs than charity, and feed their families and clothe their children from their earnings? It will take money to do that. If money is given out in the way of charity, when we are through we have nothing to show for it except that we have done a noble work, probably, in feeding those who otherwise would have starved, in clothing those who would otherwise have been naked, and in warming those who would otherwise have frozen to death. But would it not be much better if, after spending the same amount of money, we had something of permanent value to show for the expenditure? That is the way I look at it.

We will undoubtedly have to feed millions of hungry people for some time to come. I would rather give those men who are in the soup line jobs and pay them and let them buy the food with the money and feed their families and themselves, and when we got through have something of permanent value to the people of the United States.

I would not confine the efforts of the Government to furnish employment necessarily to the construction of roads, if there is something else in the way of public improvements which could do as well. To my mind, provision for building roads is the greatest opportunity for the Government to furnish employment. I may be wrong. I am not saying this particularly because I want the Government to build roads. Under ordinary circumstances I would not think of having the Government issue a bond to build roads or highways. I would rather go without them. But if we have to issue bonds anyway, I want the Government to do something with the money which will not only result in the hungry being fed but will leave something of permanent value to the people. It might be some other kind of public work, and if anybody thinks of a better way to do it, I would not stand in the way.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SMITH. Not only would we have something in the way of a material benefit to show for the money, but we would have something to accomplish that is of greater value than that, the maintenance of the self-respect of those who were working.

Mr. NORRIS. Absolutely. I thank the Senator for his interruption. There are just millions of men without jobs to-day who almost starve before they will ask charity. The present condition is the most humiliating thing which ever confronted them. Yet they must be fed. They are without jobs through no fault of their own. Their wives and their children must be fed and clothed. After a man starts to accept charity, and gets it again and again and again, some of his self-respect will go, and some of these men, starting in as the highest type of citizens, if you feed them on charity long enough, will become tramps in the end.

Carrying out the idea suggested by the question, I want to say that one of the great things is to keep the manhood and the womanhood of America upon a high standard, by not compelling the men and women of our country to become subjects of charity for food and clothing.

Mr. WAGNER. Mr. President, in view of what the Senator from Nebraska [Mr. NORRIS] and the Senator from Florida [Mr. TRAMMELL] have just said, I would like to take some time of the Senate to address myself to a resolution introduced by me and pending before the Senate, because I think the discussion strictly pertinent at this time in the country's crisis, and especially because of the discussion which has to-day taken place here.

Mr. President, since the beginning of the session we have given practically exclusive consideration to the several emergency proposals submitted by the President. His recommendations were given prompt and expeditious attention by the committees. They have been accorded legislative right of way in both Houses of Congress. Both parties cooperated in this respect. No one can any longer suggest the charge that partisanship served to interfere with the prompt enactment of the President's remedies.

We are in the midst of an emergency in the business life of our Nation which is unprecedented in extent and unequaled in severity in the history of the United States. This, therefore, is peculiarly the time when we should recall to ourselves the never-changing principle that it is the Nation and not the party which has first call upon our service.

In conformity with that principle I have supported and shall continue to support every portion of the President's program which has for its object the release of some force in the direction of recovery and is reasonably calculated to accomplish that purpose.

If the President's program were adequate, I would stop at this point. I have studied his message with the hope that I would find it adequate in measure to fit the tremendous difficulties from which our people are suffering. After the most careful consideration I came reluctantly to the conclusion that the President's recommendations alone are insufficient to deal with the present emergency; that they do not bring into play all the forces for recovery which the Federal Government possesses; that they do not discharge the responsibility of the Federal Government to share in the relief of distress and privation; that they will not to any appreciable extent provide what I regard as the one all-important essential, namely, work for those who are forced to go idle.

In so far as emergency action is concerned, the President's program, as I read it in his message and in his public statement of December 11, consists of three steps: First, coordination of local relief activities by means of the Gifford

Commission; second, additional investment of Federal money in the land-bank system; and, third, the organization of the Reconstruction Finance Corporation.

In addition, he expresses the wish that the banking system be improved; that the eligibility of paper discountable at the Federal reserve banks be extended. Neither the President's message nor his public statement contains any concrete suggestion as to how these purposes are to be accomplished. I quote from the message: "I recommend the prompt improvement of the banking laws." He might with equal value have declared, "I recommend the return of prosperity." Unaccompanied by at least the substance of a proposal setting forth how the improvement is to be accomplished, these recommendations are as yet meaningless words.

The best that I see in the President's proposals is a very laudable effort to prevent a serious and irreparable break in our credit structure. The investment of Government money in the Reconstruction Finance Corporation and in the land banks will ease the banking situation and relieve the railroads of their financial embarrassment. It may well be that out of the confidence which these measures will stimulate will be born a revival of trade and industry. For these reasons I have supported the Reconstruction Finance Corporation bill and the land bank bill.

But in all earnestness, I inquire, is that enough? Will that promptly restore any substantial number of the unemployed to their jobs? Will that help carry the burden which the local communities are manfully but unsuccessfully attempting to carry? Where in the entire program of the administration can we find the assurance of help for the millions entirely without work, entirely without means, who are daily eating the bread of dismay and despair? For them alone, it seems, is intended the last point in the President's published statement, namely, "The maintenance of the American system of individual initiative."

We shall help the railroads; we shall help the financial institutions; and I agree that we should, but is there any reason why we should not likewise extend a helping hand to that forlorn American, in every village and every city of the United States, who has been without wages since 1929? Must he alone carry the cross of individual responsibility, when all he asks and all he prays for is an opportunity to work, to demonstrate his initiative and responsibility, and to add to the wealth of this Nation?

I recall that in his annual message of 1930 the President said:

> It is as yet too soon to constructively formulate * * * measures * * * to better organize mitigation of the effect of depression.

Now, a year later, he tells us that—

> The time is ripe for forward action to expedite our recovery.

What has happened between the message of 1930 and the message of 1931 to change the whole direction of the President's outlook? What has converted the "too soon" of 1930 into "ripeness of time" in 1931? Some of the changes that have occurred are set forth in the resolution which I submitted on December 14, 1931. Unemployment has increased; pay rolls have declined; production has fallen; the volume of car loadings has shrunken; foreign commerce has practically collapsed; construction has dropped; prices have fallen; bank suspensions, foreclosures, and bankruptcies have multiplied; and the demands upon charity have climbed to mountain-high levels. That is the history of the unfolding of the Hoover plan of 1930, in which he assured the country that recovery would be expedited by private cooperative action with but limited and restricted assistance from the Federal Government.

Since that is the fact, can we, with proper regard for our duties, continue to limit Federal activity to the mere unlimbering of credit and coordination of local relief?

The President apparently recognizes that more energetic acts are necessary than he was willing to countenance during the previous Congress. Now, he is willing to strengthen the credit facilities of the country with Federal aid. But that is not enough. I quote from a recent work by a banker, Mr. Paul M. Mazur:

> Experience has shown that cheap credit rates do not of themselves create in time of panic the needed stimulus and encouragement.

Something more substantial is necessary. But the only other remedy we find in the presidential message is the coordination of local-relief agencies; the only aid the worker can expect is the prospect of the sorry solace of charity.

I am not unmindful of the salutary function of individual human kindness and generosity in the imperfect world in which we live. I know quite well that from the dawn of history these qualities have healed the sick, covered the naked, aided the needy, and differentiated mankind from the beasts who inhabit the jungle. The spontaneous response of human sympathy is still the most glorious expression of the divine in the human soul. All that, however, is quite different from the ballyhoo which has been used by the Federal Government as an excuse for failing to do its full share in bearing the burdens of the national calamity. Private charity, of course, has a large place to fill in the present emergency. But private charity as a deliberate and exclusive policy of government—that is to me incomprehensible.

The President says that he is opposed to any direct or indirect Government dole. These are hollow words of opposition. He knows that 70 per cent of the relief administered is provided through Government taxation. Verbal resistance has not checked the coming of the dole and will not prevent its spread in the United States. There is only one effective way of preventing a dole in the present emergency and that is by providing work. And no organization is better equipped to do that than the Federal Government.

I would perhaps for a time close my eyes to the disastrous effect of the administration's relief policy upon character and citizenship if in fact I could find that local effort had succeeded in mitigating suffering, in preventing malnutrition and exposure. Even that minimum can not be accomplished. There can no longer be any doubt that the relief agencies, energetic as they are, can not perform the indispensable task.

Here is some of the evidence.

Before the committee on unemployment insurance Mr. Billikopf testified concerning Philadelphia as follows:

> Twenty-one dollars and eighty-two cents is, in the judgment of the relief organization, the irreducible minimum below which a family of five can not get along but the unemployment relief committee in Philadelphia—and I happen to be in the inner group of that committee—allowed this family only $5 for food a week. Not another cent * * * this due entirely to inadequacy of funds at our disposal. It does not require any imagination to see that there is a correlation between that type of allowance and mental breakdown and physical breakdown. There is a physical, a moral, and a spiritual deterioration.

Before a subcommittee of the Committee on Manufactures, Mr. Allen T. Burns, executive director of the Association of Community Chests and Councils, is reported to have testified on December 29 that the community chests will be unable to discharge their responsibility in the present emergency.

I dare say that the President and Mr. Gifford are the only two persons in responsible positions in the United States who believe, as Mr. Gifford reported, that "these organizations have most successfully carried the burden of the past winter." Another such success, Mr. President, and we shall first learn the depth to which misery can descend. Mr. President, when anyone tells us that these methods constitute the "true American fashion" he utters a slander against America. I do not believe that the bread line represents the spirit of American generosity. I am satisfied that the American people would gladly pay the cost of a program of activity which would permit those who are in difficulty to earn their living with pride in themselves and in their work. An extensive construction program inaugurated by the Federal Government would afford that opportunity.

I shall quote another passage from the President's message, and I shall quote it on this occasion because it con-

tains, in my judgment, a powerful argument in favor of the proposal for a Federal construction program. He says:

> We have enormous volumes of idle money in the banks and in hoarding. We do not require more money or working capital—we need to put what we have to work.

I agree with every word of that statement. And I can see no more direct and useful way to put that money to work than by putting men to work.

We are overbuilt in industrial plants; naturally we can not expect private industry to engage in extensive construction. Until employment and wages become more certain, we can not expect any large increase in private home building, no matter how attractive we may make the financial terms. The Federal Government alone is in an entirely different status. It needs new construction. It requires post offices in numerous places where it is now paying rent. We need flood-control works on the Mississippi and we needed them long ago. The Army requires housing and has required it for many years.

Unlike any private enterprise, the Federal Government is as certain as one can be certain of anything that it will require these works in the future; that the demand for its services will expand rather than diminish. In view of these circumstances, is it not sound business sense for the Federal Government to take advantage of the low price of building materials, of the abundance of the finest labor, to expand its construction activities to the utmost and thereby render a great public service at a time of national danger?

Were there in existence a private corporation situated like the Federal Government, is there anyone here who would not agree that it would be both the depth of folly and inhumanity if it would not pursue such a course? Why, then, should we not apply the same standard to the Federal Government, especially since the Federal Government has an affirmative responsibility to help carry the burden of the present depression?

A clearer picture of what a Federal construction program would accomplish can be obtained by examining the facts concerning general construction in this country during the past few years.

If we compare the first nine months of 1931 with the same period of 1928 we find that all construction, both public and private, has fallen off $2,500,000,000 or 48.8 per cent.

Even in the construction of public works and public utilities we find a substantial drop in 1931 in comparison with several previous years. The figures are as follows: From January to September, 1929, $1,039,043,000. From January to September, 1930, $1,383,300,000. From January to September, 1931, $982,700,000.

In other words, there is a decline in construction, not only in private enterprise but even in that area of public and quasi public building, which was stimulated and encouraged and was supposed to take up the slack in private effort. An expansion of Federal construction would fit into the general construction situation like a gentle rain on a sun-parched field.

I want to make especially clear that I do not advocate the expenditure of a 5-cent piece upon an unnecessary, uneconomic, or unsound project. The public-works program which I urge should consist entirely of projects heretofore and now authorized by Congress with the usual investigations and safeguards.

The Federal Government is at the present time engaged in somewhat expanded construction activities. According to a White House announcement released on September 6, 1931, these activities were expected, when fully under way, to provide employment directly and indirectly to 100,000 persons. If that expectation has materialized, it means that 100,000 families who would otherwise be adding their weight to the load of the relief are, instead, helping to carry the load. It means that the Federal Government is saving money in acquiring its property and constructing its buildings more cheaply than in 1929. It means that the valuable time of 100,000 persons is not going to waste, but is, instead, adding to the real wealth of the Nation. It means that the character and morale and standard of living of 100,000 families are being sustained. If the results of a modest program are so beneficial why should we limit its influence to but 1.4 per cent of the 7,000,000 or more who are unemployed? Why should we not extend the direct benefits to a million families and the indirect benefits to many more? Only then can the Federal Government be said to be doing a fair share of the great work which must be done. Until it has done so how can the Federal Government subscribe to the national slogan and say, "I, too, have shared"?

The proposal for an extensive Federal construction program is not novel, unknown, or unconsidered. Already the policy of which this proposal is an expression is part of our written law, placed therein by the overwhelming approval of Congress and the expressed commendation of the President.

The effect of an enlarged construction program would be electric. White-collar men and men in overalls, farmers and merchants, all would feel its beneficent influence. Only the naïve believe that its blessings would be spent upon bricklayers and masons alone. It would bring activity to architects and engineers; it would resume employment in steel, wood, brick, cement, and stone. The metal trades would be activated, the electrical trades would be stimulated, the furniture makers would be recalled to work, the circle of opportunity would widen indefinitely into every trade and calling. The butcher and baker would soon know that a million additional workers had pay envelopes in their pockets. The farmer, too, would be directly benefited. That is very graphically shown by a chart, now before me, published by the United States Department of Agriculture in August, 1931. It shows that from 1919 through 1930 there was a remarkably close correlation between the price of butter and the index of pay rolls. As the report states:

> The decline in consumer incomes reflected by the decline in pay roll, was largely responsible for the decline in butter prices of 1930.

And what of the moral effect upon the reemployed worker? What of the effect upon his citizenship when he realizes that his Government has come to his rescue in his day of difficulty? To summarize:

We need a building program to put a substantial portion of those out of work back into the ranks of wage earners. We need a building program to withdraw the greatest possible number out of the ranks of those who are receiving relief. We need a building program to prevent another large increment to the already large number whose pride has been broken by the need of appealing for aid.

Last January there were 6,050,000 persons in the United States ready, willing, and able to work, looking for jobs and unable to find them. That was the report of the Secretary of Commerce. During the year that number has grown, as is indicated by the reports of the Bureau of Labor Statistics. Now it probably exceeds a total of 7,000,000 workers. The American Federation of Labor estimates that wage earners alone have lost in the course of the year $11,000,000,000 of wages. That takes no account of the loss incurred by salaried workers. In the preamble to the resolution I submitted on December 14 I have set forth further evidence of this stark fact: We are not facing just an ordinary business recession but a hardening of every business artery, a paralysis of many business organs, a major stoppage of the life blood of business and industry. No remedy can be too drastic under these circumstances. The Gifford Commission, the Woods Commission, the Red Cross, the community chests, well meaning as they are, noble in motive as they are, are like bread-and-water pills in reference to the major malady from which industry suffers. A building program would lighten the load upon these relief agencies. It would provide an honorable opportunity for hundreds of thousands who now beg for relief or suffer in unmitigated misery.

I say to you with deep conviction that we can not afford to forego such a program. The benefits are so great, so certain, and so cheap that we are in duty bound to take advantage of the opportunity it offers.

There would be a valid objection to the public construction proposal if it were intended that the cost of the construction be paid out of current revenue or increased taxation. It would be incredibly difficult and exceedingly unwise to impose so large an addition upon an already heavy tax burden. And it is entirely unnecessary to do so. The construction program should be financed by a long-term bond issue.

I can think of at least five valid reasons why such a course is both prudent and proper:

First. The proposed public works are permanent improvements. Their economic life is beyond the limit of any long-term Federal obligation that would be issued to finance them. The borrowed money, in other words, will not be consumed in meeting current expenses of Government but in enlarging the permanent assets of the Nation. It is entirely just that future taxpayers should pay part of their cost.

Second. If we inaugurate a large public-construction program, we shall be building in 1932 what we should normally not undertake until a later date. Consequently this is not a case of burdening the future with the extravagance of the present but, on the contrary, a case of spreading the cost evenly over the present and future for the common benefit of all.

Third. A Federal construction bond issue would constitute a mild form of credit inflation, and that would be helpful.

Fourth. A Federal construction bond issue would call forth from hiding a goodly proportion of the hoarded money, and that would be helpful.

Fifth. Between 1920 and 1930 the United States collected in taxes $3,459,512,575.04 more than was necessary for the operation of the Government, including statutory retirement of the national debt. The deficit of the fiscal year 1931 has reduced that figure to $2,556,795,729.97. We used this surplus of taxes to pay the national debt more rapidly than the law required. We might have earmarked these surpluses as a reserve to be used for construction in just such an emergency as the present one. We can still, in effect, accomplish that purpose by enlarging the Federal debt to finance a program of construction.

If we had not made the overpayments into the sinking fund but had laid the money aside in a separate fund, would the credit of the country have been any weaker? I do not believe it, and I do not believe that anyone in the Treasury believes it. Then why should we suppose that the credit of the country would decline if we took part of that reserve and used it for the benefit of America? For my own part, the expectation that borrowing might be necessary in just such a period as this was the only reason why I supported the policy of collecting large surpluses from taxpayers during the days of prosperity.

Certain stock objections will without doubt be leveled against this proposed bond issue. I may, therefore, as well anticipate them now. Further borrowing, we shall be told, is unsafe and is injurious to American credit.

WHAT ARE THE FACTS?

In 1919 the public debt amounted to $25,482,034,419, in 1925 it was $20,516,272,174, by 1929 it had declined to $16,931,197,748, and in 1931 the total of the public debt was $16,801,485,143.

The 1931 total was lower than that of any year since 1919 except 1930. The same facts may be stated in a slightly different form. In 1919 the Federal Government owed $240.09 for each person residing in the United States. In 1931 the Federal Government owed only $135.41 for each person residing in the United States. The per capita debt in 1931 was lower than that of any year since 1919 except 1930.

What reason is there to believe that the Federal Government's credit was better in 1919, in 1920 or in any of the intervening years than it is to-day? Is it not true, as Mr. Hoover tells us, that the country is to-day richer in physical property, in newly discovered resources and in productive capacity than ever before? If confidence in the Federal Government was not destroyed with a national debt of $25,000,000,000, why should it be even adversely affected by a national debt smaller in volume by many billions of dollars?

In my judgment the one and only fact that has weakened confidence in the Federal Government was the apathetic helplessness of the administration in the face of the greatest economic upheaval of modern times. The prevailing feeling that the administration would just sit on the rocks and let the waves overwhelm it was sapping American confidence. Faith and confidence both will revive and flourish when America realizes that the Government will bestir itself, and will not let its mighty arm lie idle in this unprecedented emergency.

Were I to propose that the Government unreasonably add to its Budget of current running expenses, there would be ground for the fear that its credit would be injured. An unbalanced budget does not contribute to stability. Income and expense must be brought into line at the first practicable moment. Any other plan is improvident management; but when the Government borrows for permanent improvements, for the provision of employment, and the acceleration of recovery, that is not improvidence but the acme of prudence; that does not weaken credit—it builds it up.

Occasionally I hear the comment that a large construction bond issue could not be sold. That suggestion was in fact made in the report of one of the President's commissions. Is there any merit in that assertion? Again we must refer to the facts. During the year that we have just left behind us the Federal Government floated three bond issues having a total face value of $2,215,000,000. How difficult it was to sell these bonds can be inferred from the fact that subscriptions were received amounting to $9,369,000,000. The ratio of subscription to offering was more than four to one. Perhaps some will suspect that the Federal Government offered a very generous interest rate to attract so large a body of investors. The interest rates on these issues were as follows:

March 16, 1931, $594,000,000, at 3⅜ per cent.

June 15, 1931, $821,000,000, at 3⅛ per cent.

September 15, 1931, $800,000,000, at 3 per cent.

The last issue carried a rate of interest which, according to the Secretary of the Treasury, was the lowest rate borne by any bond offered for public subscription since the issue of Panama Canal bonds in 1911.

At the present time it is true these bonds are selling at a price below their face value. It is very undiscriminating, however, to deduce from that fact a loss of confidence in Federal credit. The 3 per cent bonds of 1951–1955 closed the week ending January 9, 1932, at 83.16. Even at that price it yields to the buyer only 4.10 per cent if held to maturity. Who would say that such a rate indicated a lack of confidence in the Federal Government?

Before me is a chart published by the New York Stock Exchange showing the average monthly prices of all listed bonds. On that chart one can see at a glance that in recent years the United States Government bonds have been continuously above par except for a very large portion of prosperous 1929 and during a very short time in 1931 when they fell slightly below their face value. If a slight drop in the price of Government securities denotes loss of confidence, then we should be obliged to assert that Federal credit was lower during most of prosperous 1929 than during depressed 1931. I know of no one who would seriously hold that position. In comparison, foreign government bonds have during the last quarter of 1931 dropped to the 60's; American private corporate bonds dropped to the 70's; only Federal bonds stayed close to the par line in spite of a much lower interest rate. That record discloses not lack of public confidence but unlimited faith in the credit of the Federal Government.

In his statement of January 4 the President cautioned Congress against unnecessary issues of Federal securities. No doubt he is right. Unnecessary borrowing means wasteful expenditure and depressed bond prices. Necessary borrowing, however, like that which is intended for the Reconstruction Finance Corporation or like that which I propose

for construction does not depress prices. To the contrary, it breeds confidence, stimulates business activity, and promotes recovery.

In the President's message we find the comment that Federal borrowing would "denude commerce of its resources." By that I presume he means credit resources. That assertion, I submit, can no more be applied to a construction bond issue than to the borrowing for the purposes of the Reconstruction Finance Corporation which the President himself recommends. The reasons are fairly plain.

The past year has witnessed a very violent contraction in the opportunities for private long-term investment. The figures published by the Federal Reserve Bulletin reveal the following:

Date	Stocks	Bonds	Total
1928	$2,900,000,000	$2,378,000,000	$5,278,000,000
1929	5,868,000,000	2,068,000,000	7,936,000,000
1930	1,503,000,000	2,980,000,000	4,483,000,000
1931 (12 months ending October, 1931)	337,000,000	1,396,000,000	1,733,000,000

These figures represent domestic corporate issues. Disregard if you will the year 1929; even if we compare 1931 with the more normal 1928, we perceive a decline of $3,545,000,000 in the amount of long-term obligations offered for sale to the public.

That fact is reminiscent of the words of the President's message:

> We have enormous volumes of idle money in the banks and in hoarding. We do not require more money or working capital—we need to put what we have to work.

Furthermore, Federal bonds are discountable at the Federal reserve banks. The banker who had purchased Federal construction bonds and desired to make his credit available to a private borrower, whether for short term or long term, would rediscount the bonds at the Federal reserve bank. He would then be in exactly the same position to serve his private customer as he was had he not invested in Federal bonds. That the Federal reserve system could, if necessary, absorb the entire issue which I propose, is elementary. We have not reached or even approached the credit limitations of the Federal reserve system.

These additional facts should be kept in mind. The Federal Government would not borrow the entire amount intended for construction purposes by a single sale of bonds. In all likelihood the money would be borrowed in smaller quantities as required by the progress of the work. Such money as the Federal Government borrowed would not be withdrawn from the banking system. It would promptly find its way back into industry, into trade, and into the pay envelopes of the people, carrying life and cheer and encouragement throughout its course.

Why is there no recommendation in the President's message in favor of this proposal? Is this omission consistent with his general position? Apparently it is right for the United States Treasury to borrow money for the railroads and the banks as it will do through the Reconstruction Finance Corporation. Apparently it is right for the United States Treasury to borrow money to carry into effect the foreign-debt postponement. Apparently it is right for the United States Treasury to borrow money for the uses of the land banks. I agree that these are right and I have supported the legislation which makes these loans possible. But if these are right, why then is it wrong for the United States Treasury to borrow money for its own construction purposes to put Americans to work? What virtues do these other loans possess which a public-construction loan lacks?

These other measures which I have mentioned for which we have borrowed and shall borrow money will, I hope, be of assistance in this emergency. The public-construction program we know with certainty will put men to work. In these other loans the United States Treasury may or may not get its money back; in public construction we know here and now that the United States will receive 100 cents in value for every dollar it spends. Through the Reconstruction Finance Corporation and the land banks we are pouring Government money into private business. It certainly ought to be equally right to put Government money into a Government enterprise.

When adverse circumstances compelled the railroad presidents to come to Washington we listened attentively to their story of depreciated roads and equipment, of inadequate revenue, of unregulated competition. We replied that we would lend them the aid of the Federal Government; that we would lend them money out of the United States Treasury; that we would increase their rates; that we would regulate competitive forms of transportation. We did not preach to them rugged individualism. We did not sanctimoniously roll out sentences rich with synonyms of self-reliance. We were not carried away with apprehension over what would happen to their independence if we extended to them a helping hand. We followed the same procedure in an effort to strengthen the banking situation. But when millions of Americans, footweary and heartsick, cry out in despair, "Give us work," we suddenly are overwhelmed with devotion for the preservation of self-reliance. We plug our ears to the cry of the multitude while the prophets burn incense upon the altar of rugged individualism and the fanatics would sacrifice the Nation to preserve its empty slogans.

Mr. President, Senate Resolution 72, which I have introduced, does not create any Federal bureau. It does not appropriate any money. It does not designate any specific projects for construction. It proceeds entirely in accordance with the letter of the law laid down by Congress in the Federal employment stabilization act which the President signed and lauded in February, 1931. That act declared that it is the policy of Congress to arrange the construction of public works, so far as practicable, in such manner as will assist in the stabilization of industry and employment through the proper timing of such construction.

That act created the Federal employment-stabilization board to carry that policy into effect. It set forth the basis upon which the Federal board should take action. Specifically it provided that the board shall take into consideration the volume, based upon value, of contracts awarded for construction work in the United States during any 3-month period in comparison with the corresponding 3-month period of three previous calendar years. It further provided that the board may take into consideration the index of employment prepared by the Department of Labor and any other information concerning employment which it may consider pertinent.

In the preamble to the resolution I have set forth the volume of contracts awarded for construction work in the United States. I have set forth the index of employment. I have set forth numerous other items, all of which compel the conclusion that this is the time for the Federal stabilization board to take action.

The resolution proposes the course of action prescribed in the act. That course is for the President to transmit to Congress supplemental estimates for emergency appropriations to be expended upon authorized construction.

In order to familiarize myself to some extent with the volume of authorized construction which may be brought within an expanded program to meet the emergency I have communicated with several of the governmental departments in charge of construction. The Quartermaster General advises me there are authorized projects in the Army's housing program which will cost $108,000, and in the Air Corps technical program, $883,000. The Superintendent of the United States Military Academy informs me that there is an authorized improvement scheduled for the Military Academy at West Point which will cost $2,920,000. The Chief of Engineers advises me that it will cost $431,000,000 to complete the authorized river and harbor projects and $216,000,000 for the authorized flood-control projects. From the Supervising Architect's office I learn that 682 separate undertakings specifically authorized by Congress are yet to be begun, and in some cases finished, which will have a total limit of cost—including what has already been spent—of $454,013,123.22. The authorized construction for the Bureau of Prisons will cost $4,100,000. The authorized construction

for the Veterans' Bureau will cost $15,877,000 to complete. For the Forest Service there are authorized projects which will cost $86,000,000. In the Bureau of Yards and Docks of the Navy Department there are authorized projects which will cost $17,000,000. There are large possibilities in road construction. These are only a few of the Government projects upon which an emergency works program may well be expended. It is by no means complete.

I have not the facilities at my disposal to say with precision how much authorized construction is immediately available and what additional authorizations can be given during the present session. In my judgment, it would be well if the Federal Government undertook to expand its construction activities by $2,000,000,000.

Mr. WALSH of Montana. Mr. President, may I inquire of the Senator, although he has not very definite information, about what amount has actually been authorized for construction which has not yet been entered upon?

Mr. WAGNER. It is well over a billion dollars. I have not been able to get all of the figures, because the bureaus which handle the different construction projects number over a hundred. I have figures now which bring the sum well over a billion dollars.

Mr. WALSH of Montana. Let me ask whether that condition is due to the fact that appropriations have not been made, or have the appropriations been made, and does the delay arise from other causes?

Mr. WAGNER. In some instances the appropriations have been made and there is delay from other causes.

Mr. WALSH of Montana. Can the Senator tell us what amount of money has actually been appropriated for work which has not yet been stated?

Mr. WAGNER. I might say to the Senator that I tried my utmost to get that information from the department, but for some reason or other they were not able to separate the sum which had actually been appropriated and expended for the public works and the sum for which an appropriation had been made and not yet expended.

Mr. WALSH of Montana. There is a very general belief that work has not been started, for some reason or other, upon a large number of projects for which appropriations have already been made.

Mr. WAGNER. The Senator is undoubtedly right about that; and for a reason which I can not give him, there has been a delay.

Mr. WALSH of Montana. Men could be put to work now under appropriations already made, amounting, perhaps, to a half billion dollars.

Mr. WAGNER. As a matter of fact, may I say to the Senator from Montana the director of the stabilization board has been in office for over six months now, and under the act there is a direction that he do advance planning on a public-construction program six years in advance. I am surprised that up to this time the supplemental estimates for the expanded program adopted because of our depressed condition have not yet been transmitted to Congress by the President, as it is his duty to do under the very act to which I have referred.

We shall, of course, hear the perennial advice of the timid: "It can not be done." I agree, Mr. President, that ordinary men with ordinary methods can not accomplish it. But we can not resort to ordinary methods because these are not ordinary times. The levees are down; the floods have broken loose; their destructive fury is tearing from their moorings the very foundations of our people. If we are not all to be engulfed we shall need to display extraordinary efforts and extraordinary courage as we have displayed them on more than one occasion in our history. We can do it again. We shall do it again.

Mr. President, the truth is frequently trite, but it demands to be reasserted nevertheless.

The functions of government have expanded to embrace many responsibilities heretofore regarded as lying within the sphere of private action. The motive power behind this expansion has been a real necessity arising out of a change in our manner of living. Governments must do more because necessarily the individual can do less.

Conceivably each of us might still carry his own lantern as he wanders through the streets at night. Each of us might still keep his own fire-fighting bucket; each haul his own water from the river to his apartment; each carry his own gun to protect him from the ill disposed. We might do so but we know that such methods would be entirely inadequate. We surrender these functions to the Government because individual effort and responsibility in these respects would prove inefficient and ineffective.

So under modern industrial conditions it is futile for the individual worker to rely solely on his own initiative and on his own effort. Can he alone set industry going again; can he alone solve the foreign-debt problem which is clogging our delicate credit machinery; can he alone bring about a resumption in building activity; can he alone lift the level of prices? He is not even free to forage in the forest as his prehistoric ancestor was at liberty to do before modern civilization and the industrial revolution conferred upon him both their blessings and their limitations.

Three long winters of desperation for millions of American workers; three gray winters of terrifying apprehension and stifling anxiety for more millions of Americans, but from the President we hear nothing but discouragement for those who would make the future a little more secure than the past. As soon as this storm blows over we shall resume our former methods. That is the substance of his faith.

Can there be any doubt that in these former methods—in the aimlessness of government, the planlessness of industry, the inequitable and uneconomic distribution of national income, far more than in South American revolutions, far more than in the foreign abandonment of the gold standard—shall we find the true causes of our present adversity? In England statesmen blame the war; in Germany they blame the treaty; in Europe generally they blame America, and in America Mr. Hoover has made it fashionable to locate abroad the source and origin of our woes.

> Our difficulties in the past year have plainly originated in large degree from these [foreign] sources.

That is his message of December, 1931. And last year he told us that—

> In the larger view the major forces of depression now lie outside the United States.

Everywhere we find the same tactics of human frailty. It nurses our conceit to find the fault in some external force beyond our control, anywhere except in our own ignorance, our own mismanagement, our own lack of vision, and in our own subordination of general welfare to political considerations.

To me it seems plain that a very abundant share of the mistakes which led to the present debacle was committed within the bounds of the United States; that it was a necessary and inevitable consequence of the so-called haphazard system and the planless planning which Mr. Hoover extolled last summer in Indianapolis; that in the future we must assume more and not less social responsibility for the economic activity of the country and the economic welfare of its citizens.

We may glorify the early virtues of self-help, but the truth remains unchanged that the "unknown worker" who has built American wealth from foundation to superstructure is alone helpless and insecure. Into the lives of millions of them has entered that most awful of scriptural maledictions, "Thy life shall hang in doubt before thee." Is it any wonder that he turns to his Government, to the composite, organized strength of his Nation for help and encouragement, so that once again he may earn his daily bread? Is there any reason in logic or humanity why that Government should not respond? After all it is his Government; he sustains it with the sweat of his brow; he defends it with his blood; for his welfare it was founded.

Mr. McKELLAR. Mr. President, will the Senator from New York yield?

Mr. WAGNER. I yield.

Mr. McKELLAR. Something was said just a few moments ago about emergency construction, and the Senator from Montana asked about how it had been carried out. The Senator from New York said he was unable to get the information.

Mr. WAGNER. Exactly.

Mr. McKELLAR. I can give information as to some of the work in Tennessee. Appropriations were made as emergency appropriations, some of them at the last session of Congress last winter, now more than a year ago, and they were made for emergency work.

Among the more important buildings to be erected, one was at Jackson, Tenn., to cost about $350,000; one was at Nashville, Tenn., to cost about a million and a half; one was at Chattanooga, Tenn., to cost about a million and a half; one was at Knoxville, Tenn., to cost about a million and a half dollars; and a marine hospital at Memphis, Tenn., to cost about $200,000. If that money had been spent in Tennessee last year, undoubtedly it would have done some good, but up to this date practically none of the money has been spent. The contracts have not even been let on those buildings, although it was supposed to be an emergency program; and although nearly 12 months have elapsed since we made the appropriations, the officials have not even gotten ready to let the contracts. To my mind a building program such as one authorized at the last session of Congress has really failed in its purpose because the executive officers who have charge of it have not undertaken the work. The work should have been completed by this time and could all have been completed if it had been actively entered upon; but, as as matter of fact, none of it has been entered upon yet, and we are making every effort now to see that it is.

Mr. President, for just a moment I desire to speak about the resolution now before the Senate.

I am in the heartiest sympathy with any possible undertaking which will reduce the expenditures of this Government. I think Senator HARRISON'S resolution is a gesture in the right direction. I want to say in all seriousness that I am truly alarmed about the financial condition of our Government, and I want to give the figures which alarm me. I think they ought to alarm every Senator.

What is the financial condition of this Government? There is first a deficit of $2,000,000,000. We start out with that deficit. The President has recommended for the ensuing fiscal year appropriations of $4,600,000,000, and somewhere about that sum, however we may talk about it, will be appropriated.

In addition to that, we have authorized the formation of a reconstruction corporation which may commit the Government to the expenditure of $2,000,000,000 more. It is true that fifteen hundred million of that is to be gotten by the sale of bonds; but it has to be paid out of the Treasury eventually. Five hundred million of it is to be paid out of the Treasury now, out of a Treasury which has no money in it. Remember there is now a deficit of $2,000,000,000.

In addition to that, at this session we have already passed the farm loan bond bill, which will mean the expenditure of $125,000,000.

In addition to that there is a deficit resolution already passed by the Congress which provided $203,000,000.

In addition to that, we have before us, which will be passed this afternoon I presume, the first deficiency appropriation bill carrying $126,000,000.

In addition to that, we have the home-loan program of the President, which unquestionably will be reported out and passed by the Congress in a short time, providing $150,000,000 more.

In addition to that is an estimate, the amount of which no one knows exactly, to be paid to failed banks of the country. The Senator from Florida [Mr. FLETCHER], a member of the committee, says it is $2,000,000,000. If it is that much, then the entire sum to be appropriated out of the Treasury by bills which have already been passed and including those which have been recommended by the President amounts to the enormous sum of $11,204,000,000.

What have we with which to pay that? The highest estimate of Treasury receipts for this year is $3,500,000,000, leaving taxes as they are. Deducting that from the $11,204,000,000 we will have a deficit of $7,704,000,000, not counting the ordinary appropriations that are made in every Congress.

Mr. President, I present this in recapitulation:

Statement of our financial condition

Deficit	$2,000,000,000
General Budget recommendations	4,600,000,000
Reconstruction corporation	2,000,000,000
Farm-loan bonds	125,000,000
Deficit resolution already passed	203,000,000
First deficiency	126,000,000
Estimated, Home Building	150,000,000
Estimated by Senator Fletcher, failed banks	2,000,000,000
	11,204,000,000
Estimated income from taxes, 1932–33	3,500,000,000
Deficit	7,704,000,000

Remember, also, this is early in the session; we are now in the first 40 days of the Congress, and yet here are appropriations amounting to $11,204,000,000, with only $3,500,000,000 of taxes to be paid. How are we going to meet that situation? There are only two ways in which it can be done. It can be done by taxation. Everybody knows we are not going to tax the American people $7,704,000,000 this year. We can not do it. We have never raised anything like that much even during the war, when we had everybody going around aiding us to raise funds to carry on the war.

The only other way it can be done is by borrowing. When we remember that our 3 per cent bonds are down to 83 now, I do not know whether we are going to be able to borrow that much money.

My purpose in bringing the matter to the attention of the Senate at this time is to show the condition in which we are to-day. I do not believe we pay enough attention to it. We ought to be more careful. I am delighted that the Senator from Mississippi [Mr. HARRISON] has brought up the matter. I commend him warmly for his stand; but I want to say to him, and to all other Senators, that the Appropriations Committee is not the source that is primarily to blame. When the Senate and the House authorize these appropriations, then and there is where the trouble originates. How can any Senator complain of extravagant bills reported out by the Appropriations Committee when he has voted to authorize those very extravagant appropriations?

Senators, we are recklessly extravagant in making authorizations. Many of them ought not to be made. Think of the tremendous authorizations that have been made, such as $2,000,000,000 for the Reconstruction Finance Corporation, $125,000,000 for the farm bond loans, a deficit resolution of $203,000,000, the first deficiency appropriation bill, which ought to pass and which will be passed, $126,000,000. Then we have two more bills, one the home construction bill as it is called. Why, Mr. President, we have more homes in the country now than men are able to occupy and pay rent for or taxes on, and yet we are going to authorize more—and Senators will probably vote for it, though I do not know.

We ought to stop ill-considered authorizations. I am sorry that the resolution of the Senator from Mississippi does not include authorizations. We ought to quit authorizing appropriations of money if we do not want the Appropriations Committee to report out bills making the appropiations. The law requires the Appropriations Committee to make the appropriations after they have been authorized. An authorization is a direction to the committee. I think it is unfair and unjust to talk about extravagant appropriations coming from the Appropriations Committee when these exceedingly extravagant appropriations have already been authorized by the Senate. I want to protest with all the vigor of which I am capable against these astonishingly extravagant authorizations of expenditures of the people's money.

Think of it, Senators, $11,704,000,000 virtually already authorized for this year. Are you going to get angry with the Appropriations Committee when we carry out your directions? You authorized it, you voted for it, you voted

for these authorizations, so how can you criticize the Appropriations Committee of the Senate after you have told them to do it and given them your authorization to do it?

Mr. COUZENS. Mr. President——

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

Mr. McKELLAR. Certainly.

Mr. COUZENS. I understand the Senator himself has a number of bills asking for authorizations of some $500,000,000. Does the Senator want those passed by the Senate?

Mr. McKELLAR. Mr. President, I do not mean to say that the Senator is making a statement that is false, because the Senator has just repeated what he saw in the newspapers, but the statement published in the newspapers the other day about these bills introduced by me was wholly untrue and without foundation.

Mr. COUZENS. May I ask the Senator if he has a bill pending for an appropriation of $150,000,000 for the Nicaraguan Canal?

Mr. McKELLAR. Yes, I have; and I want to say that it provides for no such appropriation as that. The Nicaraguan Canal is a project which has been in the minds of statesmen for many years. I know we ought not to pass that bill this year. We ought not to have done it last year or the year before. That bill has been constantly before the Congress at my request and following my introduction of it, but has not been pressed by me because we have not had the money to spend for that purpose. However, though I have not been pressing it, I would rather vote to enable men to go to work to earn money on a great canal like the Nicaraguan Canal, giving them work down there, rather than giving them charity at home. But I do not think this is the time to press the bill, and I am not going to press it. I have not pressed it. When that statement was made, it was made knowing it was not true.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I will yield to the Senator in just a moment. Let me make another statement first.

Mr. TRAMMELL. I understand the Senator has a bill pending to appropriate $100,000,000 more for agriculture. Is that correct?

Mr. McKELLAR. No; that is not true.

Mr. TRAMMELL. I understand he has another bill appropriating $250,000,000 for the World War veterans. Is that correct?

Mr. McKELLAR. That is not true.

Mr. TRAMMELL. Then I have been misinformed.

Mr. McKELLAR. Yes; the Senator has been misinformed and the country has been misinformed. I do not always answer every statement that is made in the newspapers, but that statement in the paper was so exaggerated as to be untrue. I did not ask for an appropriation of $150,000,000 for the Nicaraguan Canal. It was $10,000,000, as I remember the amount. Including all of the bills that have been introduced, all told, they amounted to only about $58,000,000. For instance the Senator from Tennessee, at the request of an official of this Republican administration, introduced an agricultural bill, as I recall, providing for an appropriation of $10,000,000; and after it was introduced at the request of a member of the Republican administration, then the Senator from Tennessee was taken to task because he asked for an enormous appropriation and the figures about the appropriation were falsified.

Mr. TRAMMELL. I have a faint recollection, though I may be in error, that the Senator introduced a bill providing for a considerable increase in appropriations for Federal highway system aid. Did the Senator do that or not?

Mr. McKELLAR. No; I did not.

Mr. TRAMMELL. I thought the Senator proposed such an increase.

Mr. McKELLAR. No. I take pleasure in stating that I am one of the authors of a highway bill which was prepared some years ago. It was among the first work that I did in this body; and I am very proud of it. It is now the law. There has been a wonderful record made in connection with that work. It has been approved by both bodies of Congress, by the President time and again, and is being approved every year. I have no apologies to make for that road work.

Mr. TRAMMELL. I was not quite sure about it. I had only a faint recollection, but I see that I was in error. I was hopeful that the Senator would join with us in getting additional aid for the highways instead of opposing some efforts which are going to be made to secure such an increase.

Mr. McKELLAR. It would depend upon the increase. Senators, we are appropriating too much money. If we appropriate what has already been recommended by the Budget and what will be recommended, we will have virtually bankrupted our Treasury, and we ought to pause and consider carefully before we undertake to do such a thing as that.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Iowa?

Mr. McKELLAR. Certainly.

Mr. BROOKHART. I invite the Senator's attention to the fact that last year the States spent about $1,000,000,000 on highways and hard-surfaced roads. The Government started that increase by paying for such construction work on a 50-50 basis. Last year the Federal Government's appropriation was only $125,000,000, and they avoided their share in that work by going out into the States and organizing road-boosting associations, which agitated for gasoline taxes and county bonds and State bonds, but never once came here agitating for an increased Federal appropriation. The Federal Government is not doing its duty toward those roads. Every such road is a military road. Every such road is a post road. Every such road is an interstate road, all of which the Federal Government is under obligation to protect and promote. So instead of decreasing the appropriation for roads it ought to be increased by $400,000,000 at least.

Mr. McKELLAR. Has not the Senator heard of the celebrated conference that is going to take place in February by which we are going to abolish all war forever, so we will not need any military roads?

I want to say in all seriousness that I am for good roads whenever the Government has the money to build them. When we have the money to build roads, I do not know of a better use to which Federal money can be put. But when we are stared in the face by a prospective deficit of $7,204,000,000 in the Treasury, and when we see United States 3 per cent bonds down to 83, I think we ought to call a halt on some of these extravagant appropriations.

Mr. BROOKHART. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. BROOKHART. The Senator knows the bond market is a matter of stock manipulation. If the Government wanted to keep its bonds at par as it did during the war, it could do so.

Mr. McKELLAR. What is the matter with the Senator's administration that he does not keep them at par?

Mr. BROOKHART. Whose administration? [Laughter.]

Mr. McKELLAR. The Senator's administration. He helped elect the present administration. Why does he not make it do its duty to keep its bonds at par?

Mr. BROOKHART. I did not help elect it as much as the Senator did by getting a candidate and a platform that the people would not support.

Mr. McKELLAR. I remember that the Senator from Iowa went all over the country telling of the great good and benefits that would accrue to the American people if Herbert Hoover was elected. Does the Senator still think so, or was he mistaken at that time?

Mr. BROOKHART. I did not have as much success as was had in the Southern States, down in the Senator's own neighborhood, for instance.

Mr. McKELLAR. At any rate, the Senator was mistaken about him, was he not? The Senator will admit he was mistaken in furthering the election of Herbert Hoover?

Mr. BROOKHART. I can not tell what was on the other side.

Mr. McKELLAR. The Senator does not approve now of his action then, does he?

Mr. BROOKHART. I will admit we got the worst of it. [Laughter.]

Mr. McKELLAR. That is what I thought.

Mr. BROOKHART. Whether it would have been still worse if the Senator's candidate had won is another matter.

Mr. McKELLAR. I do not know about that. It would have been awful bad if that were true. [Laughter.]

Mr. President, in conclusion, let me say that these figures are truly astounding. It is the duty of Congress to call a halt on these extravagant appropriations. I am going to vote for the resolution of the Senator from Mississippi unless a better one is offered. I think it is a gesture, but will not hurt either one way or the other. It might be misconstrued if I voted against it, and I am not going to allow my action to be misconstrued; but I say that this resolution is not going to do any good. The only way we are going to cut down the appropriations is to cut them down in committee and on the floor of the Senate. I hope every Senator here will examine the figures I have heretofore given, will examine the condition of the Treasury, and will vote to cut down appropriations and authorizations for appropriations, because in authorizations the real trouble lies.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nevada?

Mr. McKELLAR. I yield.

Mr. PITTMAN. Mr. President, I agree with the Senator from Tennessee that the resolution of the Senator from Mississippi can not possibly accomplish any good.

Mr. McKELLAR. It might accomplish what Mr. Hoover calls "psychological good." I have never found very much good in that kind of psychology; at any rate, we have not seen any very beneficial results from it as yet, still that is what it might be called.

Mr. PITTMAN. On the other hand, it is not possible to cut down appropriations by a resolution.

Mr. McKELLAR. No, sir.

Mr. PITTMAN. In the first place, it will have to be done by committees; and in the second place, by amendments adopted on the floor on the various appropriation bills.

Mr. McKELLAR. Absolutely.

Mr. PITTMAN. But I feel as the Senator does. We have to vote for something that will accomplish no good or for something that on its face is apparently a step in the direction of economy. Therefore, when the Senator shall have concluded I am going to offer an amendment to the resolution.

Mr. McKELLAR. To show that my heart is in the proper place, I am going to yield the floor and let the Senator from Nevada offer his amendment.

Mr. DILL obtained the floor.

Mr. PITTMAN——

Mr. DILL. Mr. President, if the Senator from Nevada merely wishes to offer an amendment to the resolution of the Senator from Mississippi I yield to him for that purpose.

Mr. PITTMAN. I offer the amendment, which I send to the desk and ask that it may be read.

The VICE PRESIDENT. The amendment proposed by the Senator from Nevada will be read.

The CHIEF CLERK. It is proposed to strike out after the word "appropriations," in line 5, the words "as will bring the total amount reported to the Senate at least $300,000,000 below the total recommended in the Budget for such fiscal year," and to insert "as may be done consistent with the existing obligations of the Government, and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis."

Mr. McKELLAR. May I suggest to the Senator, if the Senator from Washington will permit me——

Mr. DILL. I yield.

Mr. McKELLAR. I think that would be just as meaningless a gesture as the other; but if I shall be compelled to vote on either one, I shall vote for it, I think, as a gesture.

Mr. PITTMAN. I should like to have the clerk read the resolution as it would stand should my amendment be agreed to.

The VICE PRESIDENT. The clerk will read as requested.

The Chief Clerk read as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate, in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as may be done consistent with the existing obligations of the Government, and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis.

Mr. HULL. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. DILL. I yield.

Mr. HULL. I ask permission to insert in the RECORD at this point a public statement with reference to this subject which was prepared by me last November.

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

The statement is as follows:

SOME PHASES OF A DEMOCRATIC FISCAL PROGRAM—STATEMENT OF CORDELL HULL

There is manifest necessity for basic reform of the spirit and policy of retrenchment, economy, and financing in our entire Government affairs. Peoples and governments—Federal, State, and local—are to-day groaning under collosal loads, of ever-increasing taxes, expenditures, and debt, approaching a critical and unbearable stage. The dominant fiscal leadership of the Nation since 1920, can not escape its measurable share of responsibility for these near catastrophic developments.

Taxes of these various governments and their subdivisions are overlapping, grossly inequitable, and excessive, with their unheard of increase from $7,500,000,000 to $9,790,000,000 from 1922 to 1929. Instead of visualizing and treating Federal, State, and local taxes as one common burden on the 123,000,000 American people and prescribing tax structures with such uniformity and coordination as would promote the maximum of equity for every class of taxpayers, measured by the doctrine of ability to pay, we see to-day a thoroughly confused, demoralized, and chaotic tax situation, with most systems distinguished by discrimination, excessive exemptions, exception, allowances, unscientific rates, double, triplicate and quadruple taxation, and narrow and lopsided methods, as the rule rather than the exception.

Our combined Federal, State, and local expenditures are running wild with a present peak of near $12,000,000,000, with budgetary policies often evaded, ignored, abused, or nonexistent, while a spirit of waste and extravagance reigns supreme. The great orgy of expenditures must be halted and restricted to necessary or productive purposes, while those of an actual emergency nature, such as unemployment and other exigencies, must receive every attention.

The Federal, State, and local indebtedness in 1929 has climbed to $30,000,000,000, which, with annual taxes, aggregate near 12 per cent of the actual wealth or capital of the Nation; while a vast portion of such indebtedness was incurred hastily, unwisely, and unsoundly, with no sinking-fund provision, and is subject to excessive interest and inadequate tax rates. The new Federal debt now being created to meet accruing Treasury deficits will, in the end, exceed $2,000,000,000, and this amount in the future will nullify and wipe out the combined amount of the four so-called tax reductions during the past 10 years and we shall have tax levies of $2,000,000,000 over again. Less than $1,000,000,000 of our public-debt reductions since 1920 come from tax receipts; the chief portion came from the proceeds of the Government assets of $6,379,000,000 on hand in August, 1919, when the debt was at its peak, and they are now virtually exhausted. This automatic manner in which debt reduction has thus far occurred has now ended, and skillful financing for the first time becomes necessary.

The culmination of careless and lax State and Federal financing during recent years is now further revealing its inevitable effects in the way of unbalanced budgets, actual default in the amount of over $700,000,000 by local governments, impaired credit of both Federal and State Governments, abuse, violation, and suspension, actual or in effect, of Federal and many State sinking funds; neglect to carry through refunding operations during periods of low-interest rates, or a disposition to permit bankers alone to fix such rates.

The truth is that the interest rate on our Federal bonds is almost a minor feature compared with their incalculable convenience and suitableness for liquid reserves of the great banking and business interests of the Nation. They are virtually equivalent to cash reserves bearing interest, and our whole debt structure should be handled in the light of this patent condition. With an unprecedented reservoir of idle credit since 1919, the average in-

terest rate of our Federal debt has only been reduced from 4.18 per cent to 3.81 per cent.

The Democrats in the Senate and House of Representatives should lead in a demand for a halting and reexamination and reform of the policies of taxation, expenditures, and debt throughout the country. They should, in this undertaking, earnestly invoke the cooperation of Democrats in charge of State, county, and municipal governments everywhere, in a nation-wide movement back to frugal government, under a rigid practice of the policy that "economy is better than taxation, and taxation is better than borrowing." Such vast and vital program would contemplate reform in the scale of public expenses—Federal, State, and municipal; such public economy, official retrenchments, and wise financing as would deal resolutely and adequately with the existing swollen and runaway taxation, expenditure, and debt situation. To this end, Democrats in charge of governments and their subdivisions everywhere should pledge themselves to a policy of steady economy in every possible way to reduce and curtail the expenses of government in cutting down excessive salaries, extravagant appropriations, in consolidating or abolishing bureaus and divisions, suspending until later appropriations not strictly necessary or productive or emergency, discontinuing useless establishments and offices not absolutely required by the public interests, to keep the Budget balanced and the credit of the Government maintained.

Enormous savings in less taxes, less waste, less expenditures, less debt, and the promotion of equitable tax burdens could and should be effected by the careful and systematic coordination of taxes, expenditures, and numerous other overlapping functions and activities of our Federal, State, and municipal governments, thereby avoiding immense duplicate expenditures and much burdensome double taxation, while modernized and uniform accounting methods would be installed in the Treasury and other fiscal offices of State, county, and municipal governments, with large resultant savings, and a considerable range of public buildings and other construction work could be standardized at an immense saving to the taxpayer. An outstanding accountant, tax expert, and civil engineer or city manager engaged by the Federal Government, with similar cooperation from the States, could thus offer a program that would save several billions of dollars within three to five years.

Sound fiscal policy and orderly business practice strongly demand the establishment of a permanent normal peace level of Treasury receipts and expenditures for all ordinary or recurring purposes. It is now 13 years after the war, and an equilibrium between the income and outgo of the Treasury, in competent hands, should be easily possible. To this end, there should be a separate classification and listing of all those expenditures well recognized and defined as ordinary expenditures which constitute most of the actual recurring expenses of the Government, and another segregation and classification of extraordinary expenditures, such as those in aid of productive undertakings and the millions of unemployed, the drought sufferers, emergency construction, and other temporary emergency requirements, in order that, in the first place, Congress and the general American public may at all times have an intelligent knowledge of the fiscal affairs of the Government; and, secondly, that Congress may develop a tax structure which during an average business year will yield an adequate amount of revenue to meet the ordinary expenditures of the Government, while at the same time making any special and temporary tax levies to defray all extraordinary expenses of such nature as to be borne by taxes rather than loans. Thus to clarify the revenue situation, by giving notice of which levies are to be permanent and which temporary, would avoid most of the usual tax controversy.

Such systems of accounting, whether or not kept as a regular part of the official system of the Treasury, would enable Congress to stabilize ordinary receipts and expenditures of the Government on a permanent peace basis that all could understand. The present system of Federal taxes was probably reduced in 1928, through erroneous judgment, below the level that would, with normal business conditions, meet the ordinary expenditures of the Government, and to remedy this deficiency moderate readjustments upward of present rates, especially on incomes, may be necessary, while still further increases, including surtaxes and one on gifts to supplement the temporary and special taxes designed to meet extraordinary expenditures that are productive, may be soundly met by loans.

The doctrine of ability to pay, measured by net income, should as nearly as possible be the touchstone of every plan, method, or system of taxation—Federal, State, and local. In a recent speech Secretary Mellon truly said, "We have at the present time an internal-revenue system of few and relatively light taxes." The country to-day faces an economic crisis virtually equal to that of war in its gravity and its call upon those able to make pecuniary contributions or sacrifices. Those able to pay taxes should cheerfully step forward and offer again to assume surtax increases up to a 40 per cent maximum, with a similar gift and estate tax that would make the latter effective, until the existing emergency is passed. Nineteen States now have some species of income taxation. The question as to just how high graduated taxes should be fixed in the permanent peace-time system would more properly come up for determination at the end of the present fiscal exigency.

The Federal and State income levies should be so coordinated as would provide a substantial tax by one or the other, beginning with a small exemption and extending by an equitable scale of graduation to the maximum surtax level desired. Democrats should undertake as rapidly as possible to reduce present ordinary expenditures of $3,440,000,000 for 1920 to a permanent level of from $2,750,000,000 to $3,000,000,000. There must at all hazards be a check on local debt and expenditures now hopelessly out of control.

The policy of steady payment of the public indebtedness inaugurated by the administration of Thomas Jefferson should be strictly pursued. The integrity of the sinking fund should be scrupulously maintained. In no conceivable circumstances can an administration in charge of the Federal Government justify chronic borrowing to pay current demands, or tolerate with complacency a gaping deficit until it grows first to $900,000,000 and then into a rate of over $2,000,000,000 per annum, while all sinking-fund policies are in effect suspended. A more tragic and complete breakdown of fiscal policy and management has never occurred here or anywhere in peace time.

Those in charge of the Federal Government during the World War were subjected to the supreme test of capacity to rule and to govern, and they proceeded to write the most brilliant chapter in the fiscal history of all time, while those intrusted with Government control and leadership to-day are helpless to cope with a fiscal emergency in time of profound peace.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. DILL. I yield.

Mr. McKELLAR. In reference to the questions asked by the Senator from Michigan [Mr. COUZENS] a few moments ago, I desire to put into the RECORD the bills referred to in the newspapers the other morning and the bills referred to in the question of the Senator from Michigan, so that the exact facts may be shown. When those facts shall have been shown it will be found, if I recall the figures—and I think I do—that instead of being $800,000,000 it was less than $60,000,000 that was sought to be appropriated all told.

I here give the number of the various bills and the amount of the authorization in each.

The VICE PRESIDENT. Without objection, the request of the Senator from Tennessee is granted.

The matter referred to is as follows:

Senate Joint Resolution 21	$2,500,000
S. 601	25,000,000
S. 602	80,000
S. 603	100,000
S. 604	125,000
S. 605	150,000
S. 606	125,000
S. 607	100,000
S. 589	----------
S. 644	10,000,000
S. 588	----------
S. 643	10,000,000
	58,180,000

Mr. McKELLAR. I now submit the bills themselves.

Senate Joint Resolution 21

Joint resolution authorizing an appropriation for establishing and erecting a memorial to the pioneers who crossed the Great Smoky Mountains in the early history of the country, building a memorial highway from the Great Smoky Mountains National Park to the city of Knoxville, Tenn., and for other purposes

Whereas during our Revolutionary War period pioneer settlers crossed for the first time the Great Smoky Mountains and made their homes in the valleys to the west of those mountains; and

Whereas among these settlers was John Sevier, born in Virginia, who during the Revolution gathered together Tennesseans, Virginians, and North Carolinians at a point on the Nolachucky River in what is now Carter County, Tenn., and just west of these mountains, and thereupon with his military followers marched eastward, crossed the mountains, and joined other colonial forces and fought and won the great Battle of Kings Mountain, the result of which battle virtually decided the destiny of the American Colonies in favor of the Colonies; and

Whereas the same John Sevier afterwards became Governor of the new State of Tennessee for six successive terms and has ever been regarded as one of its leading citizens; and

Whereas Andrew Jackson was born in the State of South Carolina and as a boy he also moved across these same mountains into Tennessee and afterwards became a justice of the Supreme Court of Tennessee, a Congressman, a Senator twice, and President of the United States twice, and who also conquered Florida and made it a part of the Union, and afterwards won the great victory over the British at New Orleans on January 8, 1815; and

Whereas Andrew Johnson was born in Raleigh, N. C., and moved across these same mountains into Tennessee, and afterwards became a member of the legislature, a Congressman, governor of the State twice, a Senator of the United States, Vice President, and President of the United States; and

Whereas James K. Polk was born near Charlotte, N. C., and he, too, in early childhood, crossed these very same mountains, settled

in Tennessee, and afterwards became a Member of Congress and President of the United States; and

Whereas the State of North Carolina and the State of Tennessee have recently transferred to the United States a very large body of land on either side of the boundary line between North Carolina and Tennessee, in the Great Smoky Mountains, for the purpose of creating a national park, partly in North Carolina and partly in Tennessee, and to be known as the Great Smoky Mountains Park; and

Whereas the United States Government by its public officials has accepted said land, and plans are being made to develop the same as a great national park; and

Whereas at present, this being a mountainous region, access by means of roads is not easy but difficult, and it is most desirous that when said park is completed highways be built therein and joined thereto: Now, therefore, be it

Resolved, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,500,000, or such part thereof as may be necessary, as a contribution on the part of the United States for the purpose of establishing and erecting a memorial to the pioneers who crossed these mountains in the early history of our country and established on the west side of these same mountains the great civilization that now exists, and likewise a memorial highway extending from the memorial entrance into said park to the city of Knoxville, in the State of Tennessee, which entrance highway will put said park in connection with many great national road systems leading into Knoxville: *Provided*, That the exact location of said memorial entrance and memorial highway shall be determined by the Director of the National Park Service of the United States and the commissioner of highways and public works of the State of Tennessee.

SEC. 2. There is hereby established a commission to be known as the Volunteer State Pioneer Memorial Commission (hereinafter referred to as the commission) and to be composed of eight commissioners, as follows: The Secretary of the Interior of the United States; two Senators to be appointed by the President of the Senate; two Members of the House of Representatives to be appointed by the Speaker of the House; the Governor of the State of Tennessee; the Director of the National Park Service of the United States; and the commissioner of highways and public works for the State of Tennessee.

The commissioners shall serve without compensation, but may select a chairman from among their number and also appoint a secretary at such salary as the commission may fix.

Said commission shall be charged with the duty of supervising the construction and appropriate marking of the said memorial and entrance way thereto.

SEC. 3. No part of the contribution on the part of the United States herein authorized shall be appropriated until there has been made available by the State of Tennessee and its political subdivisions an amount sufficient to pay one-half of the total cost of said memorial and approach thereto, and until the entire plan, including location, surveys, proposed markers, and monuments, has been approved by the commission.

S. 601

A bill authorizing the acquiring of sites and the erection of post-office buildings

Be it enacted, etc., That hereafter any incorporated town in the United States not now having a post-office building but having a post office the postal receipts of which amount to $8,000 or more yearly shall be eligible for a Federal post-office building.

SEC. 2. There is hereby authorized to be appropriated, out of any sums of money in the Treasury not otherwise appropriated, the sum of $25,000,000 to be used by the Secretary of the Treasury in acquiring post-office sites in cities and towns not now having post-office buildings, the said sites to be selected, after an examination has been made by a duly authorized inspector of the Post Office Department, by a committee composed of the Fourth Assistant Postmaster General, an Assistant Secretary of the Treasury, and by the Architect of the Treasury; and the said committee is directed to acquire said sites as speedily as possible, and giving no preference to any State. The power of eminent domain is hereby specifically conferred upon said committee where any site can not be obtained at a reasonable price.

SEC. 3. There is hereby authorized to be appropriated, out of any sums of money in the Treasury not otherwise appropriated, the sum of $125,000,000 to be expended under a 5-year program in erecting buildings on sites acquired under section 2 hereof, such buildings to be erected without preference to any State by the Treasury Department as now provided by law, such building program to begin in the fiscal year 1932.

S. 602

A bill for the purchase of a post-office site and the erection thereon of a suitable public building at Dickson, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase a site, or acquire it by condemnation or otherwise, in the town of Dickson, in the State of Tennessee, and cause to be erected thereon a suitable public building for the use and accommodation of a post office and other Government offices, the cost of said site and building not to exceed $80,000.

S. 603

A bill for the purchase of a post-office site and the erection thereon of a suitable public building at Manchester, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to purchase a site, or acquire it by condemnation or otherwise, in the town of Manchester, in the State of Tennessee, and cause to be erected thereon a suitable public building for the use and accommodation of a post office and other Government offices, the cost of said site and building not to exceed $100,000.

S. 604

A bill to provide for the acquisition of a site and the erection thereon of a public building at Ripley, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and and he is hereby, authorized and directed to acquire, by purchase, condemnation, or otherwise, a site and to contract for the erection and completion thereon of a suitable building, including fireproof vaults, heating and ventilating apparatus, and approaches, complete, for the use and accommodation of the United States post office in Ripley, Tenn., at a cost, including site, not to exceed the sum of $125,000.

S. 605

A bill to provide for the acquisition of a site and the erection thereon of a public building at Trenton, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and and he is hereby, authorized and directed to acquire, by purchase, condemnation, or otherwise, a site and to contract for the erection and completion thereon of a suitable building, including fireproof vaults, heating and ventilating apparatus, and approaches, complete, for the use and accommodation of the United States post office in Trenton, Tenn., at a cost, including site, not to exceed the sum of $150,000.

S. 606

A bill to provide for the acquisition of a site and the erection thereon of a public building at Milan, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and and he is hereby, authorized and directed to acquire, by purchase, condemnation, or otherwise, a site and to contract for the erection and completion thereon of a suitable building, including fireproof vaults, heating and ventilating apparatus, and approaches, complete, for the use and accommodation of the United States post office in Milan, Tenn., at a cost, including site, not to exceed the sum of $125,000.

S. 607

A bill for the purchase of a post-office site and the erection thereon of a suitable public building at Brownsville, Tenn.

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to purchase a site, or acquire it by condemnation or otherwise, in the town of Brownsville, in the State of Tennessee, and cause to be erected thereon a suitable public building for the use and accommodation of a post office and other Government offices, the cost of said site and building not to exceed $100,000.

S. 589

A bill providing insurance relief for certain World War soldiers

Be it enacted, etc., That where any World War soldier may be shown to have been suffering with, or to have died with, prior to January 1, 1925, active tuberculosis, paralysis agitans, spinal meningitis, epilepsy, dementia præcox, or neuropsychiatric disease, it shall be conclusively presumed that he acquired said disease in service between April 6, 1917, and July 2, 1921, and while his war-risk insurance was in force, and said diseases, or any one of them, shall be conclusively presumed to be a total permanent disability for the purpose of maturing said insurance; and this act shall be retroactive and shall take effect as of the date the said soldier was discharged from the said service.

S. 644

A bill authorizing negotiations and providing for the construction, maintenance, and operation of an interoceanic canal over Nicaraguan territory, and for other purposes

Be it enacted, etc., That the Government of Nicaragua having by treaty with the Government of the United States signed at Washington on August 5, 1914, and duly ratified as required by the laws of both of said Governments and proclaimed June 24, 1916, granted in perpetuity to the Government of the United States, forever free from taxation or other public charge, the exclusive proprietary rights necessary and convenient for the construction, operation, and maintenance of an interoceanic canal, by way of the San Juan River and the great Lake of Nicaragua or by way of any route over Nicaraguan territory, the details of the terms upon which such canal shall be constructed, operated, and maintained to be agreed to by the two Governments whenever the Government of the United States shall notify the Government of

Nicaragua of its desire or intention to construct such canal, the President of the United States is hereby authorized, empowered, and directed to notify the Government of Nicaragua of its desire and intention to construct such canal and to agree upon the details of the terms under which such canal shall be constructed, operated, and maintained.

SEC. 2. The Senate of the United States having, in its ratification of the treaty with Nicaragua, as aforesaid, inserted the words: "It is declared by the Senate that in advising and consenting to the ratification of the said convention as amended such advice and consent are given with the understanding, to be expressed as a part of the instrument of ratification, that nothing in said convention is intended to affect any existing right of any of the said named states," namely, Costa Rica, Salvador, and Honduras, the President is authorized and directed to enter into negotiations with said states and determine whether they, or any of them, have any interest in said proposed canal.

SEC. 3. That the President shall direct the Nicaraguan Canal Commission, hereinafter authorized, to cause to be excavated, constructed, completed, and perpetually maintained a ship canal connecting the Caribbean Sea with the Pacific Ocean by what is commonly known as the Nicaraguan route, from a point on the shore of the Caribbean Sea near Greytown, by way of Lake Nicaragua, to a point near Brito on the Pacific Ocean. Said canal shall be of sufficient capacity to accommodate vessels of the greatest tonnage and draft now in use and such as may be reasonably anticipated, and shall be supplied with all necessary locks and other appliances to meet the necessities of vessels passing through the same from ocean to ocean; and he shall also construct such safe and commodious harbors at the termini of said canal as shall be necessary for the safe and convenient use thereof, and shall make such provisions for defense as may be necessary for the safety and protection of said harbors and canal; and such sum or sums of money as may be agreed upon by such treaty as compensation to be paid to Nicaragua and Costa Rica for the concessions and rights hereunder provided to be acquired by the United States are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be paid on warrant or warrants drawn by the President.

SEC. 4. That as soon as the details of the terms upon which said Nicaraguan Canal shall be constructed, operated, and maintained are agreed upon by said Governments and as soon as the surveys heretofore ordered by a joint resolution of the Congress shall have been completed and a report thereof made to the Congress the President is authorized to proceed with the building of said canal.

In the excavation and construction of said canal the San Juan River and Lake Nicaragua, or such parts of each as may be made available, shall be used.

SEC. 5. That the sum of $10,000,000 is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, toward the project herein contemplated.

SEC. 6. That in any agreement heretofore made or hereinafter made with the Republics of Nicaragua or Costa Rica the President is hereby authorized to guarantee to said Republic or Republics the use of said canal and harbors, upon such terms as may be agreed upon, for all vessels owned by said Republic or Republics or by citizens thereof, such agreement, however, to be confirmed by the Senate as in ordinary cases.

SEC. 7. That to enable the President to carry out the provisions of this act there is hereby created the Nicaraguan Canal Commission, the same to be composed of five members, who shall be nominated and appointed by the President, by and with the advice and consent of the Senate, and who shall serve until the completion of said canal unless sooner removed by the President, and one of whom shall be named as the chairman of said commission. At least three of them shall be persons learned and skilled in the science of engineering, and at least one of them shall be an officer of the United States Army, and at least one of them shall be an officer of the United States Navy, the said officer being either on the active or the retired list of the Army or Navy. Said commissioners shall each receive as compensation $12,000 per year: *Provided*, That in the case of Army and Navy officers said compensations shall be in lieu of their pay as officers. In addition to the members of said Nicaraguan Canal Commission the President is hereby authorized to employ in said service any of the engineers in civil life, at his discretion, and any other persons necessary for the proper and expeditious prosecution of said work. The compensation of all such engineers and other persons employed under this act shall be fixed by the commission, subject to the approval of the President. Said commission shall in all matters be subject to the direction and control of the President, and shall make to the President annually and at such periods as may be required by order of the President full and complete reports of all their acts and doings and of all moneys received and expended in the construction of said work and in the performance of their duties in connection therewith, which said reports shall be by the President transmitted to the Congress. The said commission shall give such information as may at any time be required by act of Congress or by order of either House of Congress. The President shall cause to be provided and assigned for the use of the commission such offices as may with the suitable equipment of the same be necessary and proper, in his discretion, for the proper discharge of the duties thereof.

SEC. 8. That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time, as the proceeds may be required to defray expenditures authorized by this act (such proceeds when received to be used only for the purpose of meeting such expenditures), the sum of $200,000,000, or so much thereof as may be necessary, and to prepare and issue therefor coupon or registered bonds of the United States in such form as he may prescribe and in denominations of $20 or some multiple of that sum, redeemable in gold coin at the pleasure of the United States after 10 years from the date of their issue, and payable 30 years from such date, and bearing interest payable quarterly in gold coin at the rate of 3 per cent per annum; and the bonds herein authorized shall be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority: *Provided*, That said bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving to all citizens of the United States an equal opportunity to subscribe therefor, but no commission shall be allowed or paid thereon; and a sum not exceeding one-tenth of 1 per cent of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expense of preparing, advertising, and issuing the same.

S. 588

A bill to amend the World War veterans' act, 1924

Be it enacted, etc., That section 200 of the World War veterans' act, 1924, be amended as follows:

"SEC. 200. For death or disability resulting from personal injury suffered or disease contracted in the military or naval service on or after April 6, 1917, and before July 2, 1921, or for an aggravation or recurrence of a disability existing prior to examination, acceptance, and enrollment for service, when such aggravation was suffered or contracted in, or such recurrence was caused by, the military or naval service on or after April 6, 1917, and before July 2, 1921, by any commissioned officer or enlisted man, or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female), when employed in the active service under the War Department or Navy Department, the United States shall pay to such commissioned officer or enlisted man, member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female), or women citizens of the United States who were taken from the United States by the United States Government and who served in base hospitals overseas, or, in the discretion of the director, separately to his or her dependents, compensation as hereinafter provided; but no compensation shall be paid if the injury, disease, aggravation, or recurrence has been caused by his own willful misconduct: *Provided*, That no person suffering from paralysis, paresis, or blindness shall be denied compensation by reason of willful misconduct, nor shall any person who is helpless or bedridden as a result of any disability be denied compensation by reason of willful misconduct. That for the purposes of this act, every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department who was discharged or who resigned prior to July 2, 1921, and every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department on or before November 11, 1918, who, on or after July 2, 1921, is discharged or resigns, shall be conclusively held and taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities made of record in any manner by proper authorities of the United States at the time of, or prior to, inception of active service, to the extent to which any such defect, disorder, or infirmity was so made of record: *Provided*, That an ex-service man who is shown to have, or, if deceased, to have had, prior to January 1, 1930, neuropsychiatric disease and spinal meningitis, an active tuberculosis disease, paralysis agitans, encephalitis lethargica, a chronic constitutional disease or analogous disease, particularly, all diseases enumerated on page 75 of the schedule of disability rating of the United States Veterans' Bureau, 1925, or amœbic dysentery developing a 10 per cent degree of disability or more in accordance with the provisions of subdivision (4) of section 202 of this act, shall be presumed to have acquired his disability in such service between April 6, 1917, and July 2, 1921, or to have suffered an aggravation of a preexisting neuropsychiatric disease and spinal meningitis, tuberculosis, paralysis agitans, encephalitis lethargica, a chronic constitutional disease or analogous disease, particularly, all diseases enumerated on page 75 of the schedule of disability ratings of the United States Veterans' Bureau, 1925, or amœbic dysentery in such service between said dates, and said presumption shall be conclusive in cases of active tuberculosis disease and spinal meningitis, but in all other cases said presumption shall be rebuttable by clear and convincing evidence; but nothing in this proviso shall be construed to prevent a claimant from receiving the benefits of compensation and medical care and treatment for a disability due to these diseases of more than 10 per cent degree (in accordance with the provisions of subdivision (4) of sec. 202 of this act) on or subsequent to January 1, 1930, if the facts in the case substantiate his claim."

SEC. 2. Sections 206 and 209 of the World War veterans' act, 1924, as amended, are hereby repealed.

SEC. 3. These amendments shall take effect and be in force from and after the date of their enactment.

S. 643

A bill to authorize the creation of organized rural communities, to demonstrate methods of reclamation and benefits of planned rural development

Be it enacted, etc., That the Secretary of the Interior, hereinafter styled the Secretary, is authorized to create in each of the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia one organized rural community in order to demonstrate the methods of reclamation and benefits of planned rural development.

SEC. 2. That the Secretary, acting through the Bureau of Reclamation, is authorized to acquire through donation, purchase, or by eminent domain an area of swamp, cut-over, neglected, abandoned, or poorly farmed land in each of the above-mentioned States, sufficient to create therefrom at least 200 farms and farm workers' allotments, each of such area as the Secretary may find necessary, and to provide for the reclamation, development, and settlement of such lands in accordance with the provisions of this act: *Provided*, That the purchase price of the land shall not exceed an amount arrived at by a board of 3 independent appraisers composed of 1 appointed by the Secretary, 1 appointed by the Federal Farm Loan Board, and 1 appointed by the head of the college of agriculture in the State within which the land is located.

SEC. 3. The Secretary, through plans provided by the Bureau of Reclamation, shall carry out all reclamation, development, and settlement work necessary for profitable cultivation of such farms and farm workers' allotments, and shall subdivide the lands, and shall cause said farms and farm workers' allotments to be offered for sale, and sold to actual settlers and cultivators under regulations approved by him regarding qualifications of settlers and repayment terms and conditions for the purchase of said farms and farm workers' allotments: *Provided*, That the term for repayment of the purchase price shall not exceed 40 years from the date of sale with interest at the rate of 4 per cent per annum payable annually or semiannually.

SEC. 4. Farms and farm workers' allotments shall be sold at an aggregate price sufficient to repay the cost of surveys, reclamation, development, and administration and service charges with a sum equal to 10 per cent of all of such cost added to provide for unforeseen contingencies. The Secretary is authorized to impose and collect such additional incidental charges as may be required.

SEC. 5. The Secretary is authorized in his discretion to advance for permanent improvements not exceeding the sum of $3,000 on account of any one farm allotment and not exceeding the sum of $1,000 on account of any one farm worker's allotment. No such advances shall exceed 60 per cent of the value of permanent improvements in connection with which made, nor until the purchaser shall have provided the remaining 40 per cent in cash or shall have theretofore provided its equivalent in value in improvements made at his sole cost. Advances for permanent improvements shall be repaid in 56 semiannual installments, each of which shall amount to 3 per cent of the sum advanced; of each such installment 2 per cent shall apply as interest and 1 per cent as principal. The Secretary shall provide such supervision by the Bureau of Reclamation as in his opinion may be necessary to insure the use of all advances for the purpose for which the same are made. Each purchaser shall, if required, insure and keep insured against fire all buildings on his farm or farm worker's allotment, the policies therefor to be made in favor of the Secretary, or such other official as he may prescribe. The Bureau of Reclamation by regulation or otherwise shall provide that the purchaser shall live on and cultivate the land in a manner to be approved by the head of that bureau, and shall keep in good order and repair all buildings, fences, and other permanent improvements situated on the farm or farm worker's allotment, reasonable wear and tear and damage by fire excepted.

SEC. 6. In case of failure on the part of the purchaser to comply with any of the terms of his contract, or any regulation promulgated by the Secretary under this act, the Secretary shall have the right, at his discretion, to cancel said contract, and thereupon shall be released from all obligation in law or in equity to convey the property, and the purchaser shall forfeit all rights thereto, and all payments theretofore made shall be deemed to be rental paid for occupancy. The Secretary shall thereupon be entitled to the possession of said property. The failure of the Secretary to exercise any option to cancel contract for default shall not be deemed a waiver of the right to exercise the option to cancel said contract for any default thereafter on the purchaser's part. No forfeiture so occasioned by default on the part of the purchaser shall be deemed in any way or to any extent to impair any lien or security on improvements or other property which may be obtained as provided in this act.

SEC. 7. All amounts collected with respect to repayment contracts for purchase of farms or farm workers' allotments, and all amounts collected from repayment for collection of advances shall be returned to the United States Treasury as a credit to the funds provided for carrying out this act.

SEC. 8. For the purpose of giving effect to this act there is authorized to be appropriated the sum of $10,000,000 from any funds in the Treasury not otherwise appropriated: *Provided*, That not to exceed $2,000,000 of such sum shall be expended in any of the States herein mentioned.

SEC. 9. That the Secretary is authorized to perform any and all acts and to make all needful rules and regulations for effectuating the purposes of this act.

Mr. McKELLAR. Mr. President, these bills have been introduced by me before at previous sessions of the Congress. They would authorize no such appropriations as have been suggested. All told they do not amount to $60,000,000. In these times of stress and depression there are a number of these bills which should not be pressed. In good times every one of them might well be passed; but I shall be frank with the Senate. Some of these bills ought not to be passed with this deficit on our hands. The Great Smoky Mountain Park bill is a very proper bill and ought to be passed at the proper time, but it might well not be passed with such an enormous deficit as now confronts our Treasury.

The bill S. 601 is an effort to build post-office buildings in the smaller towns. This ought to be done; but not in view of this awful deficit. As soon as the Government is able it will save large sums whenever these small buildings are erected. They are more important than the large buildings now being erected in some of the large cities, where good buildings are being torn down just to put up better ones.

Senate bills Nos. 602 to 607, inclusive, are for specific buildings in my State which ought to have been built long ago. They should be built this year. All put together they amount to about $630,000. They ought to be built, but I doubt if a Republican administration will do it this year.

Bills 588 and 589 do not authorize appropriations. The bills should be passed. I have no apology to make for them or any other of these bills. The Nicaragua bill I have already discussed. The measure is a proper measure. It will have to be passed eventually, but I shall not press it during this bankrupt condition of our Treasury. The Senate bill, No. 643, is a bill recommended by Doctor Mead, of the Interior Department. I introduced it by request. It is a good bill and ought to be passed; but I would not press it during this awful depression.

So, Mr. President, you can see how hard up the administration's defenders are in making an attack on me for introducing bills asking for large appropriations. They are very modest and will compare most favorably with bills of other Senators.

CLEARED RADIO CHANNELS

Mr. DILL. Mr. President, I have waited during the afternoon in the hope that the pending business might be disposed of, but it is very evident that if I want to discuss the subject I have in mind I must do so now or I may not be able to discuss it at all.

Earlier in the day I introduced a bill proposing to amend the radio law by providing that there shall be no cleared channel in radio for more than 2,300 miles. I ask unanimous consent that the bill introduced by me may be printed in the RECORD at this point.

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

Be it enacted, etc., That the second paragraph of section 9 of the radio act of 1927, as amended by the act of March 28, 1928, is hereby further amended by adding at the end of said paragraph the following: "*Provided further*, That no frequency used for broadcasting shall be reserved for the use of one station for a distance of more than 2,300 miles, airline, if any person, firm, or corporation, capable of rendering radio service in the public interest, make application to operate broadcasting apparatus on any frequency so reserved, at a point beyond the distance of 2,300 miles, airline, from the station or stations already licensed and operating on said frequency, and all applications and licenses considered and granted under this provision shall not be counted as a part of the quota of the zone in which said additional stations are located."

Mr. DILL. Mr. President, my purpose in introducing the bill is to stop the waste of radio facilities as happens now on account of the action of the Radio Commission in refusing to allow a channel used by a radio station on one coast to be used by a radio station on the other coast. Some years ago the Court of Appeals of the District said that it was a waste of facilities and not in the public interest to prohibit a station at Schenectady, WGY, from operating on the same wave length as a station, KGO, in San Francisco, Calif.; and it based its decision upon that part of the wording of the radio law which directs that radio facilities shall

be allocated in the public interest. The Radio Commission has never disturbed that ruling of the court but it has insisted in all the cases that have come up since that time that there shall be no simultaneous operation of radio stations on the two coasts on so-called closed channels. The result is that there are a considerable number of radio wave lengths on the Pacific coast which are never used by any stations that are of any service to the people west of the Mississippi River, and a considerable number on the Atlantic coast which are of no service to people east of the Mississippi River. I have offered this proposed amendment to the radio law for the purpose of putting an end to that policy, because no radio engineer's theories should be allowed to stand in the way of people having radio service on the two coasts of this country.

I have made a further provision in the amendment that any new stations which may be established as a result of this provision will not be counted in the quota of that zone, the reason being that people who live along the coast on either side of the country have no radio service from stations on the ocean side, and therefore it is only proper they should have a larger number of radio stations than the interior sections. I do not care to enlarge upon this particular phase of the subject along the line I have just discussed at this time.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Iowa?

Mr. DILL. I yield.

Mr. BROOKHART. Do I understand that by the Senator's amendment a cleared channel might be established on the Pacific coast that would extend inland only half the distance of 2,300 miles?

Mr. DILL. No. If a station were established on the Pacific coast beyond the mountain range on a cleared channel no other station could use that channel unless it was east of the Allegheny Mountains. That is the way the provision as to 2,300 miles operates.

Mr. BROOKHART. Then, if they are on the eastern coast——

Mr. DILL. No other station could be established on that wave length unless it was west of the coast ranges, either the Cascade or the Sierra Nevada Range; that would be the effect of the amendment. At the present time the commission will not allow them at all.

But another reason why this amendment is appropriate to be discussed is the condition that has developed on this continent as the result of stations being built in Mexico and Cuba. I secured from the engineer of the Radio Commission a list of the radio stations in Mexico and in Cuba, and I find a rather amazing situation. There are 37 stations in Mexico which use 23 wave lengths and 55 stations in Cuba using 34 wave lengths. Only recently a man whose use of broadcasting facilities in this country—I refer to Doctor Brinkley, of Kansas—was found so objectionable to the Radio Commission that he was put off the air, crossed the line into Mexico. There he secured a permit from the Mexican Government, and built a station with 75,000 watts of power, and he operates on 735 meters with his 75,000 watts of power. This is more power than is allowed to any radio station in the United States. As a result, broadcasting from stations on 730 meters or 740 meters is interfered with by this station across the Mexican line. WSB at Atlanta and WGN at Chicago find that they can not be heard at any considerable distance beyond the immediate localities where they are located without interference with the station in Mexico. If a radio set is tuned strong enough to bring in either one of these stations it brings in the cross talk from the station in Mexico, and one can tune these stations out and still hear the station in Mexico because it has a higher power.

This condition has been brought to a head by the building of this station along the Mexican border. The objectionable feature of it has been in existence for the past two years or more. Our State Department has been asked repeatedly to take steps to secure treaties, particularly with Mexico, on this matter. We have what is called a gentlemen's agreement with Canada. That gentlemen's agreement is good just as long as the particular gentlemen who made it want to keep it.

I do not mean that the gentlemen who made it will not continue to keep it, but I do mean there might be a change of government and there is no binding agreement between the two governments that the gentlemen's agreement will be observed. A gentlemen's agreement is not the proper method by which to protect the rights of radio stations in either country.

As a result of the State Department's failure to do anything in arranging so that stations in Mexico will not interfere with American stations and American stations will not interfere with stations in Mexico we are confronted with this condition to-day. Some 40 channels have been set aside in the United States and only one radio station in this country is allowed to operate on a channel after sunset. The theory is that by that method that station may be heard all over the country without interference. Yet we find that approximately 14 or 15 of these wave lengths have stations on them in Mexico.

The publication here in Washington known as the National Broadcast Reporter has summed it up in its issue of January 9 rather clearly:

> On the frequency of WEAF, New York, 600 kilocycles, there is a station at Habana, Cuba, with 1,400 watts. The air-line distance between New York and Habana is less than 1,200 miles.

So, instead of having a cleared channel for WEAF, what we have is a regional channel, and, as a result, WEAF is interfered with by a station at a distance of 1,200 miles. The owners of WEAF go to advertisers and sell them time at a high rate on the theory that the advertisers are buying a program that will be heard all over the United States because it is on a cleared channel when in fact there is no cleared channel at all.

A station can be interfered with by another station on the same wave length in Cuba just as easily as though it were down in Atlanta or Chicago or somewhere else in this country.

WOR, a station in Newark, is on a 710-kilocycle wave length, and Mexico City has a station on 711 kilocycles—which is almost identically the same—with a thousand watts. The air-line distance between WOR and the Mexican city station is less than 1,900 miles. That is the distance allowed for regional stations, so-called, in this country. So again an advertiser who buys time at a high rate, thinking his program will be heard at a great distance, finds that there is a station within 1,900 miles throwing out its signals and interfering, although in practice the service area is not greatly affected at that distance.

This is not a new condition; it has been in existence for some time. My complaint is that the State Department sits idle and does nothing. The State Department should have asked for a conference with Mexico and Canada and Cuba many months ago for the purpose of negotiating a treaty dividing up the use of the wave lengths for broadcasting on the North American Continent. In Europe they found that to be necessary. They called the Prague conference. Each nation of Europe was represented at that conference. They have a binding convention, and I will say for them that, so far as I can learn, each nation has kept its agreement, and they do not have the interfence in the use of wave lengths on the part of any station.

If it be argued that Mexico would ask for more stations than we might want to have, my answer is that she is taking stations she would not take under ordinary arrangements, for the reason that American capital is going into Mexico and building stations south of the line and operating them without any control from this Government simply because they can not get on the air in this country. Unless this is stopped by a treaty, large American investments there will cause Mexico to insist on far more than her share of these wave lengths, because she will be bound to protect the investments in radio stations made by citizens of the

United States. Yet these stations will be for the purpose of serving the United States and not Mexico.

I am told that there is another practice growing up down on the Mexican border. It is reported that men will provide money, or arrange for money, and make other preparations to start a station south of the Mexican line on a certain wave length. It is a kind of "racket." Then they go to the owners of a big station on that wave length in this country, and they say, "Now, we are going to build a station in Mexico. How much will you give us to keep off?" Having the other station at their mercy, either that station must pay the sum demanded or they will go ahead and build their station south of the Mexican line and practically destroy the effectiveness of the American station. The Mexican Government say we do not respect their use of wave lengths and why should they respect ours?

That is the natural result of the policy of our State Department. I am not criticizing Mexico so much as I am complaining that the State Department delays and does nothing that will bring effective protection to American investors in radio stations. Even if they made a gentleman's agreement with Mexico, they could not enforce it, and they could not expect it to be observed as a treaty convention ought to be observed.

Mr. President, I am not going to take more time now on this subject, but the view to which I wanted to give expression is that if we are going to continue to allow Mexican and Cuban stations to go on these wave lengths on cleared channels, the only thing to do is for the commission to treat them as regional channels and give other sections of the country that need radio stations in this country the opportunity to establish them on those channels. Otherwise we should go into a conference with the Cuban Government and the Mexican Government and the Canadian Government and have a treaty agreement as to the use of wave lengths on the North American Continent for broadcasting purposes.

Mr. President, in connection with my remarks, I should like to have printed in the RECORD a statement from the National Broadcast Reporter of January 9, 1932, with relation to interference to American broadcasters from stations in Mexico and Cuba.

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

[From the National Broadcast Reporter, January 9, 1932]

INTERFERENCE TO AMERICAN BROADCASTING FROM STATIONS IN MEXICO AND CUBA INCREASES

American broadcasters are suffering more interference than ever before from stations in Mexico and Cuba.

A new list of Mexican and Cuban stations, just received by the Department of Commerce, indicates very clearly the interference that is existing at present.

On the frequency of WEAF, New York, 660 kilocycles, there is a station at Habana with 1,400 watts. The air-line distance between New York and Habana is less than 1,200 miles.

On 711 kilocycles, or 1 kilocycle from WOR, Newark, on 710 kilocycles, is a station at Mexico City with 1,000 watts. The air-line distance between Mexico City and Newark is less than 1,900 miles.

On the frequency of WJR, Detroit, 750 kilocycles, there is a station at Juarez of 5,000 watts. The air-line distance between Juarez and Detroit is less than 1,500 miles.

On 735 kilocycles, in between WSB, Atlanta, and WGN, Chicago, is a 75,000-watt station at Villa Acuna. Reports indicate that both the Atlanta and Chicago stations are suffering severe interference from the Villa Acuna station. This is despite the fact that XER, although rated at 75,000 watts, is only putting out about 35,000 watts.

On 818 kilocycles, only 2 kilocycles from WHAS, Louisville, is a station of 1,000 watts at Mexico City. The air-line distance between Mexico City and Louisville is less than 1,500 miles.

On 1,132 kilocycles is a 5,000-watt station at Monterey, which is causing considerable interference to a number of American stations on adjoining channels.

Even worse than the interference now being experienced are the reports reaching Washington of new stations in Mexico.

According to reliable information from Mexico City, plans are being made for the immediate construction of at least 10 new stations of 500 watts. It is said that before next winter there will be at least 50 new high-power stations along the American-Mexican border.

There exists no agreement between the United States and Mexico on division of broadcasting channels between the two countries. The United States has a "gentlemen's agreement" with Canada, under which Canada uses six channels exclusively and shares a number of others with this country.

It is understood (and there is no real foundation for the statement) that the American State Department is attempting to negotiate a division of channels with Mexico. In its usual secretive way the State Department refuses to discuss the matter. It was with reluctance that the treaty division of the State Department admitted that there is a country called Mexico, and that it was understood that there were broadcasting stations within its borders.

Under the international agreement of 1927 the entire radio spectrum was divided among various classes of services. The band between 550 and 1,500 kilocycles was assigned to broadcasting.

A proposal was made at the 1927 conference to divide the various channels among nations. The proposal was not adopted. A new international conference will be held this year to consider revisions of the 1927 agreement.

Whether or not the conference will undertake to divide channels among countries remains to be seen. The best official information that can be obtained at this time indicates that division of channels between countries may not be undertaken. It is known that such a step would be vigorously opposed by many of the leading participants in the conference.

It leaves the United States with the alternative of reaching an agreement with Mexico or lumping the interference to broadcasting.

There is no official statement as to the number of channels demanded by Mexico. Some reports indicate that Mexico desires at least one-third of the channels.

If the two countries fail to reach an agreement, a committee on arbitration could be selected, which would have the power to make a division between the two countries.

Meantime Canada is seeking to get more channels, and some concessions may be necessary to that country.

Broadcasting stations of Cuba and Mexico with power of 500 watts or more and capable of interfering with American stations

Frequency	Call	Location	Power
Kilocycles:			*Watts*
588	CMW	Habana	1,400
660	CMDC	Marianao	500
771	XEN	Mexico City	1,000
730	CMK	Habana	3,140
735	XER	Villa Acuna	75,000
750	XEQ	Juarez	5,000
818	XFI	Mexico City	1,000
840	CMC	Habana	500
890	CMX	do	500
910	XEW	Mexico City	5,000
940	XEO	do	5,000
1,030	XEB	do	1,000
1,132	XEH	Monterrey	5,000

Radio stations in Mexico

Frequency	Station	Location	Power
Kilocycles:			*Watts*
500-600	XFD	Mexico City	50
598	XEZ	do	500
630	XET	Monterrey	500
638	XFG	Mexico City	2,000
680	XETF	Vera Cruz	500
711	XEN	Mexico City	1,000
730	XEM	Tampico	500
735	XER	Villa Acuna	75,000
805	XFC	Aguascalientes	350
818	XFI	Mexico City	1,000
860	XFX	do	500
890	XES	Tampico	500
910	XEW	Mexico City	5,000
915	XFF	Chihuahua	250
940	XEO	Mexico City	5,000
977	XED	Reynosa	10,000
1,000	XEE	Linares	10
1,000	XEL	Saltillo	10
1,000	XEC	Toluco	50
1,000	XEU	Vera Cruz	100
1,000	XEI	Morelia	100
1,000	XEV	Puebla	100
1,000	XEF	Oaxaca	100
1,000	XEH	Monterrey	100
1,000	XEY	Merida	100
1,000	XEA	Guadalajara	100
1,000	XEJ	Ciudad Juarez	100
1,000	XEK	Mexico City	100
1,000	XEFE	Nuevo Laredo	1,000
1,000	XEB	Mexico City	1,000
1,000	XEQ	Ciudad Juarez	1,000
1,140	XETA	Mexico City	500
1,210	XEX	do	500
1,250	XEFA	do	250
1,300	XETY	do	2,000
1,500	XEP	Nuevo Laredo	200
		Matamoros	
	XFA	Mexico City	50

Compiled as of Jan. 1, 1932.

Radio stations in Cuba

Frequency	Station	Location	Power
Kilocycles:			*Watts*
588	CMW	Havana	1,400
645	CMHJ	Cienfuegos	40
660	CMCO	Marianao	225
730	CMK	Havana	3,150
780	CMGH	Matanzas	60
790	CMBS	Havana	150
791	CMHC	Tuinucu	500
834	CMGA	Colon	100
840	CMC	Havana	500
856	CMJE	Camaguey	20
890	CMCF	Havana	250
890	CMX	Havana	500
965	CMBC	Havana	150
965	CMBD	Havana	150
977	CMGF	Matanzas	50
1,010	CMBW	Marianao	150
1,010	CMBZ	Havana	150
1,034	CMKC	Santiago de Cuba	150
1,070	CMBG	Havana	130
1,070	CMBT	Havana	150
1,070	CMCB	Havana	150
1,110	CMKD	Santiago de Cuba	20
1,110	CMHI	Santa Clara	15
1,140	CMGD	Matanzas	5
1,150	CMQ	Havana	250
1,150	CMCQ	Havana	600
1,154	CMHA	Cienfuegos	200
1,176	CMKG	Santiago de Cuba	30
1,185	CMGB	Matanzas	7.5
1,200	CMKB	Santiago de Cuba	15
1,225	CMCD	Havana	15
1,225	CMCN	Marianao	250
1,249	CMAB	Pinar del Rio	20
1,249	CMKE	Santiago de Cuba	250
1,276	CMJB	Ciego de Avila	20
1,285	CMCH	Havana	15
1,285	CMCR	Havana	20
1,285	CMCW	Havana	150
1,321	CMJC	Camaguey	15
1,327	CMKH	Santiago de Cuba	250
1,345	CMCY	Havana	15
1,345	CMCG	Guanabacoa	30
1,345	CMCU	Havana	50
1,345	CMBA	Havana	50
1,363	CMKF	Holguin	30
1,375	CMAC	Pinar del Rio	30
1,375	CMGE	Cardenas	30
1,405	CMBN	Havana	30
1,405	CMBI	Havana	30
1,405	CMBY	Havana	100
1,450	CMKA	Santiago de Cuba	20
1,500	CMBL	Havana	15
1,500	CMCM	Marianao	15
1,500	CMBQ	Marianao	50
*1,225	CMCA	Havana	150
1,500	CMBR	Arriyo Apolo	15

SHENANDOAH NATIONAL PARK

Mr. NYE. Mr. President, from the Committee on Public Lands and Surveys, I report back favorably without amendment the bill (S. 1089) to establish a minimum area for a Shenandoah national park, for administration, protection, and general development by the National Park Service, and for other purposes, and I submit a report (No. 104) thereon.

Mr. SWANSON. Mr. President, this is the bill known as the Shenandoah Park bill. Three years ago a bill passed the Congress accepting from the State of Virginia a gift of 327,000 acres of land for a park, not to cost the Government anything. There has been some difficulty in getting the 327,000 acres. The bill is in the nature of a provision to reduce the minimum to 160,000 acres. It does not increase the maximum at all. The Legislature of Virginia is in session, and we are anxious to have this bill passed as early as possible, so the legislature will know what to do. I ask unanimous consent for the immediate consideration of the bill.

Mr. JONES. Mr. President, as I understand it, under the bill the area of the park may be decreased to 160,000 acres?

Mr. SWANSON. Yes.

Mr. JONES. I would have no objection if the Senator would reduce it to 50,000 or 75,000 acres.

Mr. WATSON. Mr. President, does the Senator say it will not cost the Federal Government anything?

Mr. SWANSON. Except to keep it up.

Mr. WATSON. We ought to favor anything in the world that will not cost the Federal Government anything.

Mr. JONES. But it will cost the Government the expense of maintaining it. I would like to see the area cut down.

Mr. SWANSON. I ask unanimous consent for the immediate consideration of the bill.

Mr. WALSH of Montana. Mr. President, in view of what has been said I think a word ought to be said in this connection. The park has already been authorized. The Government takes possession of it when the State of Virginia acquires the title to the land within the park and transfers it to the Government of the United States.

It was provided in the original bill that there should be acquired land not less in extent than a certain acreage. It is now agreed that it need not acquire so large a tract, but only 160,000 acres; and when 160,000 acres are acquired and turned over to the Government, the Government takes control of it instead of the larger area originally contemplated. So that it simply reduces the acreage upon the acquisition of which the Government takes control of the park.

Mr. JONES. Mr. President, may I interrupt the Senator?

Mr. WALSH of Montana. Yes.

Mr. JONES. Whatever they acquire is to be contiguous land or land in a compact body?

Mr. WALSH of Montana. Yes; within the bounds already defined by the preceding act creating the park and upon the conditions I have indicated.

Mr. JONES. Will that permit a park of 160,000 acres, with lands in private ownership scattered here, there, and yonder through it? The original area, I understand, was something over 300,000 acres. Now, if 160,000 acres are to be scattered around through that 300,000 acres, I think it would be a mistake.

Mr. WALSH of Montana. There is no provision for the acquisition of all the land.

Mr. JONES. Yes; but should not whatever is acquired be in a compact body?

Mr. WALSH of Montana. I should think so.

Mr. JONES. Does the bill so require?

Mr. SWANSON. Will the Senator from Washington repeat his question?

Mr. JONES. Does the bill require that land actually acquired and donated to the Government shall be in a compact body?

Mr. SWANSON. Yes; it will be in a compact body. The park is 8 miles broad and about 200 miles long, and it affords the most beautiful scenery in the United States. It is all in a compact body. The bill provides that it shall be so.

Mr. JONES. As I understand, this bill allows a park of 160,000 acres; but can that acreage be scattered here and there within the 300,000 acres or must it be in a compact body?

Mr. SWANSON. It must be in a compact body. The object of this bill is to reduce the size of the park from 327,000 acres to 160,000 acres. The Interior Department has recommended the measure.

Mr. JONES. I ask the Senator this plain question, and he can answer it plainly, I know: Will whatever land that is acquired and donated to the National Government be in a compact body.

Mr. SWANSON. This bill applies to a park that has heretofore been established under a law which provided that it should be in a compact body.

Mr. JONES. Yes; but the original park was much larger. There might be 160,000 acres scattered here and there through the 320,000 acres and that would not leave it in a compact body.

Mr. SWANSON. There is no such condition as that. The Secretary of the Interior has written a letter recommending the bill showing that the land is in a compact body.

Mr. JONES. That is all I ask. If whatever land shall be acquired is to be in a compact body, that is all right.

Mr. McNARY. Mr. President, I shall have to object to the immediate consideration of the bill. A number of Senators have left with the understanding that there was to be no action on bills on the calendar. To-morrow or Monday we will probably have bills on the calendar considered, and in the meantime ample time will be given to study the bill and consider this proposed legislation. Therefore I object.

The VICE PRESIDENT. Objection is made.

PROPOSED DECREASE IN APPROPRIATIONS

The Senate resumed the consideration of the resolution (S. Res. 120) favoring a reduction by the Senate Committee on Appropriations of not less than $300,000,000 below the Budget estimates of appropriations for 1932.

Mr. KING. Mr. President, I can not support the amendment offered by the Senator from Nevada [Mr. PITTMAN]. It would, if adopted, destroy the resolution offered by the Senator from Mississippi [Mr. HARRISON]. If the resolution offered by my friend from Nevada should be adopted I would feel constrained to vote against the entire resolution. In my opinion, the Senator from Nevada has misconceived the meaning of the resolution under consideration. The resolution deals only with the Budget submitted by the President of the United States and seeks to reduce the appropriations recommended by the President in his Budget by at least $300,000,000. The resolution declares that it is the sense of the Senate that the Committee on Appropriations, in reporting to the Senate upon the several appropriation bills for the next fiscal year, shall make decreases in the proposed appropriations as will bring the total amount reported to the Senate at least $300,000,000 below the aggregate recommended by the President for the fiscal year ending June 30, 1933.

It is obvious that the resolution deals only with the Budget and the items and provisions therein found. Of course, by implication, it is a challenge to the Senate to appropriate in the aggregate at least $300,000,000 less than recommended by the President.

I think that it will be conceded by all, after an examination of the Budget and the appropriations heretofore made by Congress, that the appropriations for the items and matters covered by the Budget might be cut at least $300,000,000 without jeopardizing the security of our country or interfering with the legitimate and proper activities of the Federal Government, if economies are applied.

The amendment offered by the Senator from Nevada states substantially that if decreases are made they shall be consistent with the existing obligations of the Government and shall not impair the necessary power of the Government to perform its duty in meeting the present financial crisis.

I repeat, Mr. President, that this language destroys the resolution and is equivalent to giving to the Appropriations Committee full authority to recommend such appropriations as they may see fit, provided, in their opinion, they are consistent with any obligations of the Government and do not impair the power of the Government to do whatever it deems necessary to meet what is denominated the financial crisis. Manifestly this limitation upon the resolution abrogates the limitation in the resolution and imposes no restrictions whatever upon the Appropriations Committee to limit or restrict appropriations in any sum or amount whatever.

Mr. President, I inquire whether any Senator contends that a reduction of $300,000,000 in the appropriation recommended by the President will prevent the Government from meeting all obligations which it should assume or weaken the power of the Government to discharge whatever duty legitimately rests upon it by reason of any cause whatever. I concede that demands will be made during this session of Congress for appropriations greatly in excess of the Budget recommendations, and it is possible that there may arise new matters not falling within the Budget which might justify appropriations outside of the Budget categories. But, I repeat, when I say that the resolution before us deals with the matters specified in the Budget report, and it declares that with respect to those items and matters, there shall be a reduction of at least $300,000,000 below the limit fixed by the President.

In my opinion the President's recommendations are excessive. They do not indicate economy but call for appropriations largely in excess of the needs of the Government, particularly when Congress is confronted with an unbalanced Budget and deficits of gigantic proportions. My criticism of the resolution offered by my friend from Mississippi is that it does not demand a reduction of at least $500,000,000 in the appropriations called for in the Budget. An examination of appropriation bills during the past few years will, it seems to me, furnish convincing evidence that the Federal Government has not only been uneconomical but has been prodigal in its expenditures. It has assumed responsibilities in contravention of a proper interpretation of the Constitution and engaged in activities not within its jurisdiction. Congress has increased the personnel of the Federal Government far beyond reasonable limits and has multiplied Federal agencies far beyond constitutional authority.

Since the war the expenses of the Federal Government have increased by leaps and bounds, and the larger the appropriations the greater the demands for still larger contributions from the Federal Treasury. The eyes of the people are ever drawn from their domestic and State affairs to the Federal Government, which is expected to fill the purses of individuals and the treasuries of States and municipalities and supply credit for the industries and corporations of the country. The spirit of self-reliance is being destroyed; the people are being encouraged to rely upon the National Government to supply employment and capital and to meet the needs of individuals, communities, and States.

It is unfortunate when the people lose confidence in themselves and in their capacity to govern themselves and to meet the responsibilities resting upon them as citizens of sovereign States. It should be apparent to all that there are limits to the power of governments. Even despotisms have financial limitations. The Treasury has become empty in democracies as well as in tyrannies. Individuals may destroy their credit by unwise expenditures and may end in courts of bankruptcy. Many nations in the world to-day are faced with bankruptcy; they are unable to meet bonds and outstanding obligations. Many countries are abandoning the gold standard and are defaulting in their interest charges and are unable to meet their expenses. Even in our own country we read of municipalities being unable to meet their pay rolls, and the press reports that in a number of States schools are to be closed before the end of the school year because of inadequate funds. For years many cities, counties, and States have been borrowing to meet their budgets. It is an unwise policy and the Federal Government should not follow it, but should resolutely meet the situation and adopt a plan that will, at the earliest possible moment, result in a balanced national Budget.

For the last fiscal year there was a deficit of over $900,000,000. Examination of the appropriations for that fiscal year, as well as for a number of preceding years, will furnish convincing proof that the Federal Government was engaged in an orgy of extravagance and waste. Hundreds of millions of dollars were appropriated that brought no adequate return. Bureaus and agencies were created that were wholly unnecessary and thousands of employees were added to the Federal pay roll, when a wise and economic administration would have denied such a course.

As Senators know, the deficit for the fiscal year ending June 30, 1932, will be in excess of two and one quarter billion dollars. There is now a deficiency bill before us, and we will be called upon to meet other deficiencies for this fiscal year, and it is certain that the revenues for the next fiscal year will be inadequate to meet the expenses of the Government for such year. As stated, it will require more than $2,000,000,000 to meet the deficit for the fiscal year ending June 30, 1932, and unless the taxes are materially increased the deficits for the next fiscal year will reach a higher level.

Preparations are being made for the sale of Government bonds in order that the credit of the Government may not be impaired. As I have stated, the deficit for the last fiscal year was met by the sale of bonds, and the Government will be required to market more than $2,000,000,000 of bonds to meet the 1932 deficit. This means that tax-exempt securities will be issued by the Government, and $3,000,000,000 or more, which ought to be employed in industrial development, in new construction and business enterprises, to give employment to the people, will be locked up in tax-exempt securities. With the certainty that for the fiscal year ending June 30, 1933, there will be an enormous deficit, it is

apparent that additional revenues must be raised and additional Government bonds issued. The taxes for the fiscal year 1933 will fall far short of the needs of the Government; if they shall be increased $1,000,000,000 there will still be a deficit, in my opinion, of two or three billions of dollars. The Federal Government has now outstanding approximately $18,000,000,000 of tax-exempt securities, and within a few months the total indebtedness will exceed $20,000,000,000. But in addition to this stupendous sum there are tax-exempt securities aggregating approximately $18,000,000,000 which have been issued by the States and their political subdivisions. There will soon be outstanding bonds, tax exempt, amounting to $40,000,000,000. This stupendous sum represents, at the present value of property, perhaps one-seventh of the entire value of all the property of the United States.

Economically and politically it is most unwise, if not dangerous, to have such a large part of the capital and property of the Nation tied up in tax-exempt securities. Such a situation discourages private enterprise, prevents the development of new industries, and is an obstacle to a revival of business. I appeal to Senators to support policies that will bring about a balanced Budget. Our Government can not afford to pursue a course that makes further bond issues inevitable. I have had occasion heretofore to comment upon the fact that we have been critical of other governments when they failed to balance their budgets. We have not hesitated to point with considerable pride to our Nation's success in keeping our Federal expenditures within our revenues. However, we have been compelled to confess that for a number of years last past some of our cities, and as I recall, a number of States, have failed to maintain balanced budgets and have resorted to bond issues.

We might take counsel from the example of Great Britain, who, notwithstanding the heavy burdens resting upon her, and her enormous war debt of approximately $36,000,000,000, has resolutely set herself to the stupendous task of realizing a balanced budget. The taxes imposed upon the people of Great Britain are very much greater than those imposed in any other country, and yet they have courage that must command admiration everywhere. The Government and the people are determined to keep their governmental expenditures within the limits of their revenues. To accomplish this appropriations are cut to the bone, unheard of economies are practiced, and every possible course adopted that will accomplish the desired result. I regret that we are not willing to follow the courageous example of Great Britain.

We hear much talk about reducing expenditures, the unwisdom of bond issues, and the importance of economy in governmental affairs, and yet go on recklessly appropriating money, providing for bond issues, and adopting plans and programs that will involve the Government in still greater expenditures. When it is suggested that the Government's expenses shall be diminished, that bureaus shall be abolished, that the number of employees shall be reduced, there are powerful forces arrayed in opposition and a thousand protests and reasons urged against the adoption of such plans. It is said that at this particular time the number of Federal employees should be increased, that the Government should create new organizations and furnish employment to the people, and that it should engage in enterprises, whether of a public or private character, that would put money into circulation and furnish jobs for the people. It is not suggested how the money is to be raised to meet these increased expenditures. It is assumed that the Government has an inexhaustible fund from which it may draw to meet every contingency and every demand. There are many who fail to appreciate the fact that Government credit can only be maintained by the adoption of sound fiscal policies; that if its expenditures are met by borrowings, ultimately its credit will be impaired. There are numerous examples to-day of the impaired credit of governments. The bonds of some foreign countries have fallen to very low levels, and the credit of governments has been so strained by unwise expenditures and prodigal borrowings that their very foundations have become insecure. In some instances they have been driven to the issue of fiat money in unlimited quantities, and, as Senators know, this course will be followed by a train of evils the consequences of which it is not difficult to forecast.

The taxes, both direct and indirect—imposed upon the American people—have become so great as to be almost unbearable. The delinquent taxpayers throughout the United States are numbered by millions; homes are being sold for taxes, and farmers are unable to meet the heavy tax obligations resting upon them. The burdens of taxation resting upon business have been so heavy that there are thousands of instances where individuals who have struggled in vain have given up in despair. And yet the demands are being made for larger appropriations, additional Federal and State instrumentalities; and additional offices are filled by an increased number of officeholders. Demands are being made that the Federal Government support all kinds of business and put stilts under banks and industry of all kinds in every part of the United States.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. McKELLAR. Instead of authorizing all these foolish nostrums in order to get prosperity next week—a prosperity, by the way, which never comes—does not the Senator think we ought to follow the splendid financial example of Great Britain and cut down our appropriations on the one side, increase our taxes on the other, as an honest government ought to, and balance the Budget, so that our Government may remain on the same splendid plane that it has always occupied financially heretofore?

Mr. KING. The Senator has announced a business axiom which we should all accept. The example of Great Britain, as I have indicated, is one which all should commend. And yet I feel constrained to say that it will not be followed by Congress or by many of the States and municipalities of our country. There will be many bond flotations during this year, and I have no doubt that the Government of the United States will put upon the market Government bonds the face value of which will be between three and five billions of dollars. And this notwithstanding this Congress will add to the burden of taxation in order to obtain $1,000,000,000 to meet the appropriations that will follow.

Mr. President, I mentioned the obligations of the Federal Government and the States and their political subdivisions. We must not forget that there is further indebtedness which bears heavily upon the people. I stated a few days ago that the real-estate mortgages in the United States totaled approximately $40,000,000,000. A large part of the farms of the United States are mortgaged, and many are being sold under the hammer because of the inability of the owners to meet their taxes or mortgage indebtedness. The corporations of the United States owe at least $55,000,000,000, and there are other obligations, so that the aggregate indebtedness of the States and their political subdivisions and the people amounts to at least $2,000,000,000. Upon the greater part of this stupendous sum there are heavy interest charges which must be met and which, of course, are blocks in the pathway of business revival and a return of prosperity.

Senators, in my opinion, should look with favor upon any proposition that demands economy—a reduction in expenditures and drastic cuts in appropriation bills.

As I have indicated, the budget of the President is entirely too liberal. It calls for several hundred million dollars in excess of what I regard as adequate in the light of present conditions. There should be a reduction of at least $200,000,000 in the budget demands for the Army and the Navy. The Agricultural Department and the Department of Commerce have been and are grossly extravagant. They should be cut millions of dollars. I pause to remark that we have legislated to prevent an expansion of our foreign trade, indeed to cut off our foreign trade. We are spending millions of dollars through the Department of Commerce, theoretically, to increase our foreign trade. We have peripatetic officials spending large sums in their foreign travels, but, as stated, we erect tariff walls, the effect of which is to limit our imports and, of course, our exports.

Our policy provokes foreign resentments and retaliatory measures, and yet we naively declare that we expect to expand our foreign trade.

I have before me the expenditures of the Department of Commerce during the past 10 or 15 years. They show a remarkably progressive increase, wholly unjust in my opinion. The same can be said of the Department of Agriculture, the Department of the Interior, as well as other branches and agencies of the Government. We are paying nearly as much for the compensation of Federal employees as was required to meet the entire expenses of the Government in 1916. We have built up a most powerful bureaucracy to be found in any government, and the expenses of the Federal employees cost very much more than the entire expenditures of most of the governments of the world.

If time permitted, I should like to take up the various appropriations made during the past 20 years to show the enormous and unwarranted increases found in every branch of the Federal Government. Senators recall that a few months ago when the Budget Bureau was at work, there were constant emanations from the executive departments that great economies were being worked out by the Budget Bureau. I recall that it was announced with a great blare of trumpets that the President had succeeded in developing a program that would reduce the expenses of the Department of the Interior $17,000,000 in two years. I have before me the appropriations made for the Interior Department for many years. The appropriations during the past few years, particularly, have been, in my opinion, without justification. They should be reduced materially, and I hope the Appropriations Committee of the House, as well as the Appropriations Committee of the Senate, will make important cuts in the amounts carried for this department. While the Budget Bureau was at work there was also a vast amount of publicity as to the success of the President in reducing the expenses of the Navy Department. Senators will recall the statements in the metropolitan papers that the President had pared the naval budget $71,000,000 below the expenses for the present fiscal year. The fact is that the officials of the department asked for a large increase over the appropriations for the present fiscal year. And I might say in passing that the officials in all departments for many years have asked for much larger appropriations than Congress has been willing to make. It is conceded that officials make demands which they know will not be granted. So, as I understand, the officials of the Navy Department asked for $71,000,000 more than the appropriations for the present fiscal year. After this great deluge of publicity we learn that the President's budget carries only between fourteen and seventeen million dollars less than the appropriation for this fiscal year, instead of seventy-one millions less, as was advertised.

Mr. President, I am opposed to the resolution offered by the Senator from Nevada and shall support the resolution offered by the Senator from Mississippi, although, as stated, I regret that he did not demand a reduction of $500,000,000 instead of only $300,000,000.

Mr. PITTMAN. Mr. President, I do not intend to enter into any argument with regard to economy. I think everyone in this body is seeking economy and a reduction of taxation. I do not think, however, that the method adopted by the Senator from Mississippi is practical, or is the proper procedure in Congress.

There are committees in Congress whose duty it is to determine the very question which the Senator from Mississippi is trying to have the Senate determine arbitrarily before the committees have acted. I have absolute confidence in the ability, the experience, and the knowledge of the committee of the House which first takes up the question of appropriations. I have absolute confidence in their intention to cut appropriations to the bone. I have the same confidence in the Committee on Appropriations of the Senate. If the Senator is correct in his contention that we can cut the appropriations $300,000,000, those committees will find that to be a fact and so report. If it is not a fact, then we would be put in an absurd position if we should in advance declare that we were going to cut the appropriations $300,000,000 and the committees should report that they could not be cut $300,000,000.

I have voted for all of the bills recently passed of an emergency nature, appropriating large sums of money, because I felt that it was the duty of the Government to assist in meeting this financial crisis. If further appropriations are necessary on behalf of our Government or further acts are necessary in order to meet this crisis, I will vote for the necessary legislation, as I think a majority of this body will do. It is not a question of economy; it is a question of meeting the crisis.

Since this matter has been brought up, I have offered a substitute for the resolution of the Senator from Mississippi, which declares that it is the sentiment of the Senate that these appropriations should be reduced so far as may be done consistent with the existing obligations of our Government, because we do not intend to repudiate the existing obligations of the Government, and also we do not intend to impair the power of our Government to perform its duty in meeting the present crisis.

Mr. McKELLAR. Mr. President——

Mr. PITTMAN. Just a moment. I will say to the Senator from Tennessee that the duty of the Government is determined by Congress, and when Congress determines that a certain thing is the duty of the Federal Government, then I am not going to take away from it the power to carry out that duty. That is all there is to my proposition.

Mr. McKELLAR. Mr. President, will the Senator yield now?

Mr. PITTMAN. I yield.

Mr. McKELLAR. When the Congress passes a bill authorizing an appropriation of $500,000,000, does the Senator think it is the duty of the Appropriations Committee of the Senate to cut down that authorization? The Senator talks about the Committee on Appropriations cutting down appropriations, and I want to know whether he thinks that after Congress has acted and passed a bill directing that an appropriation be made, the Appropriations Committee of either the House or the Senate has any right to cut down the appropriation or disregard the appropriation.

Mr. PITTMAN. I do not.

Mr. McKELLAR. The trouble, then, is in the authorization?

Mr. PITTMAN. Exactly. I say that the Congress having taken the responsibility of authorizing, it is the duty of the committees, of course, not to impair the power of the Government to meet its existing obligations which we have forced on it.

It is totally impossible for me to tell how much the committee can cut down. I hope they will cut down a lot, more than $300,000,000; but nobody knows except the committee how much they can cut down.

Mr. WALSH of Montana. Mr. President, as has been said by a number of Senators, everybody is most desirous at this juncture of cutting appropriations to the very bone, but it seems to me that a resolution of this character could have no possible effect. It would be entirely meaningless.

The appropriation bills come before us. We do not consider one general appropriation bill dealing with all the activities of the Government. We have half a dozen or more general appropriation bills, and then there are special appropriation bills and deficiency appropriation bills aggregating, I suppose, a dozen or more, on which we are obliged to act.

One bill, for instance, is the Army appropriation bill. When that is under consideration we may leave the appropriation just exactly what is reported, and somebody may insist that the cut shall come somewhere else. Another bill will come before the Senate, and it will be contended that the cut must come somewhere else. Where are the committees to make the cuts or where is the Congress to make the cuts?

It seems to me that any resolution of this character passed by the Senate ought to point out the particular recommendation of the Budget which ought to be scaled down. I can

not see any purpose in a general declaration that we ought to cut down $300,000,000, and I wonder why $300,000,000 was selected, any more than $500,000,000 or $600,000,000.

The other day we passed a bill, as indicated, authorizing an appropriation of $500,000,000 for the Reconstruction Finance Corporation. Is this resolution to be regarded as an admonition to the Appropriations Committee not to appropriate the $500,000,000, or any considerable portion of it, or to scale that down? That authorization is no more sacred than other authorizations made by the Congress. Where shall the cut take place?

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. STEIWER. I am much interested in the Senator's question as to why the reduction is proposed in the resolution on the basis of $300,000,000, rather than $500,000,000.

In connection with that, I want to point out to those who have not reflected upon the subject that the first deficiency bill, about to come before the Senate, makes a reduction, in its present form, of approximately 10 per cent against the Budget estimates for this particular bill, the figures being, I think, that the Budget estimated $139,000,000, and that in round figures the bill before us carries $125,000,000 or $126,000,000.

The total Budget estimate of appropriations to be made by this Congress is in excess of $4,000,000,000, I believe $4,200,000,000.

Mr. McKELLAR. It is $4,602,000,000.

Mr. STEIWER. I was not sure of the figure. If the committees of Congress proceed in the future in the consideration of the vast appropriation bills as they have up to this time, the reduction will amount to between four and five hundred million dollars on the basis of a 10 per cent reduction, and if the present situation is any guide to the future, the figure in the resolution of the Senator from Mississippi is wholly inadequate. I think, therefore, that the question asked by the Senator from Montana is a very kindly one, and that we should not limit ourselves to a figure of $300,000,000. It ought to be a much greater sum if we are going to deal in figures at all.

I personally approve the suggestion of the Senator from Nevada, which does not attempt or presume to deal with figures, and which, therefore, does not invite the committees of Congress to become excessive and extravagant in their expenditures.

Mr. WALSH of Montana. I thank the Senator. I was about to advert to the bill which is awaiting action by the Senate, and which it is expected will be passed this afternoon. It makes an appropriation of $126,294,119.21. May I have the attention of the Senator from Mississippi for a moment?

Mr. HARRISON. I am listening to the Senator.

Mr. WALSH of Montana. What particular provision of this bill does the Senator think ought to be scaled down?

Mr. HARRISON. Just as soon as the Senator shall finish I am going into quite a discussion of the matter and answer his question, as well as the question of the Senator from Oregon. I am unfortunate in that the Senator from Montana was not in the Chamber when I tried to explain in detail some of the things which prompted me in drawing this resolution, but I will present the facts again.

Mr. WALSH of Montana. I submit that the way for us to proceed, when an appropriation bill comes before us, is to exercise every possible care to see that the appropriations are not any larger than the necessities absolutely require. So I shall await with considerable interest any discussion in which the Senator may indulge with respect to the appropriation bill about to come before the Senate.

Mr. HARRISON. Mr. President, I am delighted to know that I am to have at least one interested listener to what I may say.

I had not expected to say anything else about this matter, because it is so simple and so plain. I find myself in a very embarrassing position, because my service in the Senate has been so short that I dislike to go against the judgment of my friend the Senator from Montana [Mr. WALSH] or that of my friend the Senator from Nevada [Mr. PITTMAN]. But we differ about this matter. I differ from the Senator from Oregon [Mr. STEIWER] also.

I may be all wrong, but I am of the opinion that the American people are interested in economy. I may be all wrong in thinking that they do not approve of wild and reckless spending by the Federal Government in these times of depression. If I have correctly interpreted the editorials in the press of the country which I have read lately, if I have correctly interpreted the letters I have received from all over the country, everyone is interested in trying to curtail Government expenditures.

We have heard from political champions in season and out of season. I have said, others have said, all of us have said that we want to cut down Government expenditures and reduce taxation. We all make such promises to the people. When we express ourselves in such very fine phrases—and so much more beautiful language than I could employ—as are embodied in the amendment of the Senator from Nevada, it means so much and holds out such a wonderful hope to the people of the country who believe we are spending a little too much money, who want us to cut down a little bit the expenditures of the Government in the hope that we might be able to forego a further increase in taxes. I wonder how many of them would understand exactly the difference in the two proposals if they were to read them? Let us not fool ourselves. We can not fool anybody else.

The resolution that I have offered states that it is the sense of the Senate that the expenditures should be cut by the Senate Appropriations Committee $300,000,000 below those recommended by the Budget. That is understandable—$300,000,000. But the Senator from Nevada says, "Instead of saying $300,000,000, let us cut that out." I knew that those who would oppose the resolution would resort to one or the other of two means of killing it. Of course there would be faint praise about cutting down expenditures. There would be mouth expression as to our desire to cut down Government expenditures. But it is necessary to meet the situation either by voting against the resolution in its original form or by striking out all mention of the $300,000,000 and merely saying, "We want to decrease Government expenditures to the lowest possible point without affecting the efficiency of the Government."

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. HARRISON. I am going to get to the Senator in just a moment, but meanwhile I will yield.

Mr. STEIWER. I was wondering if the Senator would not increase his proposed decrease from $300,000,000 to $400,000,000.

Mr. HARRISON. Would the Senator vote for it if I made it $400,000,000?

Mr. STEIWER. I can assure the Senator that the committee in all likelihood will decrease proposed expenditures by $400,000,000 under the Budget estimates.

Mr. HARRISON. I understand the basis for the Senator's reasoning, as interpreted by the Senator from Tennessee [Mr. McKELLAR]. Since correcting the Senator's statement that the Budget estimate is $4,000,000,000 the Senator from Oregon figures that 10 per cent of that amount would be $400,000,000. That is the way he arrives at his figure.

I know that we can not cut down the interest requirements upon our national debt, which are $800,000,000 a year. I know the Senate is not going to cut down the requirements of the sinking fund, which amount to nearly $500,000,000 a year. I know the Senate is not going to cut down the amount authorized by law to take care of the soldiers' adjusted compensation. When we add up all those items we will have about $1,500,000,000 left on which we might make a reduction. That is why I say I do not think it possible to make a reduction of $400,000,000. I think we can make a reduction of $300,000,000. The chairman of the Appropriations Committee [Mr. JONES], the Senator from Montana [Mr. WALSH], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oregon [Mr. STEIWER] say that we must

all work for a reduction, but that the time to do it is when the appropriation bills are before the Senate; that then we can do it.

The object of the resolution may seem to be foolish; it may seem to be merely a gesture; but it is not the first time in the history of the Senate that we have expressed our sense about such things. There was a resolution adopted by the Senate not very long ago, offered by the Senator from Connecticut [Mr. BINGHAM], expressing the sense of the Senate that $9,000,000 should be appropriated for the District of Columbia. We have time after time expressed the sense of the Senate on matters of that kind.

I am trying to help the Committee on Appropriations. I am not trying to embarrass my friend from Georgia [Mr. HARRIS] and my friend from Washington [Mr. JONES], who are prominent members of the committee. I know the hard times they have in the Committee on Appropriations. Bills come over here from the House, and Senators, including myself, have gone before the committee and have made raids on the Treasury, pleading with the Appropriations Committee to accept our arguments and to increase appropriations.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Iowa?

Mr. HARRISON. I yield.

Mr. BROOKHART. I believe the Senator voted for the $500,000,000 authorized to be appropriated in the Reconstruction Finance Corporation bill. Is that included in his resolution in any way?

Mr. HARRISON. If the Senator would read the Budget, as unfortunately he seems not to have done, he would know that is not in the Budget.

Mr. BROOKHART. Does the resolution propose to cut $800,000,000 below the Budget estimate or only $300,000,000?

Mr. HARRISON. The resolution proposes to reduce it by $300,000,000 below the recommendations of the Budget, as the Senator would know if he had read the resolution.

Mr. BROOKHART. And then we will increase it $500,000,000 in other appropriations?

Mr. HARRISON. I do not understand the purport of the Senator's remark.

Mr. BROOKHART. The Senator understands that the amount of the appropriations is increased by the $500,000,000 which we have authorized to be appropriated for the Reconstruction Finance Corporation. The total sum of his recommendation will not be a decrease in the appropriations after all, but we will have them increased $200,000,000 over the Budget estimate.

Mr. HARRISON. The Senator ought to know that what I am driving at is to reduce by $300,000,000 the recommendations of the Budget on some items which I am going to restate.

Mr. BROOKHART. We have appropriated $125,000,000 for farm land banks, and that is over and above the Budget estimate, is it not?

Mr. HARRISON. That is not included in the recommendations of the Budget. That is the same as the Reconstruction Finance Corporation legislation.

Mr. BROOKHART. The Federal Government used to pay 50-50 on highway construction, but last year $1,000,000,000 was spent on hard roads and the Federal Government contributed only $125,000,000. I maintain it ought to pay half of that entire amount, which would increase the Budget estimate about $400,000,000. What does the Senator say about that?

Mr. HARRISON. I have always voted for the good roads bills. I believe in liberal appropriations for road building. The people in the Senator's State of Iowa and the people in my State of Mississippi are more interested in saving some taxes right now than they are in unreasonable expenditures of money, whether on public roads or what not.

Mr. BROOKHART. Mr. President, will the Senator yield further?

Mr. HARRISON. Not now. I know the Senator is not going to say what I am going to say.

I feel it very strongly, even though I would rather vote for appropriations for public-road construction than any other public works, the construction of public buildings in some instances, the construction of the Department of Commerce Building here, and the beautifying of the parks in the city of Washington and in other parts of the country.

I appreciate the value of good roads construction just now, because one of the highway commissioners of my State told me recently that they have saved between 20 and 25 per cent in the purchase of road materials now compared to what they paid last year for material for public-road construction. I believe that $100,000,000 to-day will go as far as $125,000,000 did two or three years ago when materials were higher and when labor prices were higher. I would be perfectly willing, where we have been appropriating $125,000,000 annually for public-road construction, to cut it to $100,000,000 now, knowing that we would get just as much public-road construction as we did in the past for $125,000,000.

I do not ask anybody to agree with me upon that. I do not care whether anyone agrees with me in the presentation of the resolution. Senators may vote it down if they want to do so. If they do not want to express the sense of the Senate in favor of a $300,000,000 reduction at this time in public expenditures, leaving it to the Senate Appropriations Committee to allocate where this should be done—and they ought to know better than the Senate as a body—then well and good. I am going to vote my conscientious convictions. I am championing the resolution because I believe in it. I believe when the American people realize that we are going to balance the Budget and that we are really going to cut to the bone some of these extravagant expenditures it will have a tendency to restore confidence and hasten economic normalcy in the country.

If Senators differ with me, well and good. If Senators believe that it is sufficient to merely make a statement that we are going to cut expenditures without affecting the obligations of the Government—and everybody concedes that they must be met—without affecting the power of the Government to deal with the present crisis, then, well and good; that is all right. But I say when that is done it will be holding out a poor word of encouragement to the American people to-day who are looking for some little ray of hope, some evidence of the dawn of a revival of confidence in the country. That ray of hope will never be seen if the Senate withholds its approval of a program for the reduction of expenditures and merely says, "Oh, no; we are not willing to say by resolution that we are going to reduce our expenditures $300,000,000, because we do not know just where it may be done."

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. I think the Senator has done a most excellent service to the country in bringing up this matter. Whatever the real meaning of the resolution may be, I think the discussion has shown that it is the duty of this body and of the body at the other end of the Capitol to cut down appropriations. The Senator from Mississippi deserves great credit for bringing the matter to the attention of the Congress.

I want to invite his attention to just what has been done. In addition to the $4,600,000,000 that has already been recommended by the Budget we have another appropriation bill of $203,000,000 and still another one which we are going to pass very promptly, I hope, of $126,000,000. In addition to that, whenever any item is presented like the $500,000,000 that has been authorized for the Reconstruction Finance Corporation, there comes a Budget estimate for it and the President recommends it. I am just wondering whether all of these are included in the Senator's resolution?

Mr. HARRISON. Absolutely not.

Mr. President, the Senator from Montana suggested to me that if the resolution carried with it a suggestion where to

cut, there would probably be more force to it. I do not know whether the Senator from Montana was here a moment ago when I cited some figures comparing the expenditures for certain departments in 1924, just a few years ago, with the expenditures estimated by the Budget for the ensuing fiscal year. The Secretary of the Treasury asks us now to return to the tax bill which was enacted in 1924 and use that as a basis for increasing taxes upon the people; and it is not unreasonable when we contemplate doing that that we should find out what the expenditures of the Government were at that particular time.

I cited at that time, may I say to the Senator from Montana, the fact that for the office of the Secretary of Agriculture alone there was expended in 1924 $382,520, while the estimate for that same office this year is $821,547.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. WALSH of Montana. I hope the Senator from Mississippi does not understand that I take the position that a cut should not be made?

Mr. HARRISON. I do not so understand at all. I am merely trying to answer the Senator.

Mr. WALSH of Montana. I realize the force of the figures the Senator is now calling to our attention, namely, that our appropriations for a number of the departments have almost doubled in the last five years, apparently unjustifiably.

Mr. HARRISON. Some of them have even quadrupled.

Mr. WALSH of Montana. And there ought to be retrenchment, but again there arises the question as to where retrenchment should begin.

Mr. HARRISON. Mr. President, I have the very highest respect for the distinguished Senator from Georgia [Mr. HARRIS], who is the ranking Democratic member of the Appropriations Committee, as well as for the Senator from Washington [Mr. JONES], who is chairman of that committee, and for the other distinguished Senators who are members of the Appropriations Committee. They have studied these questions; they have been studying them, bringing witnesses, the heads of the departments, to the committee room and asking them questions. They are in a better position than is the Senate itself to know where to cut, and I am merely trying to point out to them that I have not the slightest doubt when the heads of departments come before the Appropriations Committee, and the chairman of the committee says, "We are going to cut your appropriation 10 per cent, and inasmuch as we are going to do that, where would you apply the ax, where, with the least danger of loss of efficiency in your department, could you apply it," the committee can have their judgment about it; but let us send out a word of warning that we are going to cut the appropriations.

Now, let me go down the line.

Take the Department of Commerce, for instance. In 1924, for the Bureau of Foreign and Domestic Commerce, there was appropriated $1,900,000. The Budget estimate for the next year is $4,986,531, or three times as much.

For the Bureau of Lighthouses the appropriation in 1924 was $7,565,000; under the estimate for the next fiscal year $10,943,858 is proposed. That increase has taken place in six years.

For the support of Indian schools under the Department of the Interior the appropriation in 1924 was $4,300,000, while the estimate next year calls for an appropriation of $10,649,400. That is a tremendous increase in six years. I know those items can be cut, you know they can be cut, Mr. President, and we all know they ought to be cut in the interest of the taxpayers of this country and in order to balance our Budget.

Under the Department of Justice in 1924 for the item of salaries, fees, and expenses of marshals alone the appropriation was $2,300,000, while the estimate for next year is $4,430,000.

For salaries and expenses of attorneys in the Department of Justice in 1924 there was appropriated $2,440,000. The estimate for this year is $3,813,000.

For the salaries and expenses of clerks in the Department of Justice in 1924—just six years ago—the appropriation was $1,450,000, while the Budget estimate for the next fiscal year is $2,217,000.

For the Bureau of Immigration, in the Department of Labor, six years ago the appropriation was $3,002,775. What is the amount called for by the Budget this year? The amount is $10,707,030, or more than three times as much.

For the Employment Service in 1924 the appropriation was $220,000. The estimate for next year is $820,000. There may be some justification for that, of course.

Under the Navy Department there is an interesting item for yards and docks. I see my friend from Maine [Mr. HALE] here. Senators ask where can we cut? Shall it be said that we, the representatives of the people, do not know where to cut in order to save $300,000,000 at this particular time? For yards and docks in 1924 there was appropriated $5,075,000. What is the estimate for the fiscal year 1933? It is $12,860,000. Yet some would vote for an amendment that would extract the teeth from the resolution, and, although they see such items as that, they are afraid to say to the Appropriations Committee that it must cut the Budget by $300,000,000.

For engineering, under the Navy Department, in 1924 the appropriation was $11,190,000, while the estimate of the Budget Bureau for 1933 is $18,373,000.

Mr. HALE. Mr. President, is the Senator taking for his latter figures those of last year's bill?

Mr. HARRISON. No; I am taking the figures of the Bureau of the Budget. I am showing these great increases; and yet we hear it said, "We do not know where to cut." The trouble is that some do not want to cut. The departments do not want to cut. They come here and they get in a mad race in order to build up particular bureaus, and even when they are consolidated nothing is saved, because an effort is made to keep on the roll every employee who was there before the consolidation.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield.

Mr. BROOKHART. Will not the Senator have an opportunity to do the cutting as each of the appropriation bills comes here, and can we not cut them more than $300,000,000?

Mr. HARRISON. If we can, we should do so, and we can do it if we will get behind and stand behind the Appropriations Committee.

Mr. BROOKHART. Then what is the use of adopting a general resolution that is nothing but a gesture and can not accomplish anything?

Mr. HARRISON. Then the Senator can vote against it.

Mr. BROOKHART. I am going to vote against it.

Mr. HARRISON. The Senator will vote against it, and yet I have noticed that in Iowa people in mass meetings are calling upon the counties to cut down some of their expenditures and calling on them for tax reductions.

Mr. BROOKHART. Would it reduce any county expenditures in Iowa if we were to cut $300,000,000 off Federal appropriations?

Mr. HARRISON. No; but it will give a little word of encouragement to State officials and county officials and city officials.

Mr. BROOKHART. I have suggested to the people of Iowa that they should come down here and demand an increase of the Federal road appropriations up to five or six hundred million dollars, and that if the Government should pay its half that would reduce their taxes out in Iowa. We put $33,000,000 into roads and got $3,000,000 of it from the Federal Government.

Mr. HARRISON. The Senator has roads on his mind. I say to him it is all right if he can go back to his people and tell them, "I did not think it was wise for the Senate to express its sense that appropriations should be cut down $300,000,000; it was not my business; it was not the business of the Senate; so I just voted against the resolution. I did not believe it would mean any encouragement to you to hold down Government appropriations. I did not think

it would hold out any real hope to the people of the country who are now very much distressed." If that is the Senator's position, of course, I have no quarrel with him.

Mr. HARRIS. Mr. President——

Mr. HARRISON. I yield to the Senator from Georgia.

Mr. HARRIS. In regard to the States and counties, the Federal Government has already set a good example. The State, county, and municipal governments have increased taxes imposed by them during the past few years 300 per cent more than the Federal Government has.

Mr. HARRISON. That does not justify the enormous expenditures the Federal Government has made and the tremendous increases in its appropriations. Of course there are cities——

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I hope the Senator will give me an opportunity to say a word further. If he will allow me to do so, I will get through much quicker. I know that counties have increased their expenditures too much, and the cities have done likewise. Last fall, I am glad to say, in my own State there was not a single county out of the 80 which, through its board of supervisors, did not cut expenses for this year anywhere from five thousand to three hundred thousand dollars. They are doing it all over the country; the people are aroused about it; and yet some Senators stand here and say, "Oh, no, we should not adopt a resolution as the one now pending; it does not suit me"; and they will vote for an amendment that I know will take the teeth out of the resolution.

Mr. BROOKHART. I want to call the Senator's attention to the fact that in Iowa there is hardly anybody paying income tax to the Federal Government, and that has been true since 1920. In the whole United States there are only two and a half million people who pay any income tax to the Federal Government; and they are the big profiteers off Mississippi and Iowa and the entire country. They are the ones that ought to pay taxes; and Iowa and Mississippi will be able to reduce their taxes if we increase the Federal road appropriations. I am in sympathy with reducing the Army and Navy expenditures. I think they are unreasonable.

Mr. HARRISON. But the Senator is not in sympathy with the resolution I have offered.

Mr. BROOKHART. I am not in sympathy with such a general resolution.

Mr. HARRISON. Of course not.

Mr. BROOKHART. It does not mean anything.

Mr. HARRISON. No; it does not mean anything—not a thing.

I will tell him about the people in Iowa. The Senator says they pay no income tax. Some of them do, I presume.

Mr. BROOKHART. A few.

Mr. HARRISON. Iowa has a wonderful people and Iowa is a great State, but I will say to the Senator that if we could cut Federal appropriations $300,000,000 it would save us from imposing $300,000,000 of Federal taxes when we bring in the revenue bill, and it might save Congress from putting a tax on automobiles, a tax on admissions, and many other miscellaneous, nuisance, and mean taxes.

Mr. BROOKHART. But the Senator just recommended reducing the road appropriation by $25,000,000, and that would increase Iowa's road tax by over a million dollars.

Mr. HARRISON. The Senator from Mississippi did not recommend anything of the kind, but the Senator from Mississippi was courageous enough to say that three years ago it would take $125,000,000 to build roads that now can be built for $100,000,000, and that he was willing to save the taxpayers of this country that $25,000,000.

Mr. BROOKHART. I know something about that. I had something to do with the investigation of the Cement Trust by the Federal Trade Commission. They have told me that the price of cement has been reduced some $200,000,000 in the whole United States. I am glad to make that report to the Senator on that proposition.

Mr. HARRISON. The Senator and I labored pretty hard to keep this tax from being put on cement. I congratulate the Senator for his efforts in that matter.

Mr. BLAINE. Mr. President, will the Senator yield?

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

Mr. BLAINE. I am entirely in sympathy with the Senator's desire to cut out all unnecessary appropriations; but, as I understand the situation, the Senator is quoting estimates made by the Bureau of the Budget.

Mr. HARRISON. No; I am now comparing the appropriations for 1924, just a little while ago, with the estimates here, which show that this year's estimates are anywhere from two to four times as large as the appropriations of eight years ago.

Mr. BLAINE. The estimates proposed by the Bureau of the Budget?

Mr. HARRISON. By the Bureau of the Budget.

Mr. BLAINE. And those estimates were transmitted to the Congress by the President?

Mr. HARRISON. Yes, sir.

Mr. BLAINE. And those estimates were made by an executive budget organization?

Mr. HARRISON. Yes.

Mr. BLAINE. That is, the responsibility for those estimates arises with the executive department, as I understand the theory of budget making?

Mr. HARRISON. Yes.

Mr. BLAINE. Does the Senator know—I am quite sure he knows—that as a matter of fact when the Bureau of the Budget makes up those estimates, I assume in a large number of cases those estimates are made upon the word of the department which wants to enlarge its activities or appropriations?

Mr. HARRISON. I have not the slightest doubt about that. In fact, the estimates are made on their recommendations.

Mr. BLAINE. May I call the Senator's attention to one specific case, involving twenty or twenty-five million dollars, before we get through with it?

Take the Chicago post office, for instance: The Post Office Department—or, of course, the Treasury Department, technically, with the urge of the Post Office Department—went to the Bureau of the Budget in the morning, sometime about 10 o'clock, one day and presented estimates, insisting that the Bureau of the Budget prepare its letter to the President by noon; and that letter was in fact prepared and the recommendations made by the Bureau of the Budget, without any other information than that presented to it by the department, in the course of a couple of hours; and that one item alone eventually involved an expenditure of over $25,000,000.

Mr. HARRISON. Yes, sir. I am not surprised.

Going farther, Mr. President, when Senators ask me, "Where can you cut?" let me say that in 1924 the total salaries and expenses of the Post Office Department were $3,148,000 plus. The estimates here are $4,417,000.

The compensation of clerks and employees at first and second class post offices in 1924 was $117,000,000 plus. This estimate is for $183,000,000 plus; and yet Senators ask us, "Where can we cut?"

The Rural Delivery Service cost us, in 1924, $86,000,000 plus. The estimate for it here is $106,000,000.

For the city delivery carriers in 1924 the appropriation was $81,000,000, but in this estimate it is $128,000,000.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. HARRISON. Yes.

Mr. WATSON. Of course, in general terms, the Senator is advocating something that the great body of the American people unquestionably believe in.

Mr. HARRISON. I was not advocating anything then except the passage of my resolution. I was giving to the Senate a comparison of the expenditures of eight years ago with the estimates of the Government now.

Mr. WATSON. I was wondering why the Senator is comparing the estimates now with the expenses in 1924.

Mr. HARRISON. I will say to the Senator that I took that year for the reason that the Treasury Department has gone back to the year 1924 to ask us to impose additional taxes upon the people.

Mr. WATSON. Of course in that respect the comparison is all right; but since 1924 we in Congress here—the Senator and I; both of us have been here all the time—have added bureaus and commissions and all that sort of thing by our votes. We have added to this expense. We have appropriated all of this money.

Mr. HARRISON. I am not complaining of the Congress. I said I was a part of it. I voted for the appropriations, too.

Mr. WATSON. That is right. We are a part of it.

Mr. HARRISON. But I was saying to the Senate, if the Senator will permit me, that now we are in a terrible collapse.

Mr. WATSON. That is quite true.

Mr. HARRISON. We are groping in the dark. There is despair in the country. There are heavy hearts among our people. Why not at this time, if we can, cut down some of these expenditures, or forego some of these activities that cost the American people so much money? I think the Senator is with me in that idea.

Mr. WATSON. Absolutely, so far as the idea is concerned; but this is the way it strikes me, I will say to the Senator: It is a good deal like a man saying, "I want to remodel my house." "How are you going to do it?" "I am going to cut off 10 feet. It does not make a bit of difference whether it goes through a window, or a door, or a bedroom, or the dining room, or how; I am just going to cut off 10 feet."

The Senator says we should reduce our expenditures $300,000,000? Where? Where?

Mr. HARRISON. Of course, my argument is futile, when I show here that department after department has increased its expenditures from double to quadruple within eight years, if the Senator does not think there is any room for decrease there.

Mr. WATSON. That is quite true; but the Senator is comparing 1924 with the present time. In some of these places the Senator might strike out the whole $300,000,000 as between 1924 and now.

Mr. HARRISON. I am leaving that to the good judgment and the fine training of the men who are on the Appropriations Committee.

Mr. WATSON. Is the Senator willing to allocate or distribute the $300,000,000 reduction over the different departments?

Mr. HARRISON. I am leaving that entirely to the Appropriations Committee.

Mr. WATSON. Then, as between 1924 and now, what is the difference in the total appropriations? Let me ask my friend that question.

Mr. HARRISON. I think I have it right here.

Mr. WATSON. How much difference was there between the Budget estimates now and in 1924?

Mr. HARRISON. The difference is $365,000,000, according to my recollection.

Mr. WATSON. Does the Senator mean that there is only $365,000,000 difference between our total appropriations in 1924 and the current Budget estimates?

Mr. HARRISON. That is for the Government expenditures. That is not for the interest on loans, the appropriations for veterans, and all that.

Mr. WATSON. Then the Senator wants to cut off practically all the increases we have made between 1924 and now in the Budget estimates?

Mr. HARRISON. Yes. I wish we could, and I hope we can.

Mr. HALE and Mr. BLAINE addressed the Chair.

Mr. HARRISON. I have almost finished these figures. Does the Senator from Maine want to ask me a question?

Mr. HALE. Yes; Mr. President, I desire to ask the Senator one question.

A few minutes ago the Senator referred to the expenditures of certain bureaus of the Navy.

Mr. HARRISON. Yes.

Mr. HALE. I should like to know where the Senator gets his figures.

Mr. HARRISON. The figures that I have for the Bureau of Yards and Docks in the Navy Department for 1924 are $5,075,000.

Mr. HALE. I will say that so far as the Bureau of Yards and Docks is concerned, until last year very little construction has gone on in that department for a period of 10 years. Last year we authorized some emergency construction to take care of the labor situation. A lot of that construction was started last year and it is now being carried on, and that accounts largely for the increase over eight years ago.

In the other bureau——

Mr. HARRISON. The Senator did not wait until I told him the figure was $5,000,000 at that time, and in this Budget it is $12,860,000.

Mr. HALE. Yes; that is quite right.

In regard to the Bureau of Engineering, I find on looking up the figures in the appropriation bill for the fiscal year 1925, which was enacted in the year 1924, eight years ago, that the appropriation in that year was $17,550,000.

Mr. HARRISON. What was it for the previous fiscal year, 1924?

Mr. HALE. It was $14,440,000, which was much below the average yearly figure. These figures include a transfer of more than $3,000,000 from the naval supply account, which would account for the discrepancy.

Mr. HARRISON. These figures are quite authentic, may I say to the Senator.

Mr. HALE. But they do not indicate the actual expenditures. I have the laws before me.

Mr. HARRISON. I think if the Senator will look over the figures he will find out I am correct. If there is any mistake in them, however, I shall be glad to correct it.

Mr. HALE. I can assure the Senator that some of the figures he has quoted give a wrong impression as to the annual expenditures.

Mr. HARRISON. I do not want to misquote the figures. I am just trying to give the figures to the Senate for what they are worth. The Senate need not pay the slightest attention to what I am saying if they do not want to pass the resolution. If they do not want to take into account the fact that these various departments of the Government have enormously increased their expenditures within a few years, well and good. That is all right. I suppose it is because of these increases; and the Senator from Maine is not different from others. He is opposed to this resolution; he is going to vote against it because, in all probability, he does not believe that even the estimate of the Budget for the Navy appropriations is enough. I imagine he would really like to increase the appropriations for the Navy. One of that bent of mind ought to vote against this resolution. I do not expect to get any sympathy for it from the Senator from Maine.

May I ask the Senator whether he is satisfied with the Budget estimate for the Navy appropriations?

Mr. HALE. Mr. President, due to the fact that we have not the authorization for a building program for the Navy there is practically nothing in the Budget for any new construction for the coming year. No navy can run along in that way. In a very few years it would go out of existence. I certainly do not want to see that condition prevail.

Mr. HARRISON. So the Senator does not think the Budget has really recommended enough for the Navy?

Mr. HALE. Why, certainly not, so far as new construction is concerned, because it has recommended practically nothing.

Mr. HARRISON. Consequently, I do not expect any sympathy from the Senator for my resolution.

Mr. HALE. And even the Senator, with his views about peace and how to get it, can not stand for that.

Mr. HARRISON. I have no fault to find with the Senator. I know his feeling about it; and I hope he will not split with the administration on the question of the Navy recommendations.

Now, let us take the State Department. You would not think the State Department had increased its appropriations much since 1924. We had many complicated diplomatic matters then, and yet the appropriation for the State Department at that time was $4,000,000 plus. Now it is $6,811,000.

Take the Treasury Department, the expense of collecting the customs revenues: In 1924, it will be said, we had large imports. We were doing a large exporting and importing business in 1924. It took a lot of employees; it took a lot of work; and yet the expenditures for that work in 1924 were $11,000,000 plus. Carried in the estimates for the coming year is an item for $23,000,000 for that purpose.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield to the Senator.

Mr. BROOKHART. Has the Senator a statement of the refunds, and the expense that is necessary to pay them?

Mr. HARRISON. No; but it is quite large.

Mr. BROOKHART. They have had a pretty big expense, as the Senator knows, for getting out all those refunds.

Mr. HARRISON. The operation and maintenance of public buildings in 1924 cost us $9,000,000 plus. The estimate here for that item is $16,797,000.

Take the War Department. In 1924 the pay of officers on the retired list was $7,000,000. The estimate here is $9,447,000

The pay of retired enlisted men in 1924 was $7,000,000 plus. Here it is $12,252,000.

In 1924 the appropriation for barracks and quarters was $3,116,000. The estimate here is for $14,736,000; and yet Senators ask, "Where would you cut?"

In 1924 the appropriation for maintenance and improvement of existing river and harbor works was $27,000,000. It is estimated here at $60,000,000. There is no Senator here who is more interested in river and harbor legislation than I am, and yet I am willing for some cut to be made, even though it would seriously affect my own town.

Mr. BROOKHART. Mr. President——

Mr. HARRISON. I yield to the Senator.

Mr. BROOKHART. Upon that proposition——

Mr. HARRISON. Is the Senator trying to embarrass me or is he really trying to help me out? I like so well to talk to the Senator and smile at him; it is all right either way; but I am just wondering whether the Senator is trying to help me or trying to hurt me.

Mr. BROOKHART. I am just trying to set the Senator right.

Mr. HARRISON. All right. What is the Senator trying to set me right about?

Mr. BROOKHART. This river and harbor business.

Mr. HARRISON. I did not say much about it.

Mr. BROOKHART. I find that we spent $252,000,000 on rivers and harbors including the lower and upper Mississippi and Ohio, while the Missouri in 1923 needed $90,000,000 to complete it and had nothing completed.

Mr. HARRISON. The item I was talking about was improvement of rivers and harbors.

Mr. BROOKHART. It was a waste of money that we held the appropriations down. They ought to have been increased, and that ought to have been completed.

Mr. HARRISON. Yes.

Mr. BROOKHART. At the present time only the Ohio project is completed. It would be absolutely a money saving to appropriate enough money to proceed with the greatest possible speed to complete all those projects and get some use of them. At present there is no adequate return on them at all.

Mr. HARRISON. Mr. President, let us see about the number of employees in some of the departments. One Senator has expressed himself to the effect that he is not in favor of cutting any salaries, but that he is in favor of putting out some of the useless employees.

Let us take a bird's-eye view of the situation. The number of civil-service employees in 1913 amounted to 420,000; in 1916 to 438,000; in 1921 to 597,000; in 1926 to 560,000; in 1931 to 616,000.

That is the way they have increased, and that vast army of employees calls for large expenditures. That is the way the bureaus go out, with their various limbs, growing all the time.

Mr. WATSON. Mr. President, I know there has been a great increase, but I am wondering whether or not the Senator refers to new employees.

Mr. HARRISON. These are figures as to employees in the civil service.

Mr. WATSON. New employees, or a great many covered under the civil service who theretofore had not been in the civil service?

Mr. HARRISON. These figures refer to the classified service all the way back. Of course, that does not take into consideration the enormous numbers who are given employment through the expenditures we are making to carry on public construction work.

Let us take the Department of Commerce. In the Department of Commerce in 1913 the employees amounted to 8,000 plus, in 1922 to 11,000 plus, in 1931 to 23,000 plus. That has grown.

I will not go through the list. That is all I want to say about the departments.

Let us take the White House—and I do not want to reflect upon the President. I am just showing how we have increased the expenditures for the White House. I will not go back to Mr. Wilson's time, because some one would say that I was trying to throw out a crumb of politics. I want to keep this on a different basis, because there is no politics in it. When Mr. Harding was President, in 1922, $206,000 were appropriated. In 1923 the appropriation amounted to $349,000; in 1924, under Mr. Coolidge, to $450,000; in 1925, under Mr. Coolidge, to $411,000; in 1926, under Mr. Coolidge, to $483,000; in 1932, under Mr. Hoover, to $532,000.

We have just naturally been increasing the appropriations for these bureaus and departments. We have been increasing expenditures all the time, and I submit, may I say to the Senator from Washington, that at this particular time, when there is a deficit of $903,000,000, when we are faced with one for this year of over $2,000,000,000, and it is said that in 1933 there will be a deficit of $1,700,000,000, is it not wise for us, if we can, to forego some of the expenditures which we might save, that at least we might give encouragement and hope to the American people?

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

Mr. HARRISON. Certainly.

Mr. JONES. The Senator has seemed to be talking to me a good deal of the time; yet I promised him quite a time ago that I was ready to vote for his resolution.

Mr. HARRISON. I know the Senator did.

Mr. JONES. I am surprised that the Senator has seemed to be talking to me all through his remarks.

Mr. HARRISON. Yet, when the Senator was talking, when he was tapping me lightly on one side and on the other side with his fist, I did not know whether he was with me or against me. I am trying to help the Senator out. I am trying to help create a sentiment toward retrenchment, so that when the Senator comes in with appropriation bills cutting down the appropriations which may come over from the House, the Senate will agree with him. I know the Senator is absolutely in accord with what I am trying to do.

Mr. JONES. Mr. President, I have a bill in my charge which I am very anxious to have taken up, which really does just what the Senator from Mississippi is urging.

Mr. HARRISON. I expect to show, when the Senator gets his bill up, that the committee has recommended an appropriation in the deficiency bill of $100,000 for the flying corps which was not even recommended. The committee went pretty far in that. There must have been some kind of influence which waved its wand over them to make them recommend that appropriation. If that course is pursued, we are not going to cut down expenditures.

Mr. JONES. There was not a sufficient number of votes in the committee to cut that item out, and I will be interested in seeing what the Senate does in reference to that particular item.

Mr. HARRISON. I am going to vote to keep down increases.

Mr. JONES. I hope the Senator will give us a chance to get the bill up now.

Mr. HARRISON. If the Senate wants to vote——

Mr. JONES. I think we are ready to vote.

Mr. HARRISON. The issue is here. If Senators want to pull the teeth out of the resolution, let them vote for the amendment and kill it that way. I will be satisfied; but I hope the Senate will vote down the amendment and pass the resolution.

Mr. HARRIS. Mr. President, I desire to state that in the 13 years I have been a member of the Committee on Appropriations of the Senate I have never known the members of that committee so determined to keep appropriations to the very lowest possible amount as they are at this time. There is not a single exception; every member on the committee has expressed the same view.

I intend to vote for the substitute offered by the Senator from Nevada [Mr. PITTMAN], because it means as much or more than the resolution of Senator HARRISON, which specifies the amount. If I had my way, I would like to reduce the expenditures $500,000,000, or more, if possible; but I know the members of the Committee on Appropriations will do their duty. We shall reduce everything to the limit just like we have done in the one we are bringing before the Senate to-day which reduces the figures submitted by the Budget more than 10 per cent. If this is done in all appropriation bills, as I believe it will be, it will reduce the amount over $500,000,000. The Senate will approve most of the cuts made by the committee, I feel sure. Anyway, the Senate can vote down the recommendations of the committee if it wishes to, and I know all Senators are impressed with the necessity to reduce all expenses.

Mr. HARRISON. Mr. President, the Senator does not think I have reflected upon the members of the committee in offering this resolution, does he?

Mr. HARRIS. I do not think there is any necessity for the Senate directing the Committee on Appropriations to reduce any specific amount, when the Committee on Appropriations is already doing everything within its power to accomplish that purpose. The deficiency bill the chairman of the Appropriations Committee reported to the Senate to-day will convince anyone that the committee is reducing appropriations to the limit.

Mr. HARRISON. Then why is it necessary for the Senate to express its sense in the form of the substitute offered by the Senator from Nevada? Why should they say anything? If the Senator feels that what I am offering is a reflection, why should he not feel an equal reflection over what the Senator from Nevada is trying to do?

Mr. HARRIS. The Senator from Georgia has no objection to the Senator from Mississippi trying to accomplish anything he desires. I am glad to see the Senator from Mississippi trying to help the Committee on Appropriations.

Mr. HARRISON. That is exactly what I am trying to do.

Mr. HARRIS. If the Senate shall agree to the substitute of the Senator from Nevada, I believe it will mean just as much or more than the resolution. As I said, I would like to make it $500,000,000, and I would vote for the resolution if it carried that figure. If the substitute is voted down and the Senator will make his resolution even as much as $500,000,000, I would just as soon vote for that amount as for $300,000,000. It would mean just as much. Of course, if a large sum is appropriated to help the unemployed by building roads, and so forth, it will be impossible to reduce appropriations as much as we would like.

I ask that there be printed at this point in the RECORD a statement I made regarding appropriations on March 4, 1931, which shows that a year ago I urged a reduction in all expenses of the Government and conditions now prove my statement was timely.

The PRESIDENT pro tempore. Is there objection?

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

The huge and unheard-of expenditures and commitments by the last Congress were greater than ever made by our own or any other country on earth in peace times. These obligations must be met and with cold cash. Our opportunities for meeting this huge obligation are nothing like as good as in previous years. We are face to face with the question of how we can reduce our national expenditures so as to keep step with diminishing receipts. Unless we do it, it will prevent any tax reduction during the next few years and in all probability will leave us with a deficit and an issue of bonds or an increase in bonds or an increase in taxes.

Does anyone question that such extravagant appropriations cause high tax burdens and business depression? Bond issues are unpopular. I warn all that appropriations will have to be reduced. It is our duty to protect the interest of the taxpayers. Extravagance and waste will have to be eliminated. To accomplish this is an extremely difficult task, which will command the very best efforts of all concerned. It is easy to increase appropriations but extremely difficult to reduce them.

The large increase in expenditures of the State, county, and city governments is no excuse for extravagance of the Federal Government but is all the more reason why Congress should do everything possible to prevent waste as an example to them.

The PRESIDENT pro tempore. The question is on agreeing to the amendment, in the nature of a substitute, proposed by the Senator from Nevada [Mr. PITTMAN] to the resolution offered by the Senator from Mississippi [Mr. HARRISON].

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

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

Ashurst	Couzens	Hull	Pittman
Austin	Dale	Jones	Reed
Bailey	Davis	Kendrick	Robinson, Ind.
Barkley	Dickinson	Keyes	Schall
Bingham	Dill	King	Sheppard
Black	Fess	La Follette	Smith
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	McGill	Thomas, Idaho
Brookhart	George	McKellar	Trammell
Bulkley	Goldsborough	McNary	Vandenberg
Bulow	Hale	Metcalf	Walcott
Byrnes	Harris	Moses	Walsh, Mass.
Capper	Harrison	Norbeck	Walsh, Mont.
Connally	Hastings	Norris	Watson
Coolidge	Hatfield	Nye	Wheeler
Copeland	Hebert	Oddie	White

The PRESIDENT pro tempore. Sixty-four Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment proposed by the Senator from Nevada.

Mr. PITTMAN. Let the amendment be stated.

The PRESIDENT pro tempore. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Nevada proposes to amend Senate Resolution 120, offered by the Senator from Mississippi [Mr. HARRISON], by striking out the words "as will bring the total reported to the Senate at least $300,000,000 below the total recommended in the Budget for such fiscal year," and to insert the following words: "as may be done consistent with the existing obligations of the Government and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis," so as to make the resolution read:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate, in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as may be done consistent with the existing obligations of the Government, and without impairing the necessary power of the Government to perform its duty in meeting the present financial crisis.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). I have a pair to-day with the junior Senator from New Jersey [Mr. BARBOUR]. Understanding that he would vote as I shall vote, I am at liberty to vote. I vote "yea."

Mr. HASTINGS (when his name was called). I have a pair with the junior Senator from Alabama [Mr. BANKHEAD]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I have promised to take care of him with a pair to-day. I therefore withhold my vote. If I were at liberty to vote, I would vote "nay."

Mr. McKELLAR (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], but I understand that if present he would vote as I intend to vote. I therefore vote. I vote "yea."

The PRESIDENT pro tempore (when Mr. MOSES's name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. I therefore withhold my vote. If at liberty to vote, I would vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I do not know how he would vote, and I can not obtain a transfer of my pair. Therefore I must withhold my vote. If permitted to vote, I would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. METCALF (after having voted in the affirmative). Has the senior Senator from Maryland [Mr. TYDINGS] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. METCALF. As I have a general pair with that Senator and do not know how he would vote, I withdraw my vote.

Mr. HATFIELD. Has the senior Senator from North Carolina [Mr. MORRISON] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote.

Mr. REED. I find that I am able to transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the senior Senator from California [Mr. JOHNSON], which I do, and vote "yea."

Mr. KING (after having voted in the negative). I have a pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer that pair to the junior Senator from Oklahoma [Mr. GORE] and vote "nay."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. McNARY. I desire to announce that the senior Senator from Minnesota [Mr. SHIPSTEAD] is necessarily absent on account of illness.

The PRESIDENT pro tempore (Mr. MOSES). Discovering that I can transfer my pair with the senior Senator from Louisiana [Mr. BROUSSARD] to the junior Senator from California [Mr. SHORTRIDGE], I make that transfer and vote "yea."

Mr. HASTINGS. I find that I can transfer my pair with the junior Senator from Alabama [Mr. BANKHEAD] to my colleague the junior Senator from Delaware [Mr. TOWNSEND], which I do, and vote "yea."

Mr. BARKLEY. I have a general pair with the senior Senator from Colorado [Mr. WATERMAN]. Not knowing how he would vote, I transfer that pair to the junior Senator from Arizona [Mr. HAYDEN] and vote "yea."

Mr. BULKLEY. I have a general pair with the junior Senator from Wyoming [Mr. CARY], but on this question, as he would vote as I would, I am at liberty to vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. KEAN] with the Senator from West Virginia [Mr. NEELY];

The senior Senator from Illinois [Mr. GLENN] with the junior Senator from Illinois [Mr. LEWIS];

The Senator from Wyoming [Mr. CAREY] with the Senator from Ohio [Mr. BULKLEY]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

Mr. McNARY. I desire to announce the necessary absence of the senior Senator from Utah [Mr. SMOOT] on official business.

Mr. SHEPPARD. I desire to announce that the following-named Senators are detained on official business: The Senator from New Mexico [Mr. BRATTON], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Oklahoma [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. MORRISON], the Senator from Maryland [Mr. TYDINGS], the Senator from Virginia [Mr. GLASS], and the Senator from Missouri [Mr. HAWES].

The result was announced—yeas 50, nays 9, as follows:

YEAS—50

Ashurst	Dale	Keyes	Sheppard
Austin	Davis	La Follette	Smith
Barkley	Dickinson	McGill	Steiwer
Black	Dill	McKellar	Thomas, Idaho
Blaine	Fess	McNary	Trammell
Brookhart	Fletcher	Moses	Vandenberg
Bulkley	Frazier	Norbeck	Walcott
Bulow	Goldsborough	Norris	Walsh, Mont.
Byrnes	Hale	Nye	Watson
Capper	Harris	Oddie	Wheeler
Coolidge	Hastings	Pittman	White
Copeland	Hebert	Reed	
Couzens	Kendrick	Schall	

NAYS—9

Bailey	George	Hull	Logan
Borah	Harrison	King	Walsh, Mass.
Connally			

NOT VOTING—36

Bankhead	Glass	Kean	Shortridge
Barbour	Glenn	Lewis	Smoot
Bingham	Gore	Metcalf	Stephens
Bratton	Hatfield	Morrison	Swanson
Broussard	Hawes	Neely	Thomas, Okla.
Caraway	Hayden	Patterson	Townsend
Carey	Howell	Robinson, Ark.	Tydings
Costigan	Johnson	Robinson, Ind.	Wagner
Cutting	Jones	Shipstead	Waterman

So Mr. PITTMAN's amendment to the resolution was agreed to.

The PRESIDENT pro tempore. The question now is upon agreeing to the resolution as amended.

The resolution as amended was agreed to.

OUR VANISHING ECONOMIC FREEDOM—ARTICLES BY MERLE THORPE

Mr. BINGHAM. Mr. President, some days ago the Senator from Mississippi [Mr. HARRISON] made a very interesting speech in connection with governmental economy, and, in connection with that speech, I should like to have unanimous consent to print in the RECORD three articles by Merle Thorpe which substantiate much the Senator from Mississippi said, and develop a very interesting theme in connection with the necessity for further governmental economy.

There being no objection, the articles were ordered printed in the RECORD, as follows:

[Printed in the Saturday Evening Post]

(Part I)

OUR VANISHING ECONOMIC FREEDOM—GOVERNMENT INFLATED

By Merle Thorpe

Business, the aggregate of activities having to do with earning a living, is becoming uncomfortably aware that in the United States, broad as the country is, elbowroom is perceptibly shrinking. Individual enterprise is finding it more difficult to move without jostling the taxgatherer, the commissioner, supervisor, inspector, examiner, and other public agents, tripping over rules and regulations of bureaucratic origin and becoming entangled in the meshes of official red tape. Much of the domain originally allotted to it, the "opportunity" of which the first Americans made much as a national heritage, has been preempted for another enterprise—government.

From the modest beginning of the colonial New England town meeting has grown a gigantic administrative mechanism for the conduct of public affairs as cumbrous as it is colossal. It is built on a gangling framework of 1,900,000 laws now on the statute books. More than 250,000 taxing units collect and spend the funds which are the lifeblood of its existence.

For the "services" it renders—not to say thrusts upon—the people, Government is spending in excess of $14,000,000,000 a year—one-fifth of the national income. Thirty years ago the proportion was one-tenth. It has recruited an army variously estimated at between 3,000,000 and 5,000,000 employees and retainers, who, in turn, at four to the family, represent from 12,000,000 to 20,000,000 dependent upon the pay roll of Government. In one State one person in ten derives a livelihood from it, and one inquiring

statistician has calculated that at the present rate of its growth half the population of the United States will be enlisted in the ranks of Government by 1963. The prospect is not so remote that it may be taken lightly.

A former Cabinet member not long since said, half seriously: "I am raising my boy to be a Government employee. Not a clerk—that would limit his future. I want him to choose the work he does best. Should he show an aptitude for pedagogy or printing, operating barge lines or making bindery glue, running hotels or hospitals, farming, manufacturing, or plumbing—in short, for any field of human endeavor—he will find the Government engaged in this work.

"For instance, should he go into the Post Office Department, he will not be limited to sorting and delivering mail. He may learn the express business, the insurance business, the savings-bank business; or he may learn to make locks or maps.

"Should he choose the Navy, he need not wear a uniform and study navigation. The Navy has 48,000 civilian employees, working in many fields, from clothing manufacture to broadcasting.

"Should he choose journalism, he will find that nearly every department and bureau has its publicity division operating along the same lines as the commercial news services. The total output of these bureaus sometimes reaches 300,000 words a day."

Private enterprise—business—taking advantage of the opportunity America offered, has within a century and a half built up the greatest economic commonwealth the world has ever seen. But public enterprise—the larger rôle in which Government now appears—has outrun this development. Upon the broad base of unnumbered township, village, town, and district units it has reared the sprawling structure of more than 3,000 county governments. Surmounting this are the 48 State governments, many of them bulbous with protruding boards and commissions exercising legislative as well as administrative functions, the whole edifice capped by the Federal Government, with more departments, bureaus, and commissions.

Many of these are undoubtedly necessary. All of them were probably conceived as forwarding, in one way or another, public interest, although it must be admitted that many were created in response to the demands of small but persistent minorities to benefit only a segment of the public. It may also be conceded that the level of honesty of the army of officials and employees who administer them is as high as that of the people as a whole.

Over the quality of government there is continuous dispute. Over the quantity, with which I am here dealing, there is room for little difference of opinion.

So rapidly is it growing, so stupendous has become the burden it lays upon productive enterprise, so widely has it extended its ramifications into every field of activity, that it has paved the way for the imminent approach of the question whether private enterprise is to survive or give ground entirely to the flowing tide of public administration. The rising governmental deficits, insolvent municipalities, and growing number of tax delinquents might augur that the need of making a decision is nearer at hand than we suspect.

BIGGER AND BETTER BUREAUS

The life chart of government shows none of the alternating dips and crests that mark the advance of private trade and industry. Business pays the price of overexpansion in stagnation and depression. Agriculture is enfiladed by the raking fire of glutted markets. Labor too often walks the streets in search of employment. In every field of private endeavor retribution in the form of deflation follows on the heels of inflation, and toil and sweat and privation supply the chastening influence to overcome the effects of misguided overzealousness.

But government seldom retraces its steps. As a rule its cure for inflation is more inflation. The failure of a bureau or commission to accomplish its purpose is too often met by the creation of a new and larger bureau or commission. Administrative units are added, but rarely is one taken away. Not only has public enterprise more than kept step with private enterprise when it has marched to new conquests; it has never slackened its pace when the general advance has been halted.

The result is confusion piled on confusion. In the State of Michigan, which presents in miniature a picture of the greatness to which government has grown, there are 6,878 school districts with 27,512 directing officers; 1,269 townships, with 15,228 officers; 83 counties, with 1,163 officers. Besides, there are an impressive number of village and city governments, also with their officers. In 1930 there was one government officer for every 18 votes cast for governor.

THE GROWTH OF OFFICIALDOM

In the entire State of Illinois there were 12,000 school districts, 1,488 road districts, 1,327 townships—a total of more than 16,000 governments of all kinds.

The census of 1930 enumerates 3,073 counties in the United States, a substantial increase in the past quarter century. The population of these ranges from 195 in one Texas county to more than a million in each of the four units which make up the city of Greater New York. Some are so sparsely settled that there are not enough residents to fill the offices of a typical county government. On the basis of the average number of officers required to man each of the 67 county governments of Pennsylvania, approximately 70,000 officials—not including office help and assistants—would be needed for the counties of the United States. If there are added to this number the officers of the 16,598 governments of incorporated places, townships, and other subdivisions, the total will convey a nebulous but impressive idea of the extent to which government has thrived.

In the more populous urban sections conditions have been no less favorable for governmental growth. Cook County, outside the city of Chicago, which occupies a large part of it, has 415 separate taxing, bonding, and spending agencies.

The result of this multiplication of units is drawn by Arthur J. Lacey, of the property owners' division of the National Association of Real Estate Boards. Speaking before the Chamber of Commerce of the United States, he said:

"In Michigan we have 9 contiguous counties, with 47,031 population and $31,585,890 assessed valuation, which maintain 9 county governments, 9 sets of county officials, 9 county courts, 9 probate courts, 9 courthouses, 9 jails, 9 boards of supervisors of from 6 to 20 members each, 93 township governments with 93 sets of township officers, 14 village and city governments with 14 sets of village and city officers—a total of 470 units of government administering public affairs and spending public money. This means one separate and distinct governmental unit, having power to levy taxes, borrow money, and issue bonds for each 20 voters and each $71,710 valuation. Superimposed upon these are the State and Federal governments with numerous functionaries."

This disturbing picture of the junglelike growth of government is all the more startling when viewed against the background of modern time-saving improvements and the development of administrative efficiency they have made possible.

The railroad, the motor car, and the telephone have brought about an enormous shrinkage in time and distance and lengthened accordingly the arm of administration. The small community is no longer circumscribed by the limitations of time and travel. Distant neighbors have been brought next door. Political boundaries, like the old city limits which for all practical purposes have been obliterated by bulging metropolitan areas, serve only the purpose of marking the jurisdictional domains of the numerous government units that reign over them.

TOWN FUNCTIONS OBSOLETE

In the field of private enterprise these changes have paved the way for merger and consolidation, the increase of efficiency, and the reduction of administrative overhead. The present Pennsylvania Railroad has been built out of more than 600 small transportation companies, and further consolidation is in prospect; but in the States through which it passes government clings to the political pattern of the stagecoach days.

The State tax committee of Tennessee said, in a report made in 1930: "Our county system was borrowed almost wholly from colonial North Carolina, and while the parent State has been able to change its constitution in accordance with the needs of modern times our structural government remains virtually static. It is 'jerrybuilt.' Instead of being a government it is a dozen governments, loosely held together with statutory ties. Its fundamental weakness is the outworn justice-of-the-peace system. Instead of being a simple, workable business organization, the county is a faltering makeshift, an archaic vehicle by which to transmit services to the people."

County limits in North Carolina are said to have been drawn to the "muleback" scale, and in many sections of the country government is still in the muleback stage. Population might have shifted from country to city. Villages caught in the backwash of economic development might have become the habitat of ghostly traditions rather than flesh and blood, but the courthouses and jails stand as dismal reminders that government comes in with the flood but never goes out.

The New York State tax commission makes the practical suggestion that one way by which the State can help the harassed farmer is to overhaul the mechanism of government by abolishing towns and school districts in many of which the population has been thinned to the point at which the burden of taxation has become excessive.

"There was undoubtedly a time," it says, "when towns served a useful purpose, but it is the opinion of most authorities that this purpose no longer exists. The fact of the matter is that in many cases, if not in all cases, the town is too small a unit to carry on efficiently the work of modern government. The same is true to a great extent of the counties. Many of these are too small for efficient administration of the activities assigned to them."

WET-PAINT SENTRIES

To the report is appended a list of 237 "decadent and declining towns" and 11 counties. Here, as elsewhere, government, like the Sphinx, serenely contemplates the passage of years, but does not yield to the changes they bring. It displays the same tenacious longevity as the sentry post which happened to attract the attention of a British statesman. Observing that a soldier was always stationed on a certain stair landing at No. 10 Downing Street, he stopped one day to ask what his duties were. The sentry did not know, but investigation disclosed that, 40 years before, the wife of a visiting dignitary had brushed against some wet paint on the stairway and the sentry was posted to prevent a recurrence of the disaster.

It is characteristic of government that jobs survive long after the need for which they have been created has passed. The Capitol of the United States still has its clock winder, the Senate has its official snuffboxes, and the Supreme Court still maintains its stock of quill pens. The hand of time may rest heavily upon private enterprise and the decay of obsolescence may undermine it.

In government alone is venerability the first argument for perpetuation.

In Massachusetts county government administers to the needs of an average population of more than 300,000. In North Carolina it presides over only 31,000. There are not a few counties in the United States whose entire populations could be accommodated in one of their little red schoolhouses. Yet the merging of governmental units in the interest of efficiency as well as economy and the reduction of the army of the public officers and their retinues of deputies, clerks, and stenographers seems to be as unattainable an end as the consolidation of overlapping bureaus and offices of the Federal Government, which has been the elusive dream of President Hoover and several of his predecessors.

There are limits, perhaps, to the numerical growth of governmental units, for jurisdictions can not be subdivided and superimposed one upon another indefinitely. But experience has proved that this is no bar to the enlargement of government. It can expand as well as multiply, and of the two methods of growth the former carries the more ominous threat to private enterprise.

Government, as a matter of fact, does not appear in the sober dress in which it was clothed by the constitutional fathers. It has stepped out, arrayed in as many colors as Joseph's coat, and it is doubtful whether in many of its activities it would be recognized at all by those who sponsored it. What is government, anyway? The original purposes of government have been defined as keeping order, protecting persons and property from violence and robbery, regulating the holding and transmission of property, determining contract rights and preserving the state from external dangers. But since that definition was written, much water has gone under the bridge. Government has ceased to concern itself merely with governing, as the word implies—seeing to it that private enterprise was protected against danger and malice, and its freedom to work out its own destiny preserved.

Especially in the municipal, state and Federal field it has donned the garments of public enterprise. It plays the rôles of banker, manufacturer, lumberman, farmer, merchant. It operates power plants, railroads, canals, and barge lines. It buys and sells commodities in the open market. It teaches the housewife how to preserve vegetables, make children's clothes, and hang curtains. It counsels the old and teaches the young. From infancy to age its citizens move within the shadow of its paternal solicitude.

THE ARMY OF GOVERNMENT EMPLOYED

Its original functions have increased even more rapidly than its units have multiplied. The city of Detroit offers a typical example. In 1824 the municipal government exercised only 12 functions. In the next half century these had almost trebled, but in the second half century the number was multiplied six times, reaching a total of 204. In the Federal field the expansion has been quite as rapid. In 1800 one branch of the Federal Government, out of which the present departments have grown, had on the pay roll fewer than 125 officials and clerks. The population of the country has grown twenty-five times. The number of employees in the Government departments in Washington has grown twenty-five times, two hundred and fifty times, two thousand five hundred times—four thousand five hundred times. They now boast more than 600,000 employees. Nor has the tide yet turned. Eight thousand employees have been added to Government pay rolls in Washington alone during the past year. As this is written preparations are under way for the annual National Convention of Federal Employees, with a membership of 60,000, upon the program of which are listed such subjects as salary increases, with a minimum compensation of $1,500; optional retirement after 30 years' service, with pension; stated promotion intervals.

The significance of this meeting is apparent when it is noted that the official publication of the Federal employees states, among other of the federation's "achievements," the following: 5 and 10 per cent salary bonuses; employees' compensation act amended to include occupational diseases as well as accident, and larger allowances; the passage of the Welch Salary Increase Act of May 28, 1929; passage of the Brookhart Salary Increase Act; securing of Saturday half holiday for all service throughout the year; defeat of Wood amendment, which would have prevented all pay increases of any kind during the fiscal year 1932.

A measure not only of the magnitude of government but also of the common faith—or delusion—in its efficacy in setting the world aright is the number of laws. As I have stated there are now nearly 2,000,000 on the statute books. In the year 1930, 90,000 bills were introduced in State legislatures and 22,000 in the Federal Congress. The Sixty-fifth Congress enacted 508 laws and resolutions; the Seventy-first Congress passed 1,524. Some of these carry with them the repeal of laws previously enacted, but, for the most part, obsolete laws are never repealed. They are forgotten. In most cases when experience has shown that a law should never have been passed or that the reason for passing it no longer exists, it is allowed to languish in the dust heap of statutes, whence it is dragged forth but rarely by adroit attorneys to confront us as dismal evidence of our lack of legislative foresight. A law may become obsolete, but its administrative personnel, like Tennyson's brook, runs on for ever. Thirty standing committees of the Senate have to do with the enactment of new laws, but there is none charged with the responsibility of recommending the repeal of the old which time has proved useless or unenforceable. The House of Representatives has a Committee on Revision of the Laws, but its Sisyphean labors are generally overlooked.

A striking commentary on the American attitude toward government is the traditional standard by which statesmanship is measured. There are many public servants whose claims to distinction and grateful remembrance are based on the laws they have sponsored. Legislators point proudly to the bills they have introduced which have run the congressional gantlet and been duly inscribed on the statute books. The fathering of an important measure which leaves its imprint on the manner of national existence has been put forward repeatedly as a valid claim to the support and the votes of the living and the esteem of an appreciative posterity. We speak of the Volstead Act, the Smoot-Hawley tariff law, the Lodge resolution. Rarely, if ever, has a statesman laid claim to public favor on the ground of sponsoring the repeal of a law. The nearest approach to it is the legislator who earns the title of "Watchdog of the Treasury" and is held in about as much affection as watchdogs usually are.

THE WORK OF THE INTERSTATE COMMERCE COMMISSION

The volume of legislation, stupendous as it has been, is not great enough to meet the blind, unthinking demands for more government. As the Chief Justice of the United States has pointed out, legislative bodies have fallen into the practice of delegating not only administrative but legislative functions to boards, commissions, and departments. These make and issue their own rules and regulations, which are, in effect, more laws.

Fifty-six pages of the Congressional Directory are required to list the executive officers of the Federal departments, bureaus, and commissions which have been set up to administer Federal laws, not to mention the rules and regulations of their own making. Of the many regulatory lean-tos that have been added to the main structure of government, the Interstate Commerce Commission is the oldest. In the words of one of the commissioners, "In theory it is an arm of Congress, appointed to carry out in detail the general policies laid down in the acts which it administers. Congress jealously insists upon the independence of the commission from Executive interference."

From a lowly beginning this one commission has grown until it employed 1,994 persons in 1929. "The principal office," as Commissioner Clyde B. Aitchison explained, "fills an 11-story building with a large part of an adjacent building, both rented, and one of the temporary frame structures remaining from war days. In addition, offices are maintained for portions of the field force in a number of cities."

Its bureaus now number 13. It decided in a single year 20,553 separate matters, its opinions aggregating 11,729 pages, equivalent to 15½ volumes of standard size. The record of its hearings in that same year equaled in number the 33,000,000 words contained in the Encyclopedia Britannica. Besides adjusting rates, it regulates safety devices and hours of service, and determines the compensation paid for transporting the mails. It fixes the boundaries of standard-time zones. It lays down the rules for railroad bookkeeping. It inspects locomotives, supervises car service, and conducts investigations to determine who shall be given the medals of honor which the President bestows upon persons who have shown extreme daring in saving or attempting to save the lives of others in railroad wrecks or disasters.

MERELY MUSTARD SEED

In one of its many investigations, undertaken at the direction of Congress—railroad valuation, which, according to its sponsor, the late Senator La Follette, was to have cost $5,000,000—it had expended up to four years ago $60,000,000 of Government money. But while the cost to the Government was $146 per mile of railroad so appraised, the cost to the railroads was $461 per mile, more than three times as much. On this basis the job has cost well over $200,000,000—and it is not yet finished.

The magnitude of this kind of secondary Government is not reflected alone in public pay rolls. The Interstate Commerce Commission employs 2,000 persons. The practitioners registered at the commission in 1930 numbered 4,351. These are paid by the railroads and the public. It may be assumed that many of the dollars expended by Government can be more than matched by dollars paid by the public as the price of conforming to the regulations which it has permitted to be imposed upon itself.

Experience has amply proved that the enactment of a law is a beginning and not an end. Legislation is only the mustard seed from which grow the towering branches of administration. The farther Government wanders from its original domain, the ranker becomes the growth. There are those who insist that government should merely set the seal of public approval upon custom. The more government attempts to bend custom to its will and hedge it about with restrictions, the more colossal becomes the task of administration.

Nearly every bureau has had its beginning in the idea that only authority is necessary to enable it to work the wonders its sponsors had in mind. On January 20, 1902, Senator Nelson, in charge of the bill to create a Department of Commerce and Labor, said "Counting what I have estimated would be necessary in the first instance for the Department of Commerce as an additional force of 30 members, it would make the total operating force of this new department 1,047." Representative Mann, speaking in the House of Representatives on the same bill, said: "While in the end it will undoubtedly entail some additional expense to the country, it will in some of its particulars restrict the present expenditures." On December 31, 1930, the number of civil-service employees alone in the two departments which have since taken the place of the Department of Commerce and Labor was 10,192

in the District of Columbia, and 29,074 both within and without the District.

In the first 39 years of its existence the Department of Agriculture, first of the great Government service institutions, accumulated only 3,388 employees. Within the next decade, up to 1911, the number increased to 12,704. In 1921 it was 18,748, and on June 30, 1931, 28,163. Its 19 bureaus deal with weather; animal, dairy, and plant industries; chemistry, entomology, biology. It has to do not only with the growing of farm products but the transportation, the marketing, and the use of them in the home. In addition, banks have been established for the farmer and, finally, the Federal Farm Board was created. The efficacy of this elaborate system of Government aid may be judged in the light of its accomplishment.

The net gain in the number of executive civil-service employees alone in the past 14 years was 170,858, and the total number in 1930 was 608,915—an army almost three times as large as the combined military branches of the Government. Much has been made of military and naval disarmament, but civil armament continues to mount without protestation.

ASK UNCLE SAM; HE KNOWS

Year by year the burden imposed upon private enterprise to sustain the expansion of Government has grown heavier. At the same time, Government in the rôle of public enterprise has as steadily encroached upon its domain of activity, narrowing the field of opportunity which produces the revenue upon which Government feeds. Economic freedom is whittled away and circumscribed not only by laws but by bureaucratic rules and regulations.

Government has extended its area of supervision and regulation until the fine old pioneer spirit, which expressed itself in the Declaration of Independence and accepted immeasurable hardship as the price of freedom to hew its own way, has been submerged in restrictions and prohibitions and smothered with paternalistic governmental solicitude.

The banker who has grown up with his community is put under the tutelage of the Government agent who passes upon the credit standing of his neighbors. The railroad president must obtain governmental sanction to place a curtain in a locomotive cab or hang a light on the end of a caboose. By oral and ocular advice the farmer is told what crops to raise, how to raise them, and how, with the helping hand of Government, to market them. The Federal Government in Washington will tell you how to build a henhouse and how to train grocery clerks, how to hang curtains in the home, how to pack a schoolboy's lunch, how to predict the price of hogs by logarithms, how to prescribe castor oil for the baby.

From regulation it has reached out to "servicing," deluging the country with more than 70,000,000 copies of pamphlets a year, many of them containing self-helps which recall Macaulay's outburst: "Nothing is so galling to a people, not broken in from birth, as a paternal or, in other words, a meddlesome government—a government which tells them what to read and say and eat and drink and wear."

The "regular stock" of the Superintendent of Documents of the Government Printing Office contains approximately 74,000 different titles of publications.

THE ULTIMATE TAXPAYER

Finally, looking for more worlds to conquer, government has invaded the field of operation. It is building dams and power plants, constructing cities, manufacturing an endless variety of commodities.

The effects of expanding governmental enterprise are written in mounting taxes, the expense and delay caused by numerous rules, regulations, inspections, and examinations, and the hesitancy in the face of the disturbing threat of Government operation and competition. In 1913, when the country's total income was $34,000,000,000, approximately one-eleventh of it was expended for government. Fifteen years later, when the national income had risen to $81,000,000,000, the Nation was spending more than $12,500,000,000, upward of one-seventh. In this decade and a half, as the industrial conference board points out, governmental expenditures increased more than twice as fast as national income. For the last fiscal year the cost of government reached $14,500,000,000—more than one-sixth of the national income.

Putting it another way, the bill paid by the average citizen for government services rendered in 1890 was $13.56. By 1928 it had jumped to $105.20. This is the per capita charge. It is paid in hard cash over the counters of the 250,000 tax-collecting agencies through which government exacts its toll of passing industry, agriculture, and labor. This is a fact not generally appreciated, and is the cause of most of our troubles. Even though the individual does not go to the tax collector's counter, he it is who pays. The ultimate consumer is most always the ultimate taxpayer. Taxes are in the rent of his home, in the bread he eats, in the gasoline that keeps his car going, in the radio that entertains him in the evening, in his electric-light bill.

In the Federal field ordinary expenditures for government for the year ending June 30, 1930, were $3,994,000,000. Expenditures for the fiscal year 1931 were $4,220,000,000, an increase over the preceding year of approximately $226,000,000. Appropriations already authorized for the current year exceed $5,000,000,000.

The forty-eight State governments, according to the Bureau of the Census, expended for government in 1929 $2,061,016,833. In 1917 they spent $517,503,220; in 1928, $1,889,172,537. In 14 years expenditures for State government have quadrupled.

In the same year 250 governments of cities of more than 30,000 population expended $3,435,289,927. The per capita cost of 146 city governments has stepped up from $16.41 in 1903 to $24.58 in 1917, $54.43 in 1928, and $55.84 in 1929. How much was spent by the smaller cities, towns, villages, districts, counties, and townships is not recorded, but the aggregate can also be measured in billions.

It is not to be wondered at that every possible source of revenue has been tapped to yield the money needed for the government cash drawer. More than 200 different kinds of taxation have been devised—some direct, some indirect; some painless and others exceedingly painful. The poorest of the poor pay in the clothes they wear and the food they eat. In Idaho the utilities pay more than 50 per cent of all the taxes collected by the State. In Montana the power and light companies turn over to the tax gatherer the equivalent of all the money they receive from householders for electric-light current.

The Interstate Commerce Commission is authority for the statement that if the taxes of all railroads in the United States were reduced from their average of $1,591 per mile to the average Canadian base of $267 per mile, they could have handled free all grain, flour, mail, and livestock, and have left $403,000,000 more revenue than they actually received during the period from 1923 to 1927. So long as the expenditures of government continue to mount tax adjustment will continue to be a matter of shifting the burden, not of lightening it.

THE LIMIT HAS BEEN REACHED

Ominous signs that a day of reckoning is near at hand are not lacking. President Hoover and his advisers are confronted with a formidable deficit occasioned by Federal expenditures. The State governments fell short by $1,689,825 of paying their way. The 250 larger cities taken together spent approximately $1,000,000 a day more than they received in 1929.

In increasing quantity lands which private enterprise has wrested from the wilderness are reverting to the public domain. Fields and home sites are giving way to the advance of the governmental jungle. In Michigan, which again offers a typical example, taxes were delinquent in 1928 on 9,113,883 acres of land and 973,109 building lots. A city of more than 100,000 in Massachusetts has been literally taken over by the State legislature, which has appointed a receivership committee to extricate it from the toils of bankruptcy. A Southern city has been compelled to borrow $52,000 from its merchants to pay its current bills.

Government, whether good or bad, seems to have reached the limit of the resources upon which it can draw to maintain itself. It can go no further without dispossessing private enterprise from the domain of opportunity allotted to it. Either State enterprise must give ground or private enterprise must succumb. The parting of the ways seems to have been reached.

(Part II)

OUR VANISHING ECONOMIC FREEDOM—PATERNALISM AT HIGH TIDE

By Merle Thorpe

Nowadays, it would seem, a nation's greatness is measured not by its legions but by its governmental literature.

In the annual report of the Government Printer appears this paragraph: "The tremendous growth in the work of the Government Printing Office during the 10 years 1921–1930 is shown by the increase of 39 per cent in the computed value of its products, which totaled $117,256,250.97 for the 10 years 1921–1930, as compared with $84,262,580.79 for the 10 years 1911–1920."

Here is an impressive record of growth. The increase of business in a single decade was $33,000,000. In a single year, 1930, this great establishment turned out 3,903,932,177 copies of all kinds of printed matter—an increase of 500,000,000 copies over 1929. The number includes 106,000,000 copies of books and pamphlets, exclusive of the CONGRESSIONAL RECORD.

The single item "authors' alterations made on printed proofs" touched $215,607. (Incidentally, this is just $136 less than the total amount received from the sale of all documents to the public.) The printing of one annual report—that of the Chief of Engineers of the War Department—cost $29,754.47.

But the cost in taxes is not the important item. Behind these formidable counting-room figures lies the real significance of the matter, a cause of anxiety for the future of American institutions. The Printing Office is the Government's shop window in which are displayed the results of the multifarious and multitudinous activities of departments, bureaus, divisions, commissions, boards and offices. The fat volumes of the CONGRESSIONAL RECORD monumentalize the herculean labors of the Federal Legislature in its struggles to get the will of the people on the statute books. The equally fat volumes of hearings and exhibits attest the industry of committees, commissions, and other investigating bodies. Behind the 106,117,177 copies of books and pamphlets is a busy army of public workers, making surveys, issuing questionnaires, compiling statistics, gathering and exploiting information, and conducting research—all for the benefit of the people.

Take the word of the Superintendent of Documents for it: "The United States Government is the greatest of all publishers. It employs thousands of scientists who are engaged the year round making investigations in all branches of agriculture and household economy, in geology, in mining, in electricity, in chemistry, in astronomy, in engineering, in aviation, in preventive medicine, in forestry, in irrigation, in shipping and railroad problems, in trade and manufactures. * * * The results of all these activities of

the most comprehensive and effective organization ever known are constantly reduced to print and poured out in an incessant flood from the Government Printing Office at Washington, the largest printing plant in the world."

In this colossal documentary mass is recorded the onward march of government and its conquests of new domains, conquests no less real and probably more significant than those of Cæsar's legions—in brief, the rise of American paternalism. The army of civil employees needed to maintain this vast enterprise numbered at the beginning of this year 595,456, which, with their dependents, equals the population of Boston, Kansas City, and Los Angeles. The cost to the people, paid in taxes directly and indirectly, but which they ultimately must pay, is a heavy item in the $5,000,000,000 Federal Budget, but it is probably the least important item on the red-ink side of the national ledger. The heaviest debits to be entered against the public will eventually be the stifling of individual initiative, the substitution of government for private responsibility, and the gradual narrowing of the area left to private enterprise. And the Federal Government is but one of the galaxy of governments. In State and local governments we have built up more than 250,000 tax-gathering and tax-spending units of government in all.

GOVERNMENT ENTERS THE KITCHEN

We have departed and are moving with increasing speed from the original purposes of government. Those who set up our governmental machinery designed it to keep order, to protect persons and property from violence and robbery, to regulate the holding and transmission of property, to determine contract rights, and to preserve the state from external danger. To that simple edifice we have added a thousand ungainly lean-tos.

It is to these excrescences that the thoughtful are turning their attention. The new functions that are added yearly give cause for concern, particularly the functions which duplicate those already being performed by individuals or communities. There is no criticism of pure research by the Federal Government which does not duplicate that of States or educational or private institutions, or which would not discourage such institutions from taking it up; but those who see a menace in the growth of bureaucracy feel that the application of such research, except in the field of national defense, should be left to private resourcefulness. The indictment is not against government and its proper functions. Nor is it directed against the personnel in the Federal service, which, laboring under necessary red tape, is carrying out the mandates of Congress. The charge is against the vociferous and militant minorities who foist their prescriptions upon the whole citizenry. Often they are well-meaning; too often they are illogical and impractical. They proceed upon the theory that the people ought to desire to have their potential needs supplied and their unwise conduct regulated. The easiest way is by government.

Paternalism is not new. Webster defines it as "the principles or practice of a government that undertakes to supply needs or regulate conduct of the governed in matters affecting them as individuals as well as in their relations to the state and to each other, on the assumption that it can best determine and secure their highest welfare." It is characteristic of absolute monarchies and dictatorships alike. In theory, the idea that the Government should supply the needs or regulate the conduct of the individual, except in his relation to the state or other individuals, is alien to democracy, but it can be identified by the desk and swivel chair no less than by the scepter and the mailed fist.

"To supply the needs and to regulate the conduct of the individual" our great Federal Government at Washington has let no stage of the life cycle escape its paternal eyes, as the superintendent of its documents has shown. We are told what to eat, what to wear, how to judge, build, and furnish our houses, even how to sleep. Aunty Sam designs trousers for 2-year-olds, with suggestions on how to use the buttons; provides housewives with the formula $N \times 0.6745$ to determine the protein content of yams, and studies on the ground the Essentials of a Well-planned Kitchen. We are informed, as a result of governmental research, that "curtains not only keep out the light but insure privacy." The Government thoughtfully informs us where bed sheets wear out first. It teaches us how to forecast the price of hogs by logarithms. To find the price of hogs next November, say, we take the regression equation as given on page 34 of the bulletin as follows:

(1) $\text{Log } x^{11} = -0.09443 \log x^1 + 0.15888 \log x^3 - 0.21986 \log x^4 - 0.23675 \log x^4 - 0.07250 \log x^5 + 2.23777 \log x^6 + 0.04759 \log x^7 + 0.22659 \log x^8 - 0.03036 x^9 + 1.63099 \log x^{10} - K.$

The Federal Government prepares treatises on such subjects as brushing the teeth, polishing the shoes, and changing the bed sheets; on pine-needle basketry and how to prepare caviar for the table. It instructs us on the "elimination and toxicity of caffein in nephrectomized rabbits" and the operation of the lowly fly trap. The Department of Commerce is authority for the fact that "a folding chaise longue is the last word in relaxation"; the Department of Labor that "the abdomen is the belly"; and the Department of Agriculture that "a cow is a bovine animal."

THE 1931 "COMPLEAT ANGLER"

The farmer is told how to farm; the merchant is told how to manage a grocery store; the exporter is told how to pack goods for shipment overseas. Even in our lighter moments we are not neglected. Ample material is available for the study of birds and beasts and fishes—the mating habits of bullfrogs, the idiosyncrasies of oysters and "dragon flies and damsel flies in relation to pond-fish culture." And the angler is told how to preserve his catch.

Of course, there are ponderous scientific studies, if one prefers them. But this need not dismay the seeker after truth, for there are numberless bulletins of the words-of-one-syllable type which suggest the Rollo Books of Victorian childhood, and radio broadcasts, it is announced, are to be made in the form of Æsop's fables.

Nothing has been overlooked in this vast program to supply the needs and regulate the conduct of the citizen. Forty-five lists, some of few, some of 50 or more pages, tabulate the imposing array of publications. There is a list of handy books, containing such titles as The Care of Your Baby, and The Horse Book, which has long been a popular publication—with Members of Congress who were up for reelection.

There is a list of publications of interest to suburbanites and home builders, containing Ensembles for Sunny Days, Home Carpentry, Convenient Kitchens, and Aunt Sammy's Radio Recipes; also a list of studies on birds and wild animals which begins with alligators and logically enough ends with woodchucks. Another—American history and biography—includes such publications as the Reports of the Daughters of the American Revolution and Boyhood Days of J. Thomas Heflin, United States Senator, Alabama (in his own words).

How has this all come about? The successive steps in the advance of supplying the needs and regulating the conduct of the individual can be traced in the governmental documentary record itself.

First comes legislation. There is its beginning, represented by tons of oratorical literature. Then it moves on to administration. The zeal of those against higher taxation, who at the same time lend their names to petitions for more governmental functions, is pitifully amusing. We forget that a law carries with it administration, and administration means more persons on the tax pay roll. Administration is the expanding Federal mechanism by which the innumerable laws of our own making are enforced.

The next step is regulation—the supervision of private activities by subordinate Government agencies which soon come to exercise legislative functions.

The Lord Chief Justice of England, in his book the New Despotism, points out that most laws are now passed by bureaus, and many of them without court review. Legislative functions open the way to investigation, which has produced volume upon volume of encyclopedic reports by boards, committees, and commissions. When legislation and regulation fail to bring about the millennium, the next step is education—telling the citizens how to live, what to eat and wear, how to breed lilies, make cat traps, and rear goldfish.

The final step is operation, and it is a logical step. If legislation fails, and regulation and education do not achieve the purpose of the all-embracing state, all that is left to government is to do what the private citizen has not done to its satisfaction. Upon this last phase government has already embarked. It builds power plants, does a banking business, manufactures a variety of industrial products, operates railroads and barge lines, and buys and sells goods in the open market.

KEEPING THE PRINTERS BUSY

To consider these steps in detail: It would not be illogical to assume that lawmaking would show a lower rate of increase than population, as a law applies with the same effect to 1,000,000 people as to 120,000,000. The Constitution, the base of all laws, can hardly be said to have become obsolete. Yet lawmaking is one industry that has shown no effects of depression.

The final session of the Seventy-first Congress saw 11,078 bills and resolutions introduced. The cost of printing 8,859,918 copies of these, with proposed amendments—1,688,901 more than in the preceding year—was $451,334. To put this gigantic legislative grist through the mill required 43,599 pages of hearings. The debate aggregated 13,366 pages—12 volumes of the CONGRESSIONAL RECORD. The total circulation of this one of the sixty-odd periodicals issued by the Government was 30,000. The paid public subscriptions totaled 529.

It is not necessary to thumb the more than 50,000 pages of hearings and debate to arrive at the inevitable conclusion that lawmaking has long since ceased to concern itself with the limitations imposed by its sober and conservative forbears. It has stepped out with all the daring and assurance of flaming youth. It does not wait upon the sober and mature judgment of the people before plunging into new paths. Paternalism belies the theory that government is of the people, by the people, and for the people. It rests upon the assumption, which practice disavows, that government is superior to the people, that "it can best determine and secure their highest welfare."

BUREAUCRACY RUNS RAMPANT

By widening the area of its supervisions—oftentimes at the insistent demands of small but voluble groups—government had added to the complexities of lawmaking. But lawmaking is only the beginning. As legislation has reached out for new worlds to conquer, it has become necessary to multiply and enlarge the administrative outposts and garrisons to hold the gains it has made.

Legislation begets administration, and to carry into effect the numerous statutes which Congress enacts, a huge, rambling, executive branch has been created.

When Washington was made the seat of government there were four executive departments. There are now 10, with agitation for 2 more. They maintain a civil army of 540,344 employees. By the appended boards and commissions independent of them, 50,000 more are employed. This civil army is more than twice as large

as the combined Military and Naval Establishments and represents an increase over pre-war proportions of 150,000 employees.

The huge establishment possesses none of the characteristics of the military institutions except size. It was not built, nor has it been altered according to plan It has grown piecemeal as each succeeding Congress has deposited another crust of legislation upon the accumulation of statutes. The Federal Code of Laws of "general and permanent character," which the Government Printing Office will supply, up to 1926, filled 2,453 pages, and the supplement bringing it up to date will probably make it 3,000. The biennial index and digest of State laws now runs into more than 1,000 pages.

The portentous statutory heap grows. The new is added to the old. Functions are grafted upon functions. To the departments have been added more departments. To the divisions, offices, and bureaus have been added more divisions, offices, and bureaus, and to the whole has been appended a lengthening chain of boards and commissions.

This gigantic, creaking, administrative machine lumbers on to the despair of the Chief Executive and the citizens whose actions are guided or regulated by it. Jurisdictional boundaries suggest a crazy quilt. Bureaus overlap bureaus. Many Government agencies collect statistics and gather information in the same general fields. A withering fire of questionnaires is poured out of Washington to all corners of the country. The questionnaire of the Federal Trade Commission to the utilities weighed as much as Webster's Dictionary, while its one on chain stores had not only heft but passed all understanding of 500,000 retailers.

An exporter confronted with a shipping problem might find the solution in 1 or all of 15 bureaus scattered over 9 departments. There are 14 bureaus in 3 departments dealing with one or another phase of education. Six bureaus in four departments deal with health. The physical well-being of the child is the concern of the Bureau of Public Health, the Children's Bureau, Bureau of Home Economics, and the Office of Education.

Several Presidents have set their hands to the task of bringing some order out of this chaos, and have failed. Paternalism gives advice; it does not take it.

Private enterprise changes, adapts, overhauls, but the first thought of bureaucratic government is to dig in. The suggestion of abolishing unnecessary bureaus or consolidating them brings all the influence which the bureaucratic army can exert—which is not inconsiderable and is constantly growing stronger—to bear on Congress. If one cherishes the illusion that sometime, some way, a curtailing or even a suspending of bureaucratic activities may take place, that illusion will quickly be dispelled by a casual glance through the 500-page report of a committee hearing on the subject of reorganization. He may recognize his name among those enlisted in support of a certain activity the "crippling of which would cause untold harm."

It was before this congressional committee that President Hoover, then Secretary of Commerce, said that the beneficial results of the budgetary system in producing economies "have now almost spent themselves unless there can be such a reorganization of Government administrative structure as makes it possible to secure better appropriation policies to eliminate the overlaps and unnecessary division of functions." Yet both Congress and the President have been unable to dislodge the bureaus.

In the field of regulation paternalism scored its greatest advance. It was not enough to pass general laws and set up departments to administer them and punish those who violated them. Voluminous as statutory enactments were, they were not broad enough to cover all the activities which Government has assumed. The job was too complex for Congress. It could make the law, but it turned over to subordinate agencies the task of defining and interpreting it. It was simple enough, for example, to say that railroad rates should be reasonable. It was not so simple to say when, where, and how rates were reasonable.

COMMISSIONS AND MORE COMMISSIONS

This task was turned over to the Interstate Commerce Commission, the parent of all the administrative commissions. It now has over 2,000 employees, and has paved the way for a growing progeny of commissions, many of them showing the same aptitude for expansion.

The supervision of banking was assigned to the Comptroller of the Currency in the Treasury Department. The Department of Agriculture was placed in charge of meat packing, warehousing, grain standards, containers, food and drug adulterations. Trade and industry went to the Department of Commerce and the Federal Trade Commission, utilities to the Power Commission. The day of bureaucracy, the strong right arm of paternalism, had dawned. By a coincidence, a short time after the Lord Chief Justice of England had described it as a menace, our own Chief Justice Hughes said:

"In the days of less complicated conditions, it was the accepted view that legislatures were equal to their task of lawmaking, and that in their occasional sessions they could provide all the rules that were necessary. But despite the inordinate multiplication of laws, which has been especially characteristic of recent times, the legislatures have not been able to keep pace with social demands, and they have adopted the practice, after the formulation of some very general standards, of turning over the business of regulation to a great variety of administrative agencies. The making of regulations is, of course, essentially legislative in character, for they set forth what the citizen may and may not do. We are thus confronted with the distinctive development of our era, that the activities of the people are largely controlled by Government bureaus in State and Nation."

The Chief Justice spoke these words before the first annual meeting of an association which claims 4,351 members. It is the Association of Practitioners before the Interstate Commerce Commission!

$20,000,000 WORTH OF STATISTICS

Regulation naturally opened the door to supervision, inspection, and investigation. It was not enough for government to enact a law to be obeyed and to set up a bureau or commission to define how it was to be obeyed. It was necessary to maintain surveillance over the citizen to see that he kept on obeying it, to inspect the results of his attempts to obey it, and to make inquiries to determine whether more laws or regulations might not be necessary to achieve the purpose of the original law.

To pass upon the reasonableness of a railroad rate it was necessary to know approximately what the railroad was worth, whether it was spending money extravagantly and operating efficiently, and whether necessary safety precautions were taken. In addition to the general law the president of a railway, intrusted with its management, found himself hedged about with a body of special transportation law. The "Interstate Commerce Act, annotated, in five volumes, 4,462 pages," is for sale by the Superintendent of Documents. When it comes to the payment of taxes he can consult the Internal Revenue Laws in Force April 1, 1927, 1,630 pages, and the yearly volume of decisions, ranging from 19 to 1,376 pages each. State laws and decisions are something else again.

The new Federal Power Commission concerns itself with the "location, design, construction, maintenance and operation of power projects on navigable streams." But its first ruling in the New River case extended it authority to streams running into navigable streams.

Investigation offers the most fertile field for paternalism. It paves the way for more legislation and regulation, new conquests in the domain of government. The Bureau of Efficiency reports that during the year ending October 31, 1930, reports were submitted to the Bureau of the Budget "relative to 76 new investigations proposed to be undertaken by various branches of the Government service."

A single investigation, conducted by the Interstate Commerce Commission—of grain and grain products—has reached the following proportions:

Pages of record	55,000
Pages of exhibits	2,106
Weeks of hearings	46
Pages of briefs	12,000
Pages of oral argument	2,412
Pages of exceptions	1,500
Pages of rebuttal memoranda	376

The commission observes: "Final report is now in course of preparation."

More recently the Federal Trade Commission sent to the Senate its "interim report of progress on the investigation of power and gas utilities." It includes the testimony taken ("pp. 15,436 to 15,731, inclusive"), together with exhibits introduced ("Nos. 4906 to 4940"), some of which are bulky documents. The resolution calling for the investigation was approved February 15, 1928. By June, 1931, three years later, more than 15,000 pages of testimony had been taken and nearly 5,000 exhibits had been accumulated—and the end is not yet in sight. How much the Government has paid for these impressive records is not disclosed. Neither is there any estimate of the expense the making of them has saddled upon the industries concerned. But it is certain that the public pays for both, in taxes and in the charges for its railroad fare and electric power.

Government investigation is not an intermittent search for specific facts. It has become a continuous process. To a paternalistic government, which can not know too much about the habits and activities of its citizens, statistics are the breath of life. Approximately $20,000,000 is spent annually to gather them. Fifty-two Government agencies are feverishly sending out schedules and questionnaires and compiling the information so obtained.

Most of us are under the impression that the census is taken every 10 years. There are the quinquennial, biennial, annual, semiannual, quarterly, monthly, and semimonthly censuses. Of the last three the Director of the Census says in his annual report: "The list of these inquiries, whose results are published in 69 series of reports, is too long to justify presentation here." Possibly in no other field is there so much wasteful duplication. Three governmental agencies count the milch cows of Vermont. Needless to say, the figures do not tally. Voluminous statistical records are kept of cotton from the time the seed is planted up to the time the finished textile is made into clothing. Wool is followed from the sheep's back to the shipping department of the factory.

PRESCRIBING BOOKKEEPING PRACTICE

The cost to the public of answering the numerous questionnaires is not one of the items appearing in the Government balance sheet, but it is a substantial overhead charge and appears in the cost of things. Many bureaus not only demand information but specify how accounts are to be kept. The Interstate Commerce Commission prescribes the bookkeeping rules for the railroads. The Treasury supervises the accounting of banks. The Department of Agriculture frames accounting systems for creameries, cotton gins, and grain elevators.

Comes now the fourth stage. With the accumulation of information, there is the urge to do something with it. The great presses of the Government Printing Office are unlimbered and

there pours forth a deluge of miscellany, the mailing of which contributes in an appreciable degree to the annual deficit of the Post Office Department.

The last three of the executive departments to be established—Agriculture, Commerce, and Labor—are virtually service departments engaged in collecting, collating, and distributing information. On June 30, 1930, Agriculture employed 25,736 persons, Commerce 26,955, and Labor 4,940 persons, a total of 57,631 employees on the pay roll. The Bureau of Home Economics in the Department of Agriculture began in 1923 with an appropriation of $71,060. Its budget has grown to $247,380. Its career is typical of all bureaus. Once rooted, they spread their branches to bring more and more of the needs and conduct of the public within their benign shade. Some of them have outdone the Bureau of Home Economics—which is no better nor worse than the others—beginning with the assurance that it would need no further sustenance from the public purse, that only the authority of Congress was needed to enable it to carry on its great and good work. But always and in due time comes demand for increased appropriations.

BIGGER AND BETTER BUREAUS

Those in charge of Federal bureaus are Americans—good Americans. Like most good Americans, they have the laudable desire to see whatever activity they are engaged in become bigger and better. Growth here, as elsewhere, is thought to be the evidence of success. Again, there is a natural rivalry between bureaus. Each one soon comes to believe that its work is indispensable to the general welfare, which in itself is a fine tribute to the character of our public servants.

They defend the wide scope of activities described here and their proposals for enlargements and new duties on the ground that it is a "helpful bureaucracy," that it is "in response to public demand"; and assert that any criticism is inspired "by politics, to hamper the administration."

But is it "in response to public demand"? Despite the advertising of its literature over the radio, by direct mail, by placards in post offices, by generous newspaper notices, the public's interest, as reflected in its requests for "helps" with the 2, 3, or 5 cents inclosed, has not been very keen. While Congress, the 10 executive departments, 32 boards and commissions which used the service, and other governmental agencies paid—at public expense—$14,096,520 last year for pamphlets and bulletins, the public bought $215,743 worth of them, a sum a little more than three times the amount the Government received from the sale of documents as waste paper.

The Public Printer points with obvious pride to the "growing popularity" of the more than 4,000 bulletins, leaflets, and circulars on farming, as indicated by the increase of 3,796,624 copies for the year. But he adds that more than 15,000,000 copies were distributed "largely by Members of Congress." Free literature, it seems, has taken the place of free seeds.

The test is not whether the public wants it done, but whether it ought to want it done. While Members of Congress were distributing 15,000,000 copies of Farmers' Bulletins, the farmers themselves were buying 286,000,000 copies of 20 farm periodicals.

This raises two questions: Has the elaborate machinery built up for the dissemination of this kind of information—scores of farm journals, hundreds of daily newspapers carrying pages of household hints and helps, trade papers for every industry, kindergartens, schools and universities, medical journals, and the medical profession itself—all broken down?

Furthermore, the formidable expansion of these services is not a question of whether they are good but whether the public can afford them, and whether, left to its own devices, it would not see to it that they were provided with much greater efficiency and much less cost.

Bureaucracy does not regulate its activities in accordance with public demand. It is not, like private enterprise, subject to the corrective economic law which makes the continued existence of any concern dependent upon the continued willingness of the people to pay for the goods it produces or the services it renders. That is why government stumbles when it wanders from its proper province. It might properly count the number of grocers; it should not attempt to train grocery clerks. It should maintain quarantine against yellow fever; it should not attempt to prescribe the baby's diet.

That honest criticism of Government activities is inspired by politics is a statement unworthy of bureau heads who are expected to carry on their work without thought of the party in power. Paternalism has flourished under Democrat and Republican alike. It should not be motivated by desire for political power. It really tries to be of help. But in many cases it reminds one of the old fable wherein the elephant felt so sorry for the setting hen that it volunteered to relieve her of her task for an afternoon. The disastrous result was due to misguided zeal. And the donkey has had just as many misadventures as the elephant in the field of paternalism.

PAYING THE PRICE OF PATERNALISM

Finally, it is claimed that ours is a "helpful bureaucracy." I put the question to one who has long been a thoughtful observer of our national life. "Yes," he said, "if we are ready to admit that it is a help to a 21-year-old to be fed by hand and led around by his mother's apron strings." What he meant was that it was a "helpful bureaucracy" if we are ready to give up that reliance upon the individual which has made this country what it is and substitute for it Government nurses, preceptors, and mentors "to supply the needs and regulate the conduct" of the individual "on the assumption that government can best determine and secure his highest welfare."

It may be—as Il Duce would have it—that the citizen should be trained for the glory and well-being of the state, but there is a price the citizen must pay. Paternalism exacts compensation for its growing services. There is the direct cost in taxes which have well-nigh reached the breaking point; there is the indirect cost in money brought about by compliance with a flood of rules and regulations; there is a greater cost to the coming generation in the limiting of the area left to private enterprise. But the greatest cost is the loss of the individual's economic freedom, for with it will go his political freedom. But this will furnish material for a succeeding article.

(Part III)

OUR VANISHING ECONOMIC FREEDOM—"AND WITH IT WILL GO OUR POLITICAL FREEDOM"

By Merle Thorpe

No business man has the freedom of action which he had 10 years ago, much less 20 years ago. No matter who he is—manufacturer, distributor, merchandiser, transportation man, banker, insurance man, or oil, coal, or timber producer or farmer—he is falling progressively under the shadow of political administration—Government.

We are, as a nation, striking out on a new road. It may or may not lead, as Representatitve BECK says, to Moscow. We may or may not, as a people, realize the extent of the changes which are taking place and which are impending in our political and economic structure. But this much is certain: Such changes mark a radical departure from the course we have followed for 150 years, and which has brought the United States to its present position as the greatest of economic commonwealths.

It is the fashion to-day to state sententiously that "business is responsible for our present woes"; that "business leadership is lacking"; that "the capitalistic system is on trial." Politicians exclaim on the front pages that unless "business does something," Congress will do this and that for—and to—business.

But politics, during the past decade, has entered into and to a large extent has taken control of our national economics. It entered the commodity markets of the world. Political leaders in Great Britain said, in effect: "We have practically all the rubber. The world needs rubber. Let's legislate a price of a dollar a pound on it, and things will be soft for all of us in Great Britain." Economic law smiled behind her hand and set her inscrutable forces to work. She recovered rubber that had previously gone on the ash heap. She planted new areas to rubber. She invented substitutes. She built up a ground swell of universal resentment in rubber's greatest market, the United States, which carried Firestone to Liberia, Ford to South America, and Edison to work in his laboratories in Florida. The United States Government took note and called on its citizens to curtail as far as possible the use and purchase of rubber. Politics in the economic field brought its own tragedy before the law could be repealed.

There is the long, sad story of Brazil's political efforts to affect coffee marketing and prices. But in those periods in which there was apparent success economic law was quietly and relentlessly at work, until there culminated the debacle when Brazil found herself holding in her warehouses a supply sufficient to meet the world's need for two years. Brazil's defense of coffee act contributed not a little to the general collapse of commodity prices and the resultant distress to all people the world over.

Japan established an Imperial Silk Co. to buy surplus stocks of raw silks. Government encouragement and even financial backing were unable to stop the destructive influences set in motion. Consider the history of nitrate and the efforts of the Chilean Government, with a supposed monopoly, to circumvent economic law. Consider also Italy and the case of sulphur; Japan and the story of camphor; the futile attempts of government to influence the economic current of sugar, of potash, of quinine, of Spanish mercury, of Mexican sisal, and of agricultural products in our own country.

Politics thus left its legitimate field to carry on in the economic field. In doing so it neglected problems crying out for solution in its proper province—disarmament; prohibition enforcement; protection of life and property in a period when crime was rampant; consolidation of more than 250,000 tax-gathering and tax-spending units; reorganization of the myriad duplications in Government work; fiscal stability of cities, counties, and States—and so on.

If our industrial system be on trial to-day, after its record of 150 years, politics, in interfering with the normal processes of barter and trade, must share the responsibility. The economic freedom of the individual has been curtailed; in the place of a normal interchange of goods and services there have been set up artificial barriers and restraints, resulting from overregulation, oversupervision, overservicing, and downright competition.

Nor have the activities of politics been limited to basic commodities. George Washington, in a formal address to Congress, characterized manufacturing by the Government as "inexpedient." He suggested that some might be necessary to "the furnishing and equipping of the public force in time of war," but he added: "If adopted, the plan ought to exclude all those branches which are already, or likely soon to be, established in this country, in order that there may be no danger of interference with pursuits of individual industry."

UNCLE-SAM-OF-ALL-TRADES

How has this admonition been observed in these latter days? Homer L. Ferguson, president of the Newport News Shipbuilding & Dry Dock Co., recently said:

"In 1930 a list was prepared of eighty-odd undertakings in which the Federal Government at that time was competing with private industry, which, of course, must furnish, through taxes, part of the money to make this competition possible. This does not mean that the Government competes in the open market in all cases by selling its products, although it does compete even to that extent in many instances. But at least in all cases it competes to the extent that by manufacturing materials and commodities itself the market for those commodities and materials is lessened by just that much.

"Enumerating some of these eighty-odd cases: Production and sale of agricultural products; manufacture of aircraft, anchors, awnings, auto-license tags, brooms and brushes, cables, clothing, cordage, gunpowder and components, hammocks, ice, maps and charts, marine engines, medical and hospital supplies, paint, saddles and harness, sails, ships, shoes, textiles. Most of the foregoing are for governmental consumption or use, but the Government also sells, in direct competition with other manufacturers, card indices, ship chandlery, electric energy, envelopes and mailing wrappers, printing, furs, gasoline, milk, oils, photostats; and it engages in baking, banking, bookbinding and pamphlet binding, cattle raising, coal production, contracting, dairy farming, dredging, operation of employment bureaus, engraving, operation of hotels, the insurance business, operation of laundries, metal casting, municipal engineering, printing, transportation by rail and water, warehousing and numerous other activities."

When Washington made his suggestion, the Federal Government had only a fledgling industry upon which it could rely to supply it with much-needed military equipment. But in 1930 it had at its command the most highly developed industrial mechanism the world had ever known. Besides it was entering into competition with privately managed industries in the production of a variety of commodities which had nothing whatever to do with national defense and almost as little with public policy.

A more recent survey discloses that the aforementioned list of Government activities in the business field is sadly incomplete. To it must be added 180 other forms of Government competition. The effects of such competition are difficult to measure. Directly, they are probably small. But the menace is not in the degree of its competition and the amount of business it has actually absorbed, but in the quality of that competition and the threat it carries.

When the Federal Farm Board bought wheat and cotton, it was not the purchases it made but the fact that it was purchasing that cast a cloud over the market. The buoyancy its buying created for the moment was more than offset by the withdrawal of private purchasing. Even though the authority conferred upon the board by Congress to set up equipment to process agricultural products may never be invoked, yet it is a stop signal to the business man who contemplates building a flour mill. The possibility that Government might take up the manufacture of fertilizer at Muscle Shoals is a warning to private manufacturers to proceed with caution, for politics in business is an unknown and unknowable quantity. However high-minded its administration, the conviction prevails—and with reason—that it responds not to the sweep of economic winds but to the fitful gusts of political expediency.

When government is once launched upon the high seas of industrial enterprise, it is all but impossible to recall it. It usually starts with the innocent motive of blazing the way for private enterprise and promises to withdraw when it has laid the trail; but when that time comes it is always found loath to let loose, or it has found that private enterprise has betaken itself to other fields of endeavor, over which the shadow of government, however benign its purposes, does not fall. The monopolistic character of government in a business undertaking can not be disguised with the thin veneer of "experiment." For when monopoly enters the door, competition flies out of the window.

A BIG BUSINESS MAN OF PANAMA

In government the rule is that one thing follows another. The Federal Farm Board ventured into the wheat and cotton market; unexpectedly, however, because Secretary Hyde said, on April 30, 1930, "We never expected to control prices. We do propose to try to influence production." But it did attempt to control prices by buying wheat and cotton, and by buying wheat and cotton it was led into coffee, and, having the coffee, it became involved with American shipping lines in our trade with Argentina and with our flour customers in northern Brazil. When the board sold wheat to Germany on long-term credits, a thousand European purchasers of wheat hesitated, waiting for their governments to get some United States wheat by the same generous arrangement.

When the Federal Government dug the Panama Canal, it probably did not foresee that this would lead to the operation of a railroad and a variety of commercial and industrial enterprises. The governor reported for the year 1930 that the output of the various manufacturing plants was valued at $2,318,000. A Government bakery produced more than 5,000,000 loaves of bread. A coffee-roasting plant turned out 306,000 pounds of coffee, corn meal, peanuts, and almonds. An ice-cream and milk-bottling plant produced, among other things, 39,809 gallons of ice cream and 16,975 Eskimo pies. The sausage and pickling department and the laundry did a flourishing business, and the abattoir turned out 4,165,000 pounds of dressed beef. By-products, consisting of hides, horns, tankage, and so on, the governor observes, were shipped to the United States, where another department of the Federal Government is endeavoring to aid the stock raisers. Two hotels, "essential adjuncts to the canal in affording suitable accommodations to persons having business to transact with the canal, foreign visitors, tourists, visiting Government officials and others," were not entirely successful. One lost $6,698 for the year, but the other lost $37,000, due "primarily to a decline in the tourist business."

BRAKES ON RAILROAD PROGRESS

The Federal Government started out to build a dam at Boulder Canyon for producing power. It ended by undertaking to build and maintain a model town. In catechetical form, suggestive of the Russian primer, the Department of the Interior gives us this information:

Q. Who owns the lands in the town site?—A. The Government owns the land, which is vacant public land and under first form of withdrawal.

Q. How can one obtain a town lot for business purposes?—A. A plan under consideration is to lease the land on 20-year leases, Government to retain ownership and supervisory control. Continuation of leases will be contingent upon the good behavior of the tenant. A model town is the objective.

Note that the Federal Government is to pass upon the "good behavior of its tenants," thus setting a bureaucratic standard of personal decorum.

Q. What will be the population?—A. From 3,000 to 4,000 during the construction period, according to present estimates.

Q. Will this town be permanent?—A. It will, no doubt, be permanent because the 730-foot dam and the 115-mile lake will be a great attraction for tourists.

Politics, through the Government as competitor, destroys the economic freedom of the individual. But this is not all. The same omniscience which Congress obviously attributes to political administration as a reason for launching upon so many business enterprises might also be taken as a reason for commissioning it to supervise and regulate private business activities on an expanding scale. One of the first experiments in this direction was with the railroads. By a series of laws, railroad management was circumscribed by a wall of prohibitions. It could not fix the price of the only thing the railroads have to sell—transportation. It could not issue stock or bonds without the approval of the Interstate Commerce Commission. Safety appliances were fixed by law and specified by the commission. Hours of service of employees were fixed by Federal law. New lines could not be built or old lines extended or abandoned without Government approval. Other railroads could not be acquired without authorization by the commission. The Government may require railroads to add to their equipment or extend their lines. The railroads may not determine the rate of wages to be paid their employees. Their value is fixed by the Interstate Commerce Commission. They must keep their accounts in the manner prescribed by the commission. They can not keep all their profits if in any year they exceed 6 per cent. They are not, as is stated over and over again, guaranteed any income whatsoever. They are allowed to earn so much—which is quite a different thing.

A great railroad president, now dead, once said to me that 90 per cent of the management of his railroad rested in a Government bureau. "And," he added significantly, "it is a peculiar kind of management. It has the power, but does not share the responsibility." Another railway executive expressed the same thought in a different way: "We now have in effect Government ownership of the railroads, but upon one side of the ledger only."

Still another railroad manager, whose name can not be given for reasons which will be discussed later, said: "The burden of taxation laid upon the railroads—$1,200,000 daily—is heavy. Yet it, perhaps, is not so great a drain as the time and energy taken up in preparing reports and maintaining a necessary contact with the Government."

While the Government, through the Interstate Commerce Commission, is managing in large measure the privately owned railroads of the country, it is operating, through the War Department and the Department of the Interior, transportation enterprises of its own. The Alaska Railroad, a Government concern, operates steamboats and hotels. It might be surmised that in this far-away territory competition with private enterprise is nonexistent, but the general manager, reporting a deficit of $1,231,998 for the fiscal year 1930, says, among other things: "Every endeavor will be made to secure contracts from other governmental bureaus operating in Alaska * * * also fish canneries, for delivery of Alaska-produced coal." The Government, in other words, is out to get a larger share of the Alaskan coal business in competition with private distributors.

WHEN GOVERNMENT BIDS FOR BUSINESS

In competition for business, practices are often resorted to by Government which, if carried on by private enterprise, would be condemned as unfair by the Federal Trade Commission. Business solicitors for Government enterprises have been known to use the argument that "if you give us your business, it will reduce our deficits and thus decrease your taxes." Patronage of one Government concern sometimes assures the customer of a more than friendly interest on the part of another. In a certain city where there are both public and private lighting plants, if you are build-

ing a house, a contract for municipal light will assure prompt inspection and approval of your plumbing and wiring.

The Warrior River Division of the Inland Waterways Corporation, another Government concern, which started out to pave the way for private initiative, admits a deficit for the six years, 1924–1929, of $1,490,207. If allowance were made for interest on investment and taxes, which no private enterprise can overlook, the loss for the six years would have been $2,533,000. In this case, Government not only fixes the rates of the railroads but, in competition with them, is operating a barge line at public expense—an expense which is shared by the railroads themselves through increased taxation.

Even so commendable a thing as research does not stop at the laboratory. If it evolves a new commodity or process, bringing the public attention to it naturally follows, and Government finds itself playing the rôle of promoter. The National Committee on Wood Utilization, for example, under the frank of the Department of Commerce sends out this announcement:

Furniture: Its Selection and Uses is a new Government booklet which should help you to solve your home-furnishing problems. It is crammed full of interesting facts about styles, design, and construction, and shows you how to get the best values for your money, as well as how to make your home attractive. It's beautifully illustrated."

The question might be raised as to the propriety of distributing promotional material of this kind through the mail without cost. The question might also be raised by the manufacturers of steel and metal furniture, who might, with reason, demand that government render them a similar service. But the most important question is whether it is the proper function of government to promote the sale of any kind of furniture at all.

HORSE-AND-BUGGY METHODS

The Department of Agriculture announces a method of producing milk from soybeans—" as good a baby food as cow's milk, and cheaper "—and the dairy industry protests that it is not the business of Government to develop imitations of dairy products. The National Editorial Association comes to its support and denounces at the same time the envelope-printing business of the Post Office Department.

As I have said, appraisal of the result of these attempts of the Federal Government to perform the functions of business, either by regulation or operation of economic enterprise, is almost impossible. The records of profit and loss are in most cases submerged in general deficits or charitably obliterated by lump appropriations from the Treasury. But, in larger perspective, an intelligent appraisal of all Government undertakings in the business field does not provide a very strong brief for further encroachment in that direction.

The Post Office Department, which enjoys all the prerogatives of monopoly, which has taken on additional business activities in the form of express service, savings banks, and so on, faces a deficit approaching $100,000,000. It is lavish in its free services through the franking privilege, which permits Government bureaus, in competition with private business, to send out their promotion matter unadorned with the well-known green and red stamps. In a motorized era, its rural-delivery system is still patterned after the horse-and-buggy and mud-road age. Experts have estimated that by contract this same rural-delivery service could be maintained at a saving of $50,000,000 a year.

The post office boasts of a " business administration," but when legitimate increases in salaries are necessary in three or four localities, politics insists that such increases be made to cover the entire United States. Wages were raised in communities where the post-office wage scale was already higher than the local standard for similar work, and where there were applicants standing in line for coveted post-office jobs.

As with the Federal Government, so with the States and municipalities. The dismal ending of North Dakota's wholesale venture into business did not stay the tide. In 1928, 13.7 per cent of all the bonded indebtedness of States and 25 per cent of the bonded indebtedness of cities of more than 30,000 population had been incurred for public utilities. More than 100 State insurance funds, some of them monopolistic, are in existence. Municipal power plants are again on the increase. The groaning burden of taxation is the penalty, with billions in tax sales, municipal bonds facing default, and hesitation of individual endeavor in every line of business.

Nor are the ventures of the States and cities crowned with any greater degree of success. Some experiences are fairly typical. One State went into the banking business by establishing a department of rural credit. Trouble soon followed, and a joint legislative committee appointed to investigate its operations, among other things, reported:

" This inexperienced organization was imposed upon by public officials and politicians; political pressure was used; even the governor, in addition to taking a hand in the selection of inefficient employees, insisted on the board making loans which proved to be unfortunate. Many unsafe loans were made. In some instances the first installment was never paid. Dummies were used to obtain the State's money without any intention of ever repaying it. * * * By July, 1925, 7,316 loans for nearly $40,000,000 had been made. Of this 1,813, amounting to more than $11,000,000, have been foreclosed. The first two years virtually wrecked the bureau."

Another State maintains a monopolistic State workmen's compensation fund. After operating under the law for two years, coal-mine disasters produced a deficit of more than $300,000. The rates were raised and the fund was started off again. In 1925 an independent actuary was called in to make an audit. His report disclosed a deficit of nearly $4,000,000, according to actuarial standards. But a legislative committee, rejecting the actuary's report, made a survey of its own and found a surplus of $150,000. In 1928 a new compensation commissioner virtually admitted, by " loadings " on current and future premiums, that a deficit existed.

WHEN POLITICS COLORS THE VIEW

It should be fairly obvious that government, when it steps into the countingroom, does not change its habits. In spite of the business disguise it sometimes assumes—the corporation, the board of directors, stockholders, and what not—it remains government and is essentially political, not economic. Neither is it merely substituting collectivistic for individualistic enterprise. Industry is already collectivistic. A corporation which is owned by thousands of stockholders and employs thousands of workers can scarcely be called individualistic. Only by a severe stretch of the term can it even be called private, as many court decisions attaching to it public interest disclose.

Government, as a matter of fact, does not go into business at all; it takes the place of business. It moves in an atmosphere of deliberation and red tape, while business cuts corners. Its bookkeeping is as inscrutable as a Mayan calendar stone. At the close of each session of Congress the appropriation balances can be interpreted as " a record of incompetency and extravagance " or as " a record of thrift and wisdom in public management," depending entirely upon the political angle from which it is viewed. Cost accounting does not keep company with politics. Politics professes to look askance upon profits, but shuts its eyes with the same disdain upon losses. The banker does not stand at its elbow. The taxgatherer does not harass it. The investor does not clamor for dividends on his savings. Through economic pitfalls it marches sedately with its gaze on the far-off horizon—the political horizon.

THE BENEFIT OF RED TAPE

We rail at red tape. But red tape is a necessary and commendable part of the mechanism set up 150 years ago by a group of men in Philadelphia. They set out to do one thing—to protect the political liberty of the individual. Checks and balances were wisely provided to prevent rapid decisions in such matters. Quick action in this field spells revolution. They made it impossible for any one man or group of men to have the authority or power to make changes overnight. Any business man knows that to be successful, there is one thing he must have—the power to make rapid decisions. He must be able to alter quickly his selling plans, his production schedule, his financing. Herbert Hoover once said, " The Government lacks rapidity of decision." Which is proper. It should not be allowed to cut corners. There should be wide debate, household discussion. Delay is an asset in political matters. But this same delay, occasioned when Government attempts a business task, is red tape. Figuratively speaking, when the Government wishes to hire a new office boy, it must take a referendum of 120,000,000 people.

Recently I tried an experiment. It was an interesting one, so I will pass it on. Whenever I heard a criticism of red tape in State or Federal Government, I analyzed it, and in every case found that it was because we had asked the Government to do something it was not designed to do.

Politics is not wholly to blame. The blame rests with you and me, common citizens of the United States of America. We join every movement that comes along to put the Government, or State, or city into more business undertakings, provided they do not directly affect our own business. We are indifferent and apathetic to increase operation, or regulation, or servicing. As a result, we have seen in this generation the bureaucratic impact on all forms of American business—on banking, on every kind of transportation from rails and ships and waterways to roads and the air; on radio, power, and light; on every form of merchandising, from the investigation of chain stores to laws affecting price maintenance and branded goods; on manufacturing and insurance; on foreign trade; on raw materials such as oil and coal, and reclaimed lands and reforestation and agriculture.

Business itself is not blameless. It has been too ready to accept a dole from the Government. Industry responds enthusiastically to an invitation of a bureau to have the bureau make a survey of its operations, with suggestions as to how it could make more money, because the expense comes out of the deep wallet of Uncle Sam. Industry asks for Federal boards to help it restrict its production, supervise its prices, and thus make more profits for its members. Business, when it is articulate, justifies its actions on two grounds: First, that the Government is doing it for other industries; and second, that restrictions now laid down make it necessary for new legislation and new bureaus to overcome the evils of previous laws.

Recently I saw two letters in one week from a business association in the Middle West—one urging support for a Government barge line and the other urging opposition to the Government's participation in the grain business. Thus, time and again, business sells its birthright for a mess of Federal pottage. When competition becomes intense then business runs to the Government. An Omaha shoe dealer suggests a law to relieve him and his fellows of the rigors of competition. He suggests a Government bureau to regulate the number of styles of shoes which the manufacturer should put out each quarterly season.

But competition is essential to growth. Competition begets change, and together they plan new things to supplant old things, to dominate new markets, and to wrest patronage from old-time customers and customs. Together they see to it that a commercial house of a century's standing may be destroyed with bewildering suddenness. But by the same token they make an infant enterprise become overnight a national institution. Change and competition provide opportunities, and opportunity was the greatest heritage of the present generation. Undertakings by the Government—State, municipal, or Federal—lack originality, lack individuality, lack inspiration. They must be static; they solidify things as they are. They make it impossible to bring about the change through inventions and resourcefulness and daring which has made our American life what it is.

MAIL ANSWERED WITHIN A YEAR

A member of the President's Cabinet once told me that the first thing he found on his desk when he came to Washington was a request from a South Dakota farmer, asking for permission to take some abandoned ties from a forest reserve, saying the ties were a fire hazard and that he needed them to burn in his stove.

"That letter," the official said, "had gone through 52 hands."

"Surely," I exclaimed, "not 52, literally. You are using hyperbole."

"No," he insisted, "through 52 hands."

"And what did you do?" I asked.

"I wrote him," he replied, "that I might be court-martialed for this, but if the ties were abandoned, were a fire hazard, and he needed them for fuel, to go take them and say nothing about it to any one."

"Fine," I replied. "Then he kept warm that winter."

"No," corrected the Secretary, "it was not that winter; it was the next winter."

A high official of the Reclamation Service was once asked why the service had not been more successful. "I'll tell you a story," he answered. "The Government had $50,000 worth of equipment piled up under tarpaulin on one of its projects, waiting for the trucks to distribute it. A spark from a cook stove set it on fire. The cook—the only man on the job at the time—worked manfully to put out the fire. It was getting away from him, so he appealed to some Mexican laborers who were waiting to apply for jobs. They hesitated until he offered them a dollar apiece. Then they took buckets, brought water from a little stream and put out the fire. The cook paid the men, took their receipts and affidavits, and sent them on to Washington. In due time—that is, in about six months—the cook received word from Washington that his claim for $18 could not be allowed 'because,' the advices ran, 'according to Regulation 3208 you should have advertised for bids.'"

THE GREATEST LOSS OF ALL

Before one enters judgment against this procedure he should consider whether he is willing to allow anyone to be invested with the authority to permit an individual to appropriate Government property to his use or to permit a cook in a far-off lumber camp to spend taxpayers' money in hiring help without due authorization. And the red tape so inflexible in political matters must be made just as inflexible when Government essays the rôle of business.

Money waste in Government operation of business is important, but we are rich and we can stand the money waste. The loss of economic independence of the individual is a greater tax upon the Nation's progress. The limiting of the area left to private enterprise will justly bring an indictment from the coming generation against us for squandering their heritage. But the greatest loss of all is the loss of political freedom. For, as a former President of the United States said, "When the economic freedom of the individual goes there will go with it his political freedom."

For this is the most dangerous aspect of the change which is taking place in our political and economic structure—the fear it inspires is seldom voluble. Those who are first to feel the circle of political restriction tightening about them—business executives, railway presidents, bankers, power producers; those who are in a position to see most clearly what is going on—are reluctant to protest. They explain this reluctance by the fact that their motives will be misunderstood, that the interests they have been appointed to guard, of wage earners as well as stockholders, will suffer.

A railroad president was asked if he would write a simple article explaining just what consolidation would mean to the shipper. He replied, "I can't do that. No matter how careful I might be to keep out all controversial matters, something I might say would irritate a member of the Interstate Commerce Commission."

A ship operator who had lately acquired one of the ships run by the Government was asked how many men he used in operating the ship. He gave the number. He was then asked, "How many did you find on the ship when you took it from the Government?"

"Oh, there were twice as many," he replied.

"How does your provisioning cost per man compare with the cost to the Government?" he was asked.

"About half as much," he replied.

And so on and so on. But when he was asked for permission to use the figures in a newspaper article, to show the difference between governmental costs and private operation costs, he begged that they be used under no circumstances.

Bankers will tell of the growing presumption of Government representatives and of the varying interpretations of regulations; the growing attitude of allowing Washington to pass upon the paper of local customers, regardless of that greatest of all credit assets, character, which the banker knows more about than any regulation can cover. Instances might be multiplied, running into every line of business activity.

The ramifications of government to-day are so extensive that they afford greater and greater possibilities of retaliation. As a result, the public is not getting the sound counsel and advice in governmental affairs from business leaders that it is entitled to. The loss of economic freedom carries the penalty of loss of political freedom.

THE PRIMROSE PATH OF PATERNALISM

The burden laid upon productive enterprise by Government—nearly $15,000,000,000—is already colossal. Indications that it is too heavy to be borne are already appearing in deficits, defaulting municipalities, and lengthening lists of tax delinquents. These warnings not only seem to go unheeded but are advanced as a reason for launching government upon more uncharted seas of experiment. Having advanced far into the economic domain, it is now proposed that it enter the social field. For the old American ideal that it is the duty of citizens to maintain the state, the advocates of this new philosophy would substitute the formula: It is the duty of the state to maintain its citizens.

There the United States now stands—at the parting of the ways. It has already strayed from its old course. It is giving more and more attention to the clothing, feeding, and sheltering of the people.

Government bureaus prescribe diets, design clothing, give helpful hints to the citizen, and regulate his conduct from the day he is born to the day he is laid in the ground. It is assuming the rôles of doctor and nurse to such an extent that it is arousing the alarm of the 96,000 doctors who make up the American Medical Association.

To the original job of governing, democracy in America has saddled the state with the job of supervising, regulating, servicing, and, finally, operating industries.

Is Government to go forward or retrace its steps? It has wandered far from the principles expounded by Thomas Jefferson, fighting exponent of democracy, who thought that it should confine itself "to managing our dealings with foreign nations, a comparatively small task which could be performed by a few public servants." It should no longer, he said, "waste the labors of the people under the pretense of taking care of them."

But the records of its failures is obviously not a persuasive argument for turning back on the road that it has taken.

Thoughtful business men are puzzled over the inconsistency of Senators and Representatives who are leading the fight to urge government forward, to put it into business. They propose more Federal boards and commissions, while in the same breath they denounce present boards and commissions of their own making.

In the midst of their arraignment they stop to urge more boards, to fix the prices of wheat and hogs, to sell power and light, to carry on in hazardous fields fraught with the thousandfold possibility of graft and favoritism.

If bureaucracy with only regulatory power is untrustworthy, what will they say later of bureaucracy with executive powers?

Interest in the decision that will be made is not confined to the United States. Sir Ernest J. P. Benn, Bt., English industrialist and statesman, after reviewing England's dismal experience in this direction, makes this observation: "All this postwar madness is now passing; the process is slow, but * * * the end is in sight. That end will be accelerated and the world will be infinitely better if the United States is able to keep its head. America can stand out in this epoch of world distress as the guardian, on behalf of humanity, of economic sanity, and practical common sense."

DESTROYING INITIATIVE IN GERMANY

The beginning of the road which governmental enterprise takes is invariably bathed in the sunshine of promise. It is toward the end that the shadows gather. Efficient Germany provides an example. Hjalmar Schacht, former president of the German Reichsbank, says:

"Thirty per cent of the entire industrial population of Germany are to-day government officials in one form or another or work in enterprises upon which the national, state, or local government exercises a decisive influence. Thirty per cent of the industrial population of Germany are therefore immediately dependent upon public and political corporations. For industry this means that the inspiring struggle to obtain the maximum product and the maximum economic success gives way to the ruinous thought of crawling into public charity. * * *

"The number of business men who work at their own risk and of workers who seek work on their own responsibility is steadily declining. Men whose entire effort was once devoted to taking care of themselves are made into mere political officials; men who were once dependent upon the product of their own activity become people for whom those who still accept economic risks must help to provide; men who hoped to rise and make themselves count as a result of distinguished achievement become indifferent mechanical workers who insist upon their politically guaranteed rights."

THE TRUE ENDS OF GOVERNMENT

Fortunately, the United States has not gone so far on the road to paternalism that it can not retrace its steps. There are those who profess to believe that government should be a great social-service agency; that government should arrange for employment for us; that, without individual effort, government should enable us to enjoy the rest of our lives in a well-ordered, properly organ-

ized, scientifically planned state; that individual effort is no longer to receive individual reward; that we can lift ourselves by our own boot straps; that simply because something should be done, the Government should do it; that economic laws are not discovered but are made by legislative fiat; that we have been on the wrong course these hundred and fifty years, because national progress comes from the top down, and not from the bottom up.

"Our rulers will best promote the improvement of the Nation by strictly confining themselves to their own legitimate duties, by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment, by maintaining peace, by defending property, and by observing strict economy in every department of the State. Let the Government do this—the people will assuredly do the rest."

This was written by Macaulay just 100 years ago, and it might have been written to-day with equal force.

THE SILVER QUESTION

Mr. PITTMAN. Mr. President, I ask unanimous consent to print in the RECORD a letter which I have written to Frank M. Smith analyzing the bills which have now been introduced in Congress relative to the restoration of the purchasing power of silver and its exchange value. I do that for the purpose of answering numerous criticisms.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

UNITED STATES SENATE,
Washington, January 15, 1932.

Mr. FRANK M. SMITH,
Spokane, Wash.

MY DEAR MR. SMITH: I am in receipt of your letter in which you say:

"It is a pity that the silver men in the West can not get behind some logical program and work for it as a unit. With the multitude of bills and plans now before Congress, I am afraid we will not get anywhere.

"While I fully appreciate that you are very busy with your many duties in the Senate, I wish very much that you would take a little time and write me your views of the whole situation."

The United States Senate in February, 1931, unanimously adopted my resolution requesting the President to call or obtain an intergovernmental conference, or conferences, for the purpose of obtaining agreements to abandon or suspend the policy and practice of governments in debasing and melting up silver coins or permitting the sale of bullion derived from such sources, and for the further purpose of agreeing upon the uses and status of silver as money.

This resolution has been indorsed by legislative action of 11 western States, and the calling of such conference has been approved by the Pacific Foreign Trade Council, the International Chamber of Commerce, the Pan American Conference, the American Federation of Labor, the American Chamber of Commerce of China, and numerous civic and semicivic bodies.

During this session of Congress several bills and resolutions have been introduced, the chief of which are:

The Smoot bill (S. 1560), which provides:

"That at the request of any foreign government the Secretary of the Treasury is authorized and directed to accept, in payment of the whole or any part of the indebtedness now or hereafter owing to the Government of the United States by such foreign government, silver at the average market price in the United States for the second calendar month preceding date of payment."

The Dill bill (S. 1637), which provides:

(a) For an international monetary conference.

(b) That the representatives of the United States Government shall consist of three Government officials to be appointed by the President of the United States, three United States Senators to be appointed by the Vice President, and three Members of the House of Representatives to be appointed by the Speaker.

(c) It provides that the governments owing debts to the United States and such other governments as the President may invite shall be members of the monetary conference. The conference is to consider the monetary and economic conditions and currency needs of the nations represented at the conference and is also to formulate proposals providing for the establishment of silver as a basis of currency and world exchange between said nations and report said proposals back to the President and the Congress of the United States. When the proposals have been ratified by the governments represented, the President is authorized to modify the debt-funding agreements of the nations which ratify such proposals and which owe debts to the Government of the United States, by providing that the annual payments under said debt agreements may be made in silver instead of gold, so long as the debtor nation retains silver as a basis of money and world exchange.

The Wheeler bill (S. 2487) provides for the free and unlimited coinage of silver at the ratio of 16 to 1.

The Borah bill (S. 2630), which was introduced by request and is not yet sponsored by Senator BORAH, provides for the deposit of silver with the Treasury and the issue of "an equal number of 'ounce' silver Treasury notes provided for in this act." The Secretary of the Treasury is directed to have minted "ounce" coins sufficient to meet the public demand, the balance of the silver to be held in bullion form against the "ounce" silver Treasury notes issued in payment for such silver.

It further provides, "That both the 'ounce' silver coins and the 'ounce' silver Treasury notes provided for in this act shall pass current as lawful money of the United States but at the market value of the silver in the coins and the silver represented by the 'ounce' silver Treasury notes, to be determined from month to month by Treasury bulletins to be issued by the Secretary of the Treasury."

The Treasury is authorized monthly to fix the value of such "ounce" coins and "ounce" Treasury notes.

Such "ounce" silver coins and "ounce" silver Treasury notes may be made legal tender by special contract.

The "ounce" silver Treasury notes are redeemable in "1 ounce of standard silver, either coined as herein provided for or in bullion, at the option of the person surrendering such 'ounce' silver Treasury note."

It is further provided that the "ounce" silver coins and the "ounce" silver Treasury notes "shall be eligible as legal reserves in any bank or other financial institution, from month to month, based upon the market value of the silver in said coins or represented by said certificates, as promulgated from month to month by the Secretary of the Treasury."

Then there is a provision with regard to taxing the profits made on such silver "ounce" transactions.

Then it is further provided "that the Secretary of State is hereby directed to advise all foreign governments, states, municipalities, and districts whose bonds are held by citizens or residents of the United States, and now in default or suspension, either as to the interest or principal, of the contents of this act, and to cordially invite such debtors to make use of the ounce currency herein provided for in tendering to creditors in the United States such payments or service as they may be able to make pending resumption of full service or payments."

Congressman EVANS of Montana has introduced a bill (H. R. 6712) providing for the free coinage of silver at a ratio of 16 to 1.

Congressman MCKEOWN sets out in the whereas clause of his resolution, H. J. Res. 199, United States Statutes, title 31, section 311, which is as follows:

"Policy of United States as to bimetallism: It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals and the equal power of every dollar at all times in the markets and the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in the payment of debts."

He then followed with the following resolution:

"*Resolved, etc.*, That the President of the United States be, and he is hereby, respectfully requested to call a conference or conferences of the governments of the world for the purpose of securing intergovernmental agreements to suspend the policy and practice of governments melting up or debasing silver coins and sales by governments of silver, and to agree as to the uses and status of silver as money, and to insure the maintenance of the parity in value of both gold and silver and the equal power to every dollar at all times in the markets and in the payment of debts, and to secure the establishment of a safe system of bimetallism at a ratio which shall insure permanence of relative value between gold and silver: Be it further

"*Resolved*, That the United States be represented at such conference or conferences by commissioners as provided in section 312, title 31, of the Code of Laws of the United States, and that the sum of $100,000, or so much thereof as may be necessary, is authorized to be appropriated for the expense of such conference."

Congressman SOMERS of New York has introduced House Resolution 72, which provides as follows:

"*Resolved*, That the Committee on Coinage, Weights, and Measures is authorized and directed, as a whole or by subcommittee, to investigate the cause and effect of the present depressed value of silver, the monetary policies of the United States and foreign countries and their relation to the value of silver, methods of stabilizing the value of silver, and the advisability of an international conference to consider methods by which by international cooperation the value of silver can be stabilized. Such committee shall report its findings to the House together with such recommendations for legislation as it deems advisable."

The objections that may be urged against the Smoot bill are as follows:

(a) It changes the debt settlement agreements.

(b) There is no limit to the amount of silver that might be delivered to the United States, and therefore it is possible, although not probable, that an enormous quantity of silver might be deposited in the Treasury of the United States.

(c) There is no provision in the bill for the use of such silver as a monetary reserve or in our currency system. There is no provision against the resale of this silver by the United States Government at any time, in any quantities, at any price. Without such restriction and without provisions for the use of such silver as reserves, or in our currency system, the bear effect on the silver market would be the same as the bear effect on the silver market by reason of the policy and practice of the British Government of India in selling and threatening to sell enormous quantities of

silver derived from the melting up of the silver rupee coins of India.

(d) The bill is opposed by the financial advisors of the administration, and for that reason, and the reasons before named, would have little, if any, chance of enactment.

(e) It offers an excuse to refrain from supporting the request for an international conference as provided in the Senate resolution.

The Dill bill is not so objectionable as the Smoot bill, as it does provide for an international conference. It has aroused opposition for the following reasons:

(a) It attempts to control the constitutional authority of the Executive relative to the appointment of officers and representatives of the United States Government.

(b) The President would undoubtedly veto a bill containing such provisions.

(c) It provides for a change in the manner and method of the settlement of foreign debts due the United States Government. This would not be so objectionable, however, to many Senators and Congressmen as the provision in the Smoot bill, because the settlement in silver is only to take place after the stabilization of silver and its adoption as a basis of money and world exchange. Personally I see no objection to such provision of the bill, but the bill, in my opinion, is impossible of enactment by reason of the first objection herein cited.

(d) The bill attempts to direct the action of the proposed conference. Every act proposed or suggested in either the Smoot bill or the Dill bill could be accomplished through the conference requested in the Senate resolution.

The Wheeler and Evans bills providing for the free coinage of silver at 16 to 1 are at this time impracticable, and have not, in my opinion, the slightest chance of enactment at this session of Congress. Nearly half of the monetary gold of the world is in the banks of the United States, which, of course, would be used as an argument against the free coinage of silver. It may be advisable to supplement our currency system with further issues of silver coins or silver currency, and support to this end may be obtained. The very popularity of a free coinage of silver bill in certain sections of the United States detracts from the support of more practicable and conservative efforts looking to the restoration of the exchange value and purchasing power of silver money.

The Borah bill presents a very unique plan for an increase in our circulating medium and the greater utilization of silver in our currency system. To this extent it is not in conflict with the purpose of the resolution adopted by the Senate looking to an international conference for the restoration of the exchange value and purchasing power of silver money throughout the world. It is subject to the criticism, however, that it looks to a change in the manner and method of the settlement of foreign debts due us.

The McKeown resolution stands on a sound foundation. It recites the fact that a law is already on our statute books providing for an international bimetallic conference. It calls upon the President to obtain an international conference for the same purposes as set out in the Senate resolution; but, at the same time, more definitely defines the purpose of such conference as the stabilization of the exchange value of the moneys of the world. This resolution suggests bimetallism. The Senate resolution leaves open to the conference the question as to how silver money shall be treated so as to bring about reasonable exchange between silver moneys and gold moneys. The people of the United States are more interested in restoring the purchasing power and exchange value of the money of their foreign customers than they are of the money of our own country.

Our exports are suffering chiefly from the high standard of value that we place on our gold standard money and the low value, by relation to exchange for our money, of the silver money of other countries. I assert that it is impossible to raise and restore the exchange value of silver money with gold money until the unnatural dumping from India, derived from the melting up of enormous quantities of silver coins, is stopped. This can only be stopped through the agreement of governments.

It is not necessary that the British Government or the Government of India be a party to such agreement if the United States, Canada, Mexico, South America, Central America, China, Japan, Australia, and New Zealand alone agree not to debase or melt up silver coins, and that no silver shall be imported into any of such countries from any country not a party to the agreement. Then India will be forced to abandon her destructive policy, because there will be nowhere for her to sell her silver.

The United States to-day is suffering more than any country in the world by reason of the low exchange value of the money of other countries by comparison with our gold-standard money. We are rapidly reaching the point where we will be isolated from world trade unless we depreciate the value of our money, as Great Britain has done, or unless through international agreement we restore the exchange value and purchasing power of silver money.

Had the President acted in February, 1931, when the Senate resolution was passed, it is possible that Great Britain could have remained on the gold standard, as well as the other countries that have followed Great Britain off the gold standard.

There seems to be no legitimate excuse for the President longer delaying in this vital matter, and it is to be hoped that there may be a more active insistence upon the President's making such call on the part of those who realize how vital it is.

Very sincerely yours,

KEY PITTMAN.

COMPENSATION OF EX-SERVICE MEN

Mr. ASHURST. Mr. President, I ask leave to print in the RECORD some correspondence between myself and Gen. Frank T. Hines, Administrator of the Veterans' Bureau, relative to the number of ex-service men receiving statutory awards for arrested tuberculosis and the cost thereof to date.

The PRESIDENT pro tempore. Without objection it is so ordered.

The correspondence is as follows:

OCTOBER 19, 1931.

Gen. FRANK T. HINES,
Veterans' Administrator.

DEAR GENERAL HINES: When H. R. 12175 was pending in the Senate of the Sixty-ninth Congress, I offered the following amendment, which amendment was adopted by the Senate and which became a part of Public, No. 448, and for the lack of a better description has come to be known as the Ashurst amendment, to wit:

"That any ex-service person shown to have had a tuberculosis disease of a compensable degree, who, in the judgment of the director, has reached a condition of complete arrest of his disease, shall receive compensation of not less than $50 per month: *Provided, however,* That nothing in this provision shall deny a beneficiary the right to receive a temporary total rating for six months after discharge from a one year's period of hospitalization: *Provided further,* That no payments under this provision shall be retroactive and the payments hereunder shall commence from the date of the passage of this act or the date the disease reaches a condition of arrest, whichever be the later date."

Will you please inform me as to the number of ex-service men now receiving compensation under the provisions of my amendment, and also please further advise me as to the gross sum of money (compensation) which to date has been paid to ex-service men under and by virtue of this Ashurst amendment?

Sincerely yours,

HENRY F. ASHURST,
United States Senator from Arizona.

VETERANS' ADMINISTRATION,
Washington, October 30, 1931.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

MY DEAR SENATOR ASHURST: This will acknowledge receipt of your letter of October 19, 1931, requesting information as to the number of ex-service men receiving statutory awards for arrested tuberculosis and the cost of this amendment to date.

On September 30, 1931, statutory $50 awards for arrested tuberculosis were being paid to 43,024 veterans, and the cost to date of this amendment is approximately $87,056,000 over and above the compensation which would have been paid under the rates in effect prior to this amendment.

Very truly yours,

FRANK T. HINES, *Administrator.*

ROAD CONSTRUCTION ON INDIAN RESERVATIONS

Mr. ASHURST. Mr. President, I ask leave to print in the RECORD some correspondence between the Commissioner of Indian Affairs and myself respecting road construction on Indian reservations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The correspondence is as follows:

DECEMBER 14, 1931.

Hon. CHARLES J. RHOADS,
Commissioner of Indian Affairs.

DEAR MR. COMMISSIONER: During the Seventieth Congress I secured the enactment of the following law:

"[PUBLIC—NO. 520—70TH CONGRESS]

"(S. 1145, by Mr. ASHURST)

"An act to authorize an appropriation for roads on Indian reservations

"*Be it enacted, etc.,* That appropriations are hereby authorized, out of any money in the Treasury not otherwise appropriated, for material, equipment, supervision, and engineering, and the employment of Indian labor in the survey, improvement, construction, and maintenance of Indian reservation roads not eligible to Government aid under the Federal highway act and for which no other appropriation is available, under such rules and regulations as may be prescribed by the Secretary of the Interior.

"Approved, May 26, 1928."

Will you please supply me with the information as to the allocation of the sums of money expended, available, or proposed to be expended on the various Indian reservations for road purposes under the provisions of this act?

Respectfully yours,

HENRY F. ASHURST,
United States Senator from Arizona.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, December 30, 1931.

Hon. HENRY F. ASHURST,
United States Senate.

MY DEAR SENATOR: In accordance with your request of December 14, there is being sent you herewith information as to the allocation of the appropriations made for the fiscal years 1930, 1931, and 1932 covering the construction, maintenance, and repair of roads on Indian reservations not eligible to Government aid under the Federal highway act and for which no specific appropriation is available.

Sincerely yours,

C. J. RHOADS, *Commissioner.*

Roads, Indian reservations, 1929–30

Blackfeet	$4,000.00
Carson	1,142.64
Cherokee	1,999.62
Cheyenne and Arapaho	978.14
Cheyenne River	2,928.41
Chilocco	990.95
Choctaw-Chickasaw Hospital	875.75
Colorado River	4,822.52
Colville	4,998.78
Consolidated Ute	1,000.00
Crow	3,983.19
Crow Creek	2,999.49
Eastern Navajo	2,994.23
Flathead	4,000.00
Fort Belknap	4,000.00
Fort Berthold	2,000.00
Fort Bidwell	1,996.78
Fort Hall	4,729.55
Fort Yuma	1,999.91
Haskell	1,325.43
Havasupai	2,000.00
Hoopa Valley	498.49
Hopi	5,008.00
Jicarilla	7,700.73
Leupp	8,000.00
Mescalero	4,286.17
Mission	910.00
Neah Bay	6,920.23
Northern Navajo	5,000.00
Northern Pueblos	4,110.64
Paiute	1,907.03
Phoenix	2,286.02
Pima	5,000.00
Pine Ridge	3,996.50
Rocky Boy's	3,509.00
Rosebud	3,968.03
Sells	5,000.00
Shoshone	4,857.27
Southern Navajo	10,952.48
Southern Pueblos	4,992.65
Standing Rock	3,949.61
Taholah	342.50
Tongue River	6,498.70
Tulalip	4,988.93
Turtle Mountain	53,333.78
Uintah and Ouray	3,485.33
Walker River	1,963.19
Warm Springs	5,000.00
Western Navajo	6,783.67
Western Shoshone	2,500.00
Winnebago	2,500.00
Yakima	5,000.00
Yankton	2,000.00
Zuñi	6,921.00
Total	249,926.34

Appropriation title: Roads, Indian reservations

Appropriation, 1932	$500,000
Estimate, 1933	400,000
Decrease	100,000

We offer the following justification:

This appropriation is to cover the construction, repair, and maintenance of roads on Indian reservations not eligible to Government aid under the Federal highway act, and is authorized by the act of May 26, 1928 (45 Stat. 750). The first appropriation of $250,000 was included in the 1930 act.

It serves the twofold purpose of improving roads on various reservations and of contributing materially to the incomes of a large number of Indians through furnishing labor. This source of income has been of particular benefit last year and during the present year, as Indians on many reservations are in destitute circumstances due to the general business depression, which has materially reduced the opportunity for employment, and the market value of farm crops and livestock produced by them. On some reservations the drought and grasshopper infestation have reduced, and, in some instances, practically destroyed farm crops and range forage produced on Indian lands.

On a number of reservations road programs have been formulated covering the most essential major projects. Among the more important projects being constructed during the current year are those at the following jurisdictions:

Hopi, Polacca, Oraibi, and Keams Canyon Bridges, and some road improvements between Keams Canyon and Oraibi	$10,000
Pima, necessary roads needed in connection with the subjugation project	5,000
San Carlos, road on reservation leading to the Warm Springs country	25,000
Mission, special road work on five reservations	10,000
Consolidated Ute, special projects, mostly in La Plata country	25,000
Blackfeet, special projects, road to Hays and Heart Butte countries, representing first half of a 2-year program	35,000
Flathead, completion of road from Dixon to agency	5,000
Fort Belknap, first half of 2-year program on road from agency to Hays	20,000
Rocky Boy, first half of 2-year program on road from Box Elder to Havre	20,000
Walker River, completion of road across reservation	8,000
Zuni, completion of "Park to Park" highway within the Zuni Reservation	7,500
Klamath, construction of road from Braymill to Sprague River in cooperation with county officials who agreed to maintain the road in the future	25,000
Neah Bay, completion of Makah Road to connect with Port Angeles Road	12,000
Taholah, repair and for relocation of portion of road on Quinaielt Reservation	6,000
Jicarilla, road across reservation	14,000
Mescalero, improvement of road to Whitetail district and others	9,000
Warm Springs, general construction and maintenance of work on main road across reservation	9,000
Fort Apache, general improvement work on main roads to Indian settlements, including Cibique Road	15,000

In addition to the above, sums ranging from $1,000 to $10,000 have been allotted to a number of other agencies for general repair and maintenance of existing roads, bridges, and culverts.

Major road projects for 1933 will include the completion of the 2-year programs now under way and such additional projects of major importance as may be brought to our attention during the remainder of this year or during 1933.

The following statement shows the allocation of the regular road appropriations for 1931 and 1932, a tentative set-up of the amount requested for 1933, and allotments from the $100,000 appropriation contained in the first deficiency act, fiscal year 1931, under the heading of emergency construction:

Emergency construction, first deficiency act, 1931

	1931	Emergency construction, 1931	1932	1933
Arizona:				
Havasupai	$2,000		$1,500	$1,000
Hopi	27,500	$4,000	10,000	2,000
Leupp	3,550	4,000	19,500	7,000
Pima			10,000	7,000
Southern Navajo	28,000	6,000	10,000	4,000
Sells	1,000	2,000	4,000	40,000
Western Navajo	3,000	4,000	6,000	6,000
Colorado River	1,000	5,000	5,000	6,000
Kayenta	1,500			1,000
Phoenix	1,500	2,500	1,000	2,000
Theodore Roosevelt	1,500	1,500		
San Carlos	4,000	5,000	25,000	25,000
Truxton Canyon			2,500	2,500
Fort Apache			20,000	9,000
California:				
Fort Yuma			2,000	2,000
Mission	1,000		10,000	7,500
Hoopa Valley	1,000		8,500	6,000
Sacramento	500		3,000	3,000
Colorado: Consolidated Ute	5,000		25,000	9,000
Idaho:				
Coeur d'Alene	1,000		2,500	1,500
Fort Lapwai				1,000
Fort Hall	1,000		5,000	4,000
Iowa: Sac and Fox	1,000	1,000	1,000	1,000
Minnesota:				
Consolidated Chippewa	400	1,000	3,615	2,500
Red Lake			3,000	
Montana:				
Blackfeet	2,000		35,000	30,000
Crow			4,000	4,000
Flathead		5,000	5,000	5,000
Fort Belknap	3,000	4,000	20,000	20,000
Fort Peck	2,500		10,000	7,000
Rocky Boy	3,300	2,000	20,000	20,000
Tongue River	6,000	2,000	10,000	7,500
Nebraska: Winnebago		3,000	4,000	3,000
Nevada:				
Walker River	12,500	3,000	9,000	3,000
Western Shoshone	2,300		5,000	4,000
Pyramid Lake	1,000	2,000		1,000
Carson			1,000	
New Mexico:				
Eastern Navajo	1,500	3,000	5,000	6,000
Jicarilla	3,000		14,000	5,000
Mescalero	3,000	3,000	9,000	6,000

Emergency construction, first deficiency act, 1931—Continued

	1931	Emergency construction, 1931	1932	1933
New Mexico—Continued.				
Northern Navajo	$3,000		$4,000	$6,000
Santa Fe (Northern Pueblos)	3,000		2,000	2,000
Southern Pueblos	3,000		2,000	2,500
Zuni	7,500		7,500	2,000
North Carolina: Cherokee	1,000		2,000	1,500
North Dakota:				
Fort Totten	1,000	$2,000	3,000	5,000
Fort Berthold	3,000		2,000	3,000
Standing Rock	5,000	4,000	10,000	8,500
Turtle Mountain	46,450	3,000	9,000	7,000
Oklahoma:				
Pawnee		2,000	2,000	2,000
Shawnee	1,000			
Cheyenne and Arapaho		4,000		
Oregon:				
Warm Springs	4,000		9,000	6,500
Klamath			25,000	3,000
Umatilla				1,000
South Dakota:				
Cheyenne River	4,000	4,000	10,000	9,000
Crow Creek	2,000		4,500	4,000
Pine Ridge	5,000	3,000	10,000	10,000
Rosebud	2,000	2,000	6,000	7,000
Yankton	3,500	5,000	5,000	5,500
Sisseton			2,000	3,000
Utah:				
Uintah and Ouray			4,000	3,500
Paiute	500	1,000	1,500	2,000
Washington:				
Colville	4,000		5,000	6,000
Neah Bay	10,000		12,000	3,000
Taholah			7,450	3,000
Tulalip	14,000		3,000	2,500
Yakima			3,000	2,500
Wisconsin:				
Lac du Flambeau		2,000	4,000	2,500
Hayward		3,000	3,000	2,000
Tomah			3,000	
Wyoming: Shoshone	2,000	2,000	3,000	7,000
Reserve				10,000
Supervision	3,000		4,000	4,000
Undistributed balance			2,935	19,000
Total	250,000	100,000	500,000	400,000

As stated before, the only labor utilized on road work is Indian labor, there being no authority for the expenditure of any of the appropriation for other personal services, except engineering and supervision. We have secured a high degree of cooperation with a number of States and counties not only in the joint construction of roads across Indian reservations but also in arrangements for maintenance of such roads after completion.

DEFICIENCY APPROPRIATIONS

Mr. JONES. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) took a recess until to-morrow, Saturday, January 16, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 15, 1932

SURVEYOR OF CUSTOMS

Frederick A. Hobbs, of Alfred, Me., to be surveyor of customs in customs collection district No. 1, with headquarters at Portland, Me., in place of Frank B. W. Welch, deceased.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, Ordnance Department Reserve

Brig. Gen. John Hodgen Rice, Ordnance Department Reserve, from February 4, 1932.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 15, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We turn to Thee with our grateful hearts, Blessed Lord. We thank Thee for the sense of loving God, and that we are Thy children forever more. Grant that these loving thoughts may soften our wills, chasten our selfishness, shame our pride, and strengthen us in the bonds of unity and concord. We would ask Thee for understanding hearts and for applying dispositions; let Thy wisdom and our need join in one plea. Spread among us that large-mindedness which shall unite us with growing force to Thee and to our fellow men. While we seek to build up and make strong the outward human life do Thou make us strong in the realms of the soul—in charity, fortitude, and outlook. Through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

RELIEF OF FARMERS BY LOANS TO IRRIGATION, ETC.

Mr. BARBOUR. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by Walter D. Wagner, secretary of the Irrigation District Association of California, before the Committee on Irrigation and Reclamation of the House.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BARBOUR. Mr. Speaker, one of the most important pieces of legislation now pending before the Congress is H. R. 4650, a bill to provide for the relief of farmers by the making of loans to irrigation, drainage, levee, and similar districts for the purpose of redeeming the bonded or other lawful indebtedness of such districts incurred for the payment of works of irrigation or reclamation, such loans to be amortized over a period not exceeding 40 years and to bear interest at the rate of 3 per cent per annum.

The enactment of this legislation will afford real relief to the farmers whose lands lie within these districts and who are finding the payment of these debts and the high rates of interest which they bear an almost impossible burden.

The merits of this proposed legislation have been ably and clearly set forth in a statement before the Committee on Irrigation and Reclamation of the House of Representatives by Mr. Walter D. Wagner, secretary of the Irrigation Districts Association of California, and also secretary of a committee appointed at the western regional meeting of the American Farm Bureau Federation, representing 11 Western States, which I am pleased to submit as follows:

My name is W. D. Wagner, of California, and I am here as secretary of a committee appointed at the western regional meeting of the American Farm Bureau Federation. The regional meeting comprised the 11 Western States and at those meetings held in Reno, Nev., Salt Lake City, Utah, and San Francisco, Calif., resolutions indorsing this or some similar bill were unanimously adopted.

I am also the executive vice president of the Irrigation Districts Association of California, which association is composed of the 87 irrigation districts in California, the only individual members being the State's attorney general, the State superintendent of banks, and the State engineer.

The districts have an area of 3,548,832 acres. They vary in acreage from 325 in the smallest to 606,000 in the largest.

Of these districts, 21 were forced into default last year on account of the farmer being unable to meet the burden of his taxes.

We must understand that the individual mortgagor can waive or extend the payment on his mortgage, but under our law taxes must be paid or the owner loses his land and is forced off.

I may say that this or a similar bill has been indorsed by the State chamber of commerce, the State legislature, farm bureaus, and many other public bodies of California and many other States.

I would like at this time to correct, if possible, a false impression that I find some of our eastern friends seem to have in regard to reclamation projects which have been supported by the Federal Government. They confuse these with our irrigation districts. Some of our friends seem to believe that all irrigation districts of the Western States are Federal projects. They are no more Fed-

eral projects than are all drainage or levee districts, which are not at all. As a matter of fact, the Federal reclamation projects are those built by the Federal Government for the benefit of Federal public lands and paid for from money received from the public lands.

As to overproduction of farm products, at the present time only 1 per cent of the farm products of the United States are produced in those projects, and 90 per cent of those are consumed locally. The reclamation projects themselves furnish markets for a large amount of manufactured goods, manufactured mostly in the Eastern States.

On the other hand, an irrigation district, such as is mentioned in this bill, is a political subdivision or State agency, whichever you desire to call it, the same as a drainage or levee district. It is organized by vote of the people within the district. It has its own officers; it levies its own taxes and assessments. It provides irrigation where necessary, levees where necessary, and drainage where necessary.

The position of irrigation districts is very clearly set forth in the printed testimony of Mr. Mason, of California, at the hearing on Senate bill 4123 before this committee on December 11 and 12, 1930, except that since that time their condition has grown very much worse, for, as stated before, 21 of our 87 districts were forced into default last year on account of the farmer being unable to meet the burden of his taxes. Also we might refer to the splendid report of Mr. Smith which accompanied Senate bill 4123.

What has been said about levee and drainage districts applies equally and exactly to irrigation districts. Their condition is the same. In fact there is no difference except in the name. Levees are to keep the water off the land, drainage is to take the water off the land, and irrigation to put the water on the land, all for the one purpose of making the land more productive. An irrigation district, however, under our law, can and does all three; it builds levees, drainage and irrigation works, but all its bonds for all these purposes are called irrigation-district bonds. Even what was said about corporation farming in the drainage districts applies to our irrigation districts. One large corporation has foreclosed mortgages and taken over, I will not say definitely how many, but approximately, 200 farms, and are now more intensively cultivating them.

The corporation would not extend the time or loan the former owner the additional funds needed to make the necessary improvements, but is itself buying additional tractors, making the necessary improvements, and cultivating the land more intensively, so that instead of these lands going out of production they are made to produce more, thus adding to the already overproduction, to the detriment of all others. But that, gentlemen, to my mind is not the worst feature of it. These 200 farms each contained a house which was the home of an independent family; the children attending school. To-day those houses are being turned into bunk houses, containing nothing but a lot of hired men.

I do not wish to paint a too-pessimistic picture. I am by nature an optimist, but a man, knowing conditions, must be an extreme optimist indeed to paint anything but a pessimistic picture of the plight of the farmer in these districts. The small farmer will pay his taxes to save his home before anything else. During the past several years he has used up whatever surplus he may have had. Likewise, he has used up whatever credit he may have had. The banks will no longer loan him money to pay taxes or for any other purpose.

This is pretty well illustrated by a rather amusing incident which actually happened last year in one of our districts. A dairyman ran out of feed for his cows. He had no money or credit. The bank had a chattel mortgage on the cows. The dairyman went to the banker and explained his condition, and asked an additional loan of $200 to buy feed. The banker refused, saying he had already loaned more than the cows were then worth, which was probably true. The banker remained firm. Finally the dairyman asked the banker if he knew how to milk cows, and the banker said he did. "Well," said the dairyman, "you come out to-night and milk your cows, for they are yours right now; I am through." And, gentlemen, that is the general condition. They are borrowed right up to the hilt.

I said that the individual mortgagor could extend the payment of his mortgage and that the farmer would pay his taxes, if possible, before anything else. These bonds were issued under certain taxing laws and our Supreme Court has held that neither State nor country taxes take precedent over irrigation-district taxes, and our Attorney General has ruled that an irrigation-district tax deed actually wipes out all prior State, county, or other delinquent taxes, as well as mortgages, trust deeds, or any other lien. The United States Supreme Court has upheld the power of an irrigation district to levy and collect assessments. I make this statement to assure you that any loan made under the provisions of this bill will be amply protected.

I read a statement by a Senator from one of our Eastern States that this bill was primarily for the benefit of the banks and bondholders. This is not correct. It is primarily for the benefit of the farmer. Of course, anything that will help the farmer will indirectly help his creditor, whoever it may be. But who are the bondholders? Some people think these bonds are all held by banks, insurance companies, and wealthy people, but such is not the case. We have had occasion to compile a list of bondholders of several districts. Of one district with $693,000 of bonds outstanding, only $25,000 were held by banks, and none by insurance companies. Of another district only 4 per cent were held by banks, and these were mostly small country banks. You would be surprised to know how many holdings of $500 to $1,000 there are. Nearly all are held by individuals, many by widows who purchased them from banks or bond houses as an investment of their meager funds. Many of them in Eastern States. No, the banks and bond houses have already made their profit out of them.

You may ask, as I have asked myself, Will the operation of this bill save the farmer? I believe it will. This bond-and-interest tax is like the proverbial straw that broke the camel's back, and this bill will remove that straw and allow the farmer to safely carry his burden.

I think it is needless for me to call your attention to the fact that farming is the basic industry of this as well as any other country, and that prosperity can not remain with us unless the cultivation of the soil can be made to pay. In the Western States farming can not be made to pay without irrigation, the same as it can not be made to pay in some other States without drainage or levees.

The creation of an irrigation district and the bringing of the lands under cultivation creates not only additional taxable value to the farm lands but also to the local town values, regional city land values, and railroad and power franchises as well. A recent study of the various values created by an irrigation district indicates that the increase in the farm land values, which must bear the entire cost of the development, amounts to only one-fifth of the total values created, yet in no case have the regional interests or the railroads or power companies or other utilities paid anything towards these costs although they have received an increment in value far greater than the farmer.

In order to determine the benefits resulting from irrigation development, it is necessary to follow the various ramifications of activities resulting from such development. To illustrate, consider a district including 100,000 acres of land, yielding produce for which the ultimate consumer pays $11,000,000 or $110 per acre annually. According to a recently completed analysis of the consumer's dollar for such a project, 48 per cent, or $5,060,000, goes to the farmer; approximately 9.1 per cent, or $1,001,000, goes to the local manufacturers; and 44.9 per cent, or $4,939,000, goes to transportation and merchandising interests and to outside manufacturers.

The farmer's income of $5,060,000 is distributed to various items of expense, including equipment, supplies, interest, taxes, water costs, power, and personal items. Twenty-five per cent, or $1,265,000, is retained by local town interests; 46 per cent, or $2,327,600, goes to manufacturers, wholesalers, and others in regional centers; and the balance of $1,467,400 goes to outside manufacturers.

In this cycle of activity each interest makes a profit, beginning with the farm and going on through the local, regional, and distant centers. Each business uses land, and the rental capitalized represents, in general, the increase in land values resulting from the activities created by the primary production on the farm. In the case of railroads and power companies there is also an increase in franchise value.

According to the analysis, the total values equal $217 per acre irrigated. Forty dollars goes to the farmer for increased land value and $177 goes to other interests in local and regional centers for increased land and utility-franchise values.

The establishment of new projects at present would be unwise, for it would lead to greater demoralization of agriculture, with no compensating benefits, and this bill does not provide for any new projects, nor for the enlargement of any of the existing ones.

The conservation of existing development presents a special problem which deserves most serious consideration. The maintenance of the buying power of existing and established interests is vitally necessary. The reduction or, in some cases, the total elimination of the farmer's buying power through foreclosure by either mortgage or bondholders or tax liens starts a vicious circle of loss which extends to every walk of life. When the farmer's buying power is curtailed, the influence has a wide ramification, reaching local business interests, regional wholesalers, manufacturers, railroads, and power interests. There is no greater problem facing the Nation than this problem of maintaining the welfare of existing agricultural interests as a part of a national program looking toward the development of general buying power; and the general buying power of the farmer is now about nil.

To give you a picture of what the farmer is up against, the following figures are given me as from a report of the Bureau of Agricultural Economics of the United States Department of Agriculture. The figures show that of the price received last year as compared with that of 1920, taking $1 as the basis received in 1920, the farmer received for grains but 21½ cents; for fruits and vegetables, 33 cents; for meat animals of all kinds, 42 cents; for dairy products but 46 cents; poultry and eggs but 42 cents; and for cotton but 19 cents. The figures also show that the average price received by the farmer to-day is but 72 per cent of the 1914 prices, while at the same time the farmer pays for the commodities he purchases 127 per cent of the 1914 prices and pays for farm wages 123 per cent of the 1914 wages and pays, or attempts to pay, for his taxes 265 per cent of his 1914 taxes.

Many of these districts were organized during the World War and in response to the call of the Federal Government to raise more food. At that time the price of agricultural products was high and so likewise was the cost of construction. Bonds bearing high rates of interest were issued and maturities fixed at early dates. The improvements made by these districts are not only for the present but are permanent in nature and for the benefit of generations to come. They are indeed in the nature of public

improvements and are actually for the benefit of all the people of the United States.

The condition creates a burden which the farmer is unable to bear. Had the high prices of agricultural products continued, perhaps the farmer could pay, but under the conditions now existing unless such relief is afforded as is proposed in this bill thousands of farmers will lose everything and be forced to migrate to the cities, swelling the number of the unemployed.

This bill represents real farm relief. It is no bonus, no subsidy, no dole. The farmer is given a chance to work out his own destiny on his own land and by his own investment. The help that he receives is the lightening of the unbearable tax burden by low-interest money and furnished at no expense to the Government or to the people of the United States.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, we have some very important matters coming before the House to-day, and I think a quorum should be present. I therefore make the point that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

The motion was agreed to; accordingly the doors were closed, the Sergeant at Arms directed to notify absent Members, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 10]

Bloom	Fishburne	Lea	Pratt, Harcourt J.
Boehne	Freeman	Lewis	Quin
Buckbee	Gasque	McDuffie	Schafer
Cochran, Pa.	Granata	McLeod	Schuetz
Collins	Hadley	McReynolds	Somers, N. Y.
Crowther	Harlan	Maloney	Swick
Davis	Hull, Morton D.	Martin, Oreg.	Swing
De Priest	Hull, William E.	Montague	Taylor, Tenn.
Dieterich	Jacobsen	Montet	Thomason
Disney	James	Murphy	Vestal
Douglas, Ariz.	Johnson, S. Dak.	Norton, N. J.	Weeks
Drewry	Johnson, Tex.	Overton	Welch, Calif.
Eaton, Colo.	Kendall	Peavey	Wolcott
Estep	Lamneck	Pettengill	Wood, Ind.

The SPEAKER. Three hundred and seventy-six Members have answered to their names. A quorum is present.

Mr. STEVENSON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. STEVENSON. Mr. Speaker, I present a privileged resolution from the Committee on Printing.

The Clerk read as follows:

House Resolution 105

Resolved, That the prayers offered by the Rev. James Shera Montgomery, Chaplain of the House of Representatives, at the opening of the daily sessions of the House during the Seventieth and Seventy-first Congresses be printed as a House document.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, what is the purpose of this?

Mr. STEVENSON. I do not ask unanimous consent, Mr. Speaker; I move the adoption of the resolution. This is for the publication of the prayers of the Chaplain during the Seventieth and Seventy-first Congresses, for the use of the Members of the House.

Mr. MICHENER. How are they to be distributed?

Mr. STEVENSON. Through the document room, and those who want them can get them.

Mr. MICHENER. And the first man there can get them all. Does not the gentleman think that they should be distributed through the folding room?

Mr. STEVENSON. The custom has been to distribute them through the document room, but if gentlemen want them distributed through the folding room I will ask to amend the resolution by adding "to be distributed through the folding room of the House."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

At the end of line 5, after the word "document," insert "to be distributed through the folding room of the House."

The SPEAKER. Is there objection to the consideration of the resolution?

There was no objection.

The amendment was agreed to.

The resolution as amended was agreed to.

Mr. STEVENSON. Mr. Speaker, I present another resolution and ask for its immediate consideration.

The Clerk read as follows:

Senate Concurrent Resolution 4

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the printing act approved March 1, 1907, the Committee on Agriculture and Forestry of the Senate be, and is hereby, empowered to have printed 5,000 additional copies of the hearings held before the committee during the current session on agricultural conference and Farm Board inquiry.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

EXTENSION OF REMARKS

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a letter written by Joseph P. Tumulty, late secretary to President Wilson, to the editor of the New York Evening Post, which will appear in that publication to-day.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. UNDERHILL. I object.

RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask recognition for five minutes to make a statement.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Chairman, there have been several inquiries from Members who are interested in the committee amendment offered yesterday which provided for the allocation of $50,000,000 out of the funds of the Reconstruction Finance Corporation to be used for loans to farmers for crop production.

This amendment, as will be remembered, went out on a point of order, having been offered first as an amendment to section 2 and later as an amendment to section 5 of the bill. I want to say to the Members who have made inquiry of the chairman of the committee, as well as those who have not but who are interested in this amendment, that the amendment was offered by the Committee on Banking and Currency after full consideration in the committee, called together by the chairman for that purpose. The House will have opportunity, under the parliamentary status of the legislation, to express itself on this particular provision. If the bill is passed, as it is conceded it will be, it will go to the Senate and then to conference. The House will have a chance to instruct its conferees. It will have a right to a separate vote on the amendment. It will have an opportunity to vote down the conference report if it does not conform to the wishes of the majority of the House. But I will say further in that connection that I know there is no reason why the House should doubt that the conferees will, in conference, do as the Members who will constitute that conference committee did in the House on yesterday, that is, adhere to the same views and purposes that actuated the Committee on Banking and Currency in preparing the amendment.

Mr. JONES. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. JONES. Then I take it if the House should express itself as favorable to a similar provision which is now in the Senate bill, the conferees would not be disposed to go contrary to the wishes of the House, in view of the gentleman's statement?

Mr. STEAGALL. I think the gentleman is certainly justified in assuming that the conferees on the part of the House would carry out the wishes of the House as far as it is in their power to do so, and that conclusion is fortified by the fact that the Committee on Banking and Currency, among whose membership will be found the conferees on the part of the House, has already brought in a report favoring this particular amendment.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman may have two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. VINSON of Georgia. I would like to ascertain from the gentleman from Alabama if his committee has any objection to perfecting this bill, dealing with the subject matter about which the gentleman has been addressing the committee, provided it can be done so within the rules?

Mr. STEAGALL. I hardly see how the gentleman finds occasion to make that inquiry in face of the fact that the committee on yesterday offered that particular amendment as a committee amendment and it was ruled out on a point of order. That was all the committee could do then or now.

Mr. VINSON of Georgia. But the gentleman from Alabama now by innuendo is suggesting to the committee that by instructions to the conferees they will do this. I say to the gentleman from Alabama I think that this provision can be taken care of within the rules of the House. Why should not this bill be perfected as we proceed along with it?

Mr. STEAGALL. Of course, the gentleman has no right to assume that the chairman of the committee would not gladly approve the incorporation of that legislation in this bill at any time as was undertaken on yesterday by the committee at the instance of the chairman, who offered it twice.

Mr. BLANTON. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANTON. The parliamentary situation is that the Senate has this identical amendment on its bill. We find all members of the gentleman's committee in favor of the amendment as well as, I imagine, two-thirds of the House. A point of order keeps it from going in now. But the gentleman knows that in conference the Senate will insist on this very amendment, and the gentleman is going to be the leading conferee; so that there will be no trouble about that.

Mr. VINSON of Georgia. Will the gentleman yield further?

Mr. STEAGALL. I yield.

Mr. VINSON of Georgia. This House has no assurance of what another body will do. We have the situation in our hands now, and if the gentleman from Alabama will permit us to return to section 2 an amendment can be offered that is germane to take care of the situation.

Mr. STEAGALL. The Chairman of the Committee of the Whole House, and not the chairman of the Committee on Banking and Currency, alone has that power.

Mr. MAPES. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Alabama [Mr. STEAGALL] has expired.

Mr. MAPES. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended two minutes for the purpose of asking him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. MAPES]?

There was no objection.

Mr. MAPES. If the gentleman will yield?

Mr. STEAGALL. I yield.

Mr. MAPES. Some of us on this side do not understand how the gentleman expects to get this expression of the will of the House, to which the gentleman refers, and to get this legislation into the bill so that it goes to conference. As I understand it, the committee amendment was offered yesterday and ruled out of order, and we proceeded to other business. Just how does the gentleman expect to get the amendment before the House so as to get an expression as to the will of the House on it?

Mr. STEAGALL. Probably the gentleman did not hear the first statement I made.

Mr. MAPES. I was listening as attentively as I could.

Mr. STEAGALL. I will say to the gentleman that the provision is now in the Senate bill, and the Senate, of course, will send that to conference, and the only way it can go out is by action of the conferees on the part of the House in opposing it, or upon a vote of the House instructing the conferees.

Mr. MAPES. Just one further question, so that we may all know what to anticipate. It is not the gentleman's intention, then, to reoffer that amendment during the consideration of this bill now before the committee?

Mr. STEAGALL. The chairman of the committee submitted that amendment twice on yesterday, and it was ruled out of order both times. It is a very close question. I am not attempting to say that the judgment of the Chairman of the committee was not correct. I thought the amendment was in order. The Chair ruled otherwise. I respectfully bow to his ruling.

Mr. MAPES. I understand that, but will the gentleman answer my question directly? Does he intend to reintroduce the amendment during the consideration of the House bill?

Mr. STEAGALL. It had not been the purpose of the chairman to do that, and I know of no reason now why that should be done.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. VINSON of Georgia. If the gentleman from Alabama desires to endeavor to bring this question within the ruling of the Chair, I suggest to him to ask unanimous consent to return to section 2 and offer this amendment, which I am satisfied the Chair will hold in order. It will not take any time of the committee. The Secretary of Agriculture is not involved in it, and no one is involved in it except the intermediate-credit banks. Therefore, I suggest that the gentleman allow the House to have an opportunity to go on record on this question.

Mr. STEAGALL. I will say to the gentleman that I have not read his amendment; I do not know its purpose, and I am not authorized to offer it by the committee. If it is the same amendment offered by me on yesterday, I do not care to offer it again.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. Mr. Chairman, I have asked for this time in order that I might corroborate and supplement what the chairman of the committee has said about the parliamentary situation. There is apprehension, I understand, on the part of some Members that they may not have an opportunity further to consider a particular proposition. Sir, better parliamentarians than myself have become confused in the matter of conference committees, and it is to be expected that newer Members will find themselves somewhat at sea. If, then, I may explain, and hoping that I state the matter accurately, I would say that in the first place, when the question of appointing conferees arises, it is possible for a Member to move to instruct the conferees in this particular matter. That procedure has not been approved by the other branch but it has sometimes been used here. If the matter should go to the conferees without instructions, then there is supposed to be procedure which I do not understand to be quite as the chairman of the committee has conceived. My understanding is that conferees are expected to present to the conference the view contained in the final action of the House and to maintain it as stoutly and as long as they prudently can.

For instance, I may recall that at the close of the last session of Congress this came up in connection with a bill relating to veterans. In the conference House conferees who did not agree with the position taken by the House, nevertheless felt it their duty to stand for the view of the House as long as it could be wisely maintained, and then at the end, concession being necessary to secure action, a majority of the House conferees accepted the view of the Senate.

But whatever the procedure in the conference committee itself the conferees must report to each branch. In this instance the report will be made first to the House, which will give an opportunity for gentlemen to move to disagree with the conference report, in case they desire to reach a vote upon this particular proposal. So the customary processes give ample opportunity for further consideration of this proposal in the ordinary way.

It is apprehended that gentlemen, anxious to anticipate the orderly process of affairs, may nevertheless feel they ought to overrule the Chairman some time this afternoon in the matter of his views as to the admissibility of some particular amendment. I very much hope that the majority of the House will not consent to violate thus the integrity of parliamentary law. That law is the protection of the minority, no matter what party governs. In this instance there is no partisanship involved, but there will be a minority and a majority, and the purpose of parliamentary law is to protect the rights of the minority. This great fabric, built up through scores of years of thought by the wisest of our predecessors, has put this system at the command of every Member to protect his rights; and if in this instance it should be violated by refusing to sustain the Chair, where he is clearly in the right, for the sake of any temporary purpose, it exposes all subsequent Congresses to the dangers that may come from breaking down the protection of all of us. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. FULLER. Mr. Chairman, I object.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the House for five minutes on the parliamentary situation before the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Chairman, I am very much in favor of the so-called Smith amendment. I am also convinced that under the rules of the House it was not germane and not in order as an amendment to the House bill under consideration, and I think the Chairman ruled correctly. I agree with the gentleman from Massachusetts that it is of the highest importance that the rules of the House be enforced as written.

Now, there is a way, if a majority of the House desires an amendment considered that is not in order under the rules. The Rules Committee can bring in a special order making that amendment in order.

Now, gentlemen, I repeat: I am very much in favor of the Smith amendment, and I am frank to say that was the main reason why I threw out the suggestion that if the House considered the Senate bill, striking out all after the enacting clause and substituting the provisions of the House bill, that beyond peradventure of doubt when the bill went to conference the conferees would have the Smith amendment before them, and the House conferees could agree to it. If they did not voluntarily, the House could compel them to do so by instructing them.

I am going to give you, as I see it, both sides of the picture. If you pass the House bill and it goes to the Senate, it is de novo with the Senate, whether the Senate will adopt as an amendment the bill as reported or adopt some other substitute.

I concede that in all reason you can expect the Senate to adopt as a substitute the bill they passed, and if they do, when it comes back here and we agree to a conference, the Smith amendment will be in conference before the conferees. If the House bill comes back with the Senate bill attached as an amendment, if the House disagrees to the Senate amendment and asks for a conference or agrees to a conference, right then and there, immediately before the conferees are appointed, it is in order to offer a motion in the House to instruct the House conferees to agree to that provision of the Senate bill known as the Smith amendment.

Therefore, the only possibility of the House not being given an opportunity to voice its will as to instructions on that amendment is for the Senate not to include that in the amendment they propose to the House bill.

Mr. VINSON of Georgia. Let me ask my colleague from Georgia a question. If the House, having jurisdiction of the bill now, can make the so-called Smith amendment germane, is it not the proper thing for the House to do so now without going through all this red tape of parliamentary procedure which the gentleman has so ably discussed?

Mr. CRISP. Of course, it is practical; but I will say to my colleague that while I am 100 per cent in favor of that amendment, yet the Smith amendment makes a direct appropriation out of the Treasury of the United States of $50,000,000 to be handled through the Secretary of Agriculture in loans to farmers. In my judgment that has no germaneness or relation whatever to this bill. It was adopted by the Senate as a rider to that bill, with no parliamentary relation to it.

Mr. SABATH. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SABATH. The gentleman from Georgia states that there is only one way to make this in order, namely, by securing a special rule; is it not a fact that if the amendment is so just and equitable and a majority desires that it should be enacted there is another way, namely, by appealing from the ruling of the Chair?

Mr. CRISP. I will say to my friend that the House can do anything by brute force, if I may use that phrase——

Mr. SABATH. Or by majority.

Mr. CRISP. A majority can work its will; but I for one—and I have always maintained this attitude, whether in the majority or minority—will never vote to overrule a presiding officer in one of his rulings when I believe he has ruled right, according to the rules of the House. [Applause.]

The CHAIRMAN. Section 5 of the bill is open to further amendment.

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent to return to section 2 for the purpose of offering an amendment.

Mr. LUCE. Mr. Chairman, with the greatest reluctance, I have to object.

Mr. VINSON of Georgia. Mr. Chairman, I offer an amendment at line 2, page 6 of the bill.

The CHAIRMAN. The gentleman from Georgia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: Page 6, line 2, after the word "same," insert:

"(a) The corporation is hereby authorized and directed immediately upon its organization to allocate the sum of $45,000,000 to the intermediate credit banks for the purpose of making loans or advances to farmers in the several States of the United States, who because of the failures of banking institutions and conditions resulting from crop failures or the general depression, are unable to obtain credit for crop-production purposes for the year 1932. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the intermediate-credit banks shall prescribe. A first lien on all crops growing or to be planted and grown shall, in the discretion of the intermediate credit banks, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the intermediate-credit banks may designate, and in such amounts as such agencies, with the approval of the intermediate- credit banks, may determine.

"(b) Any person who shall knowingly make any materially false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this

section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both."

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair thinks that the language of the amendment as now proposed by the gentleman from Georgia might possibly be germane to section 2. Under no circumstances does the Chair think it is germane to section 5 and, therefore, sustains the point of order.

Mr. VINSON of Georgia. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair has already ruled on the point of order.

Mr. RUTHERFORD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. RUTHERFORD: Page 7, at the end of section 5, line 19, insert:

"SEC. 5 (a). The corporation is hereby authorized and directed to lend the sum of $50,000,000, or so much thereof as may be necessary, to the Secretary of Agriculture, to be expended by the Secretary of Agriculture for the purpose of making loans or advances during the year 1932 to farmers in the several States of the United States, who, because of failures of banking institutions and conditions resulting from the general depression, are unable to obtain credit for crop-production purposes. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine.

"SEC. 5 (b). Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both."

Mr. LUCE. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The gentleman from Massachusetts makes the point of order that the amendment is not germane. The Chair thinks that it is not germane and sustains the point of order.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 16, strike out the figures "10" and insert in lieu thereof the figure "5."

Mr. LAGUARDIA. Mr. Chairman, this provision was clarified yesterday by the gentleman from Alabama. The intent is clear that under the authority of this provision the corporation is authorized to loan to any single borrower the sum of $200,000,000. The economic distress throughout the country being so widespread, it seems to me that a limit of $200,000,000 is too large to spread the benefits of this bill. My amendment would limit the amount authorized to be loaned to any one borrower to the amount of $100,000,000.

Surely that is no small sum to be loaned by this credit corporation to one borrower.

Permit me to point cut the possibility of five large borrowers coming in, and each borrowing to the full extent of $200,000,000; it is not unlikely at all that the big borrowers will have the first preference. In fact, this high limit was suggested by having in mind certain corporations that will immediately apply for loans up to the very limit.

In a matter of that kind the judgment and discretion of the members will govern, and it seems to me that the risk assumed by the corporation in handling the public funds will be far less if the benefits were distributed through a wider group, and the benefits of the loan will be greater than if we permitted a loan of $200,000,000 to one single borrower.

Mr. SABATH. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SABATH. I am in sympathy with the gentleman's amendment. Does he not think that we should eliminate lines 17, 18, and 19, and permit also the loan of the amount of the capital stock and outstanding bonds to the extent of a billion and a half?

Mr. LAGUARDIA. That would limit each loan to $50,000,000. I agree that would be sufficient. But I am ready, in order to have some reasonable limitation, to include the bonds.

Mr. SABATH. I think we should limit that on the loan against the bond issue of the capital stock authorized to be outstanding.

Mr. LAGUARDIA. That is a yardstick or gage. Under the provisions of the bill 10 per cent of the capitalization and outstanding bonds is the limit, but I say, gentlemen, the House ought to know what it is doing. The bill authorizes a loan of $200,000,000 to a single borrower; but if the gentlemen will vote for my amendment, it will limit the amount to $100,000,000. A generous bounty indeed to men who have brought their companies to ruin and lost their stockholders' investments.

I submit, gentlemen, that unless we put some restriction here, I do not believe there is a Member of the House who could not think of five distinct entities who are now in the market for these loans, who would take up $1,000,000,000 immediately; and if three of those five loans should go bad, the loss would be enormous, and the benefit and purpose of the bill would be entirely nullified. This is a reconstruction measure. The purpose of that is to extend benefits widespread throughout the country. I submit, gentlemen, that when you give a leeway or margin of a hundred million dollars to one borrower, it can not be criticized as seekink to destroy the benefits of the bill. Unless there is this limit, the entire capital will soon be dissipated—the Government left holding securities of little value, and the economic crisis relieved very little, if at all.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New York.

The CHAIRMAN. The gentleman from Georgia [Mr. LANKFORD] offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LANKFORD of Georgia moves to amend the amendment of Mr. LAGUARDIA by striking out "5 per cent" and inserting in lieu thereof "one-tenth of 1 per cent."

Mr. LANKFORD of Georgia. Mr. Chairman, I am very much in favor of the LaGuardia amendment; but, to my mind, we should go still further and not authorize the loaning of 5 per cent of this money to any one organization, but should only authorize the loaning of one-tenth of 1 per cent, or even less, to any one organization. The original bill would authorize the loaning of $50,000,000 of the original stock and would authorize the loaning of $200,000,000 out of the original stock and bonds that might be issued under the act in connection with the original stock. If the amendment which I have offered to the LaGuardia amendment is adopted there could be loaned $500,000 to one concern out of the original stock and $2,000,000 could be loaned to one organization out of the stock and the bonds that could be issued in connection therewith. Even my amendment makes the amount too large. I wish we had enough help to make it much smaller.

Mr. LAGUARDIA. I reduce it to $100,000,000.

Mr. LANKFORD of Georgia. And I reduce it to $2,000,000 instead of $100,000,000. I feel that if this money is to be administered for the benefit of the Nation as a whole, that certainly no one concern should be permitted to secure loans of more than $2,000,000 from the Government Treasury. I sincerely hope that my amendment to the amendment offered by the gentleman from New York [Mr. LAGUARDIA] may be adopted, and that the LaGuardia amendment as amended will be approved by the House.

Mr. Chairman, the gentleman from New York [Mr. LAGUARDIA] and I are both seeking to remedy the same dangerous provision in this bill. Personally, I feet that the amount to be loaned to any one concern should be reduced even further than would be the case under the original amendment or my amendment thereto.

It has been urged here that this corporation will take care of the people of the whole Nation and all the people in every calling of life. The great danger in the bill, as I see it, is that it provides for taking money out of the Treasury which was placed in there by all the people—the poorest of the poor and the rich as well—and turning it over to this powerful corporation, with unlimited power and almost unlimited financial means, to be loaned to whom, when, and where this corporation may determine.

The provisions of the bill are entirely too indefinite, and yet there are some things that are known beyond the peradventure of a doubt. One is that this $2,000,000,000 which is to be put up is the money of the whole people, for it was raised by taxation, or rather is to be raised by future taxation, and will be in the United States Treasury and will be drawn from the Treasury. Another thing that is fully known is that this money will never again get back into the ownership of the whole people, but will get into the possession of those that are already immensely rich. In other words, this provision of this bill is augmenting and making much more dangerous the real trouble of this Nation to-day.

Our people are being driven to desperation and ruin because there is not sufficient money in circulation and in the pockets of the average citizen. This bill proposes to cure this awful situation by forcing the people of the Nation, even those who are losing their homes by foreclosure and those who are walking the streets without jobs begging for bread, to raise an enormous fund to be loaned to the big rich in sums of $200,000,000 each.

Let us use our lead pencils a little and figure out just what this means. This bill proposes to turn over all this tremendous power and enormous amount of money to men worth their millions who believe that only they and a few others like them who have stolen enough of the peoples' money by unfair legislation or otherwise to be in the millionaire class are the only select few hundred people of the Nation who have sense enough to manage financial affairs, and this bill provides that these men of fabulous wealth are to loan this money out in sums of $200,000,000 to each organization under just such rules and regulations as this board may approve for the perpetration of the outrage.

Does anyone with one eye and half sense expect this powerful corporation to loan any of this money to the average citizen and that this bill, if enacted, will in any way benefit the farmer, the laboring man, or the average taxpayer. I certainly do not.

This bill provides for taking out of the peoples' Treasury nearly $14 for every man, woman, and child living in the United States and making loans to separate concerns in sums that are the equivalent of nearly $1.40 for every man, woman, and child in the entire country.

An awful cry is made against using tax money to buy a bowl of soup for the starving men, women, and children of the country, and yet these same financial pirates of the big banking world advocate, and, it seems, will be able to secure, the passage of a bill bleeding the starving, freezing, dying victims of this awful depression of still another $1.40 each.

This bill with this provision in it can only mean more centralization of wealth, more centralization of power, more hoarding of money by the immensely rich, more unloading on the public of all kind of worthless stocks and bonds, and, worst of all, more and still more bleeding and destruction of the common people. It can only mean, to my mind, a tremendous further strangle hold on the throats of the American people by this awful, hideous, murderous financial monster that is wrecking our homes, destroying our people, and working the eventual destruction of our Nation.

My amendment should be adopted, and then the amendment as amended should become part of this bill. I would be very glad to see this amount which is to be loaned to one organization reduced much further than is provided by my amendment, but it would be absolutely impossible to secure this kind of amendment; and yet if this amendment loses out, I shall later to-day offer another amendment to this same section in which I shall attempt to reduce the amount authorized to be loaned to one concern to $50,000, and also throw some of the same restrictions around this proposed organization that were in the War Finance Corporation act which has been mentioned several times in this debate. The War Finance Corporation act was good legislation, and its real virtues lay in the limitations of the amounts that could be loaned to one bank or financial concern.

Those of us here who look at this bill from the standpoint of the common people are most anxious to have this bill improved, and are doing all we can to secure some really worth-while amendments. I regret very much that there seems to be such stubborn determination on the part of the sponsors of this bill to defeat all amendments that may at all improve the measure. I sincerely hope that we may yet greatly improve the bill by amendment. It certainly needs amending as much as any bill I ever saw.

I want this bill, if it is enacted into law, to be not a bankers' bill but a bill for the benefit of the whole Nation. [Applause.]

Mr. BEEDY. I rise in opposition to the amendment.

We gave this proposal a great deal of consideration in the committee, and, as far as I am concerned, I am just as anxious to see a general distribution of these loans as any man on the floor of this House, but I am also anxious to be perfectly sure that, as far as I have any influence, it shall be cast in the direction of making this law, if it is to become a law, most effective.

To be perfectly frank about it, my thought is this: This was a limitation written in here by the committee on Banking and Currency. Personally, I do not favor any limitation. The bill as introduced contained none. The express limitation is a proposal that a loan to the full amount of the limitation should be made in individual cases. But, be that as it may, I feel that if we can not trust the proper officials to administer the business of this proposed corporation in accordance with the terms of this bill, we might as well stop right here and go no further with the consideration of this proposed legislation.

Now, what has been our experience with the War Finance Corporation act? I do not have a copy of that act before me just now, but my recollection is that the extent of loans authorized by that act was $2,000,000,000. If I am incorrect some Member will correct me.

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. LANKFORD of Georgia. The War Finance Corporation act is very specific as to the kind of loans that shall be made. In all instances the War Finance Corporation act provides that only such an amount shall be loaned as represents the balance due on obligations made by loaning money to the farmers of the country or for other specific beneficial purposes, such as winning the war, and so forth.

Mr. BEEDY. I am not talking about that. I think there was no such limitation in that act as 10 per cent.

Mr. LANKFORD of Georgia. It was not necessary, but——

Mr. BEEDY. Absolutely not. Now, I do not yield to the gentleman from Georgia to make a speech.

I have the definite information now. It was capitalized for $500,000,000, with authority to loan up to three times its capitalization, or $2,000,000,000, precisely as is provided here, and 10 per cent was the limitation in that bill.

What do we find? We find that more than $172,000,000 were loaned to more than 4,000 small banks for agricultural purposes. In other words, we trusted the men who had that corporation in charge to do what their judgment prompted was right by all interests, and I think that our trust reposed at that time was shown to have been justified.

The report of the corporation finally showed that they paid back not only the $500,000,000 but $65,000,000 in addition, and if the last report of that corporation is considered, it will be found there are over $300,000 of perfectly good assets yet to be turned into the Treasury when the final liquidation of that corporation is had.

Now, this is important. Under the terms of the War Finance Corporation act there never was outstanding a total of loans exceeding $600,000,000, and, as far as I know, there never was a complaint that any one borrower received partial consideration.

Mr. LAGUARDIA. Then why object to my amendment, under the gentleman's own argument?

Mr. BEEDY. Why the proposal at all? Our thought was that the less we propose provisions aimed to interfere with the administration of the business of the corporation the better we shall serve the public interest. That has been the thought of our committee in considering proposed amendments to the Federal reserve act also.

The CHAIRMAN. The time of the gentleman has expired.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes, in order that I may yield to the gentleman from Texas.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. RAYBURN. I just have this suggestion to make to the members of the committee, if I may take about half a minute of the gentleman's time: A great many of us on both sides of this House, and probably constituting a majority on both sides, have some preconceived political convictions about the duties and functions of government. I was here during the war. Nearly every day I buried some of those convictions in the interest of the public good. Now, the people who are interested and who appear to know more about our present situation than anybody else say there is a great cloud hanging over us; that destruction may come unless something along the line of this bill is done. I, for one, am going to yield to that and support this bill, but I do believe that it would look better, and I would certainly feel better, if this limitation were put upon the bill. If no further limitation is put upon the bill than that one borrower can borrow as much as $100,000,000, it does seem to me that that is a reasonable request to make of the committee that has this bill in charge, and I do hope that the members of the committee will in their wisdom find it possible to at least agree to this limitation.

Mr. BEEDY. I have great respect for the judgment of the gentleman from Texas. He is a useful Member of this House. When he states that he believes this limitation ought to be written into the bill, I know the gentleman feels there is real ground for his statement. I entertained similar feelings to those entertained by the gentleman when this proposal was first put up to me. I not only considered it in committee, but I slept on it more than one night. After conferring with members of the committee who had more experience than I had—all of us anxious to see no one section of the country and no one interest benefited more than another by this bill—and after conferring with others who had devised it, I decided the only thing to do was to leave the administration of the affairs of the Reconstruction Corporation to the directors.

[Here the gavel fell.]

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Georgia and also the amendment offered by the gentleman from New York. I had not planned to discuss the importance of this legislation any more. At this time, however, and because of the unmistakable determination of some of my good friends here to unintentionally, I am sure, destroy, by restrictions upon its administration, its fundamental purpose, I must submit a few additional observations. I am, of course, in sympathy with the sincerity of the motives of those whose views do not coincide with my own.

I heartily concur in the statement just made by my friend from Maine [Mr. BEEDY], and he has expressed very clearly my thoughts at this stage of our consideration. I honestly believe that further tactics and efforts of the kind we are now witnessing in this House not only unjustifiably retard the progress of its consideration and enactment but are calculated to have a most harmful psychological effect upon the country in its present hour of economic travail. I furthermore think that we are undertaking, with these many amendments, to administer this bill before it is actually passed. I am sure that from the able rulings of the gentleman from North Carolina, our Chairman, many of us should be satisfied that the majority of the amendments can not be germane to the bill. We all remember that when the President sent this bill to the House with a special message urging its speedy enactment, he stated that the bill had been carefully prepared in collaboration with some of the greatest and most astute business minds in this country. He also made it crystally clear that it was nonpartisan in character, and we have been assured that he will preserve and insure its nonpartisanship by the selection of a nonpartisan directorate composed of men of the highest integrity and of demonstrated business genius, to administer its affairs in a fair and able way, so as to insure, if possible, the execution of its true purpose in this greatest of all emergencies.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. LAGUARDIA. Why were not the services of these men of great genius invoked before the country got into the terrible mess it is in now? [Applause.]

Mr. HANCOCK of North Carolina. I am sorry that I can not answer that question. If I could answer it, I do not think it pertinent to the issue before us. To use a trite expression, and I certainly dislike to employ it, and I mean no reflection on anyone in doing so, I do not hesitate to say that, in my judgment, we can not afford to fiddle while Rome is burning, regardless of who struck the match and started the conflagration. Time is the essence of this legislation. Several of those who have been working on this program of economic relief stated to the members of our committee that a large part of the value of this measure would rest in the mere enactment of the bill, for the reason that it would act as an insurance to the country and thereby stop this national hysteria, which must be halted before any plans can be worked out of a permanent nature. I am therefore constrained to observe that a continuation of this procedure and attacks of this kind on this legislation and indirectly on those who may be selected to carry out its purposes is calculated to destroy its efficacy and effectiveness. It is therefore my earnest hope that we may proceed without further undue delay to get together at this hour and make this bill a law, so that the country may at least enjoy a brief if not permanent breathing spell against the turmoil, excitement, and cruel destruction of values and wreckage of homes, with its devastating effect upon the farmer, laboring man, banker, and holder of securities.

All of us know that the President is supposed to be the best-advised man in this country. If he is not, it is his own fault. In this hour even those who do not agree with him in matters of policy or administration must, I think, accept his statement that this bill will restore confidence to the people. As I stated the other day, the main purpose of the bill is to carry relief where relief can be carried most effectively and with greater benefit to the Nation's credit structure. It appears to me to be almost presumptuous that any of us should undertake to prejudge what amount of its total resources will be needed for any particular beneficiary. In my judgment, this is mere guesswork.

Ladies and gentlemen of the House, stop and think for a minute what we are doing at this time. Our efforts not only presuppose that we know more about the situation than those who have given it months of study, but are indirectly—and, I am sure, unintentionally—assuming that the directors to be named by the President will use this corporation for improper and unfair purposes. This, upon reflection, would seem to be unusually presumptuous and grossly unfair, for at this time no one knows who will constitute its seven directors. We do know that a part of them will belong to each one of the major parties. It is not only presumptuous and unjustified but without consistency.

May I urge you to hold a conference with yourselves and visualize the wreckage that is going on back home perhaps at this moment? While we are talking here, whole communities are being crushed by the grim reaper of destruction; it may be the closing of a bank; it may be the bankruptcy of a merchant; it may be the foreclosure of a farm; and it may be starvation or the poorhouse for some of this Nation's finest citizens. As I stated the other day, this bill

provides a gigantic movable pool of public credit to be used to stop any gap anywhere. Its specific beneficiaries include those institutions that hold the keys to the situation. The situation as it presents itself to me is almost comparable to that which would exist in the event that an entire block of buildings was being swept by a fire. Is it possible that anyone should think that the heroic efforts of the firemen should be spread out in a way to distribute an equal amount of water throughout the block, or would it not be the wise, sane, and common-sense thing for the firemen to direct the hose and apply the chemicals where the fire was hottest and where its further fury would be calculated to spread across the street and perhaps destroy the entire business part of the city? This may be a crude way of illustrating my thought, but I think it does it. I therefore appeal to this House to desist from further tactics of the kind which have been going on here since yesterday afternoon and let us pass this bill and send it to conference and then proceed as hastily as possible with the consideration of other measures proposed in the President's program for economic relief. [Applause.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment do now close.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the pending amendment do now close. Is there objection?

Mr. SABATH. Mr. Chairman, reserving the right to object, I would like to have three minutes.

Mr. STEAGALL. Mr. Chairman, I will make it after three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama, as amended?

There was no objection.

Mr. SABATH. Mr. Chairman, due to the unrestrained and unrestricted frenzied financing on the part of our international bankers; due to the greed of big business and investment bankers who are responsible for overcapitalization, overextension, and overproduction; due to the criminal stock inflation and manipulation, this greatest and richest of countries, possessing more gold, wheat, and foodstuffs than it knows what to do with, is now enduring the hardest times in its history.

The Republican Party not only permitted, but sanctioned, approved, and even aided in this debauchery, in this orgy of high financing and manipulation. It aided in draining the legitimate business; yes, 95 per cent of the population of its available cash. And when in 1929 I appealed to the President and you Republicans to stop the destruction, the President and you were deaf to my appeals and warnings. I was told that I must not interfere with business. And big business was not interfered with.

Yes; the efficient big-business propaganda worked overtime serving notice on Congress not to interfere. Big business had its full sway, and what are the results? Two thousand three hundred bank failures in the United States in the year of 1931 alone—this notwithstanding that not a single bank closed in Canada—and those banks still open in great distress; railroads, insurance companies, States, and municipalities unable to meet their pay rolls and obligations; plants, factories, shops, and merchandise establishments closed; one-half of the apartment buildings, homes, and farms in the hands of bond committees and receivers and being sold for taxes; 8,000,000 people unemployed and pleading for work; over 20,000,000 people obliged to live and actually existing on charity. These are the accomplishments of Hoover's administration, and these are the achievements of our great financiers and industrial leaders, who for years resented congressional interference. But now, when these great pillars of society realize that they themselves are in danger of being engulfed in the catastrophe which they brought about, they turn in desperation to the Congress which they despised. Their predominant thought is "To hell with the suffering masses; save us first, and do it quickly." That is the reason for this haste.

Mr. Chairman, ladies, and gentlemen, for over two years, I and untold thousands of thinking men of this Nation, scenting the fast-approaching crisis, appealed to President Hoover and the Republicans in control of Congress for some relief legislation, but we were ignored. Therefore, I am disgusted listening now to some of you and to your President for speedy action on this bill, when you and the very greedy interests that you represent insisted last session that Congress adjourn so as not to interfere with the round-the-corner approaching prosperity.

Gentlemen, do you not know that the same interests that have brought about and are responsible for the existing conditions have cunningly and cleverly endeavored to place the blame upon Congress for their misdeeds, and that they now clamor for haste so that Congress may swallow this big banker and railroad reconstruction bill? I designated my bill the national relief finance corporation and drafted it to comply with the title. However, the title you gave it, reconstruction, is proper, and is a candid admission that you have destroyed and at this late date are using us to rebuild what you have wrecked.

Mr. Chairman, in the hope of reestablishing confidence, saving the banks from closing their doors, and preventing the pauperizing of millions of depositors and widespread unemployment, I have for over a year advocated and demanded the restriction of short selling, particularly that called "bear raiding." I have advocated with all the force that I possess the establishment of a $5,000,000,000 national relief finance corporation, which would aid not only banks, industries, and municipalities, but also the farmers and the wage earners of this Nation. And ever since December, 1930, I have argued with, implored, yes, pleaded with, the President and the governor of the Federal Reserve Board to accept for rediscount finance corporation securities and to sanction legislation to make possible the rediscounting of municipal short-term securities, as well as to make loans or to purchase for investment purposes mortgages on homes; but the President and the Federal Reserve Board have ignored my recommendations, advice, and pleas, and have refused to take notice of the distressing conditions and the appeals of small banks and bank depositors and the petitions of millions who demand work rather than charity or dole.

In the last session of Congress, Mr. Chairman, ladies and gentlemen, I have made repeated efforts to secure such legislation, but, again, no consideration was given to my urgent appeals. Therefore, shortly after the adjournment of Congress last March, when bank failures, unemployment, and want and misery still continued to increase, I again addressed urgent appeals to the President, and was instrumental in causing thousands of business men to petition him to call a special session of Congress for the purpose of enacting legislation which I had recommended or any other legislation which would relieve the distressing conditions. Yet, Mr. Chairman, all that the President saw fit to do was to issue new assurances of the coming business revival, and notwithstanding that during the entire summer months the press and the business men of the Nation implored him for some action, he remained indifferent and devoted himself to international-banker and stock exchange-financier conferences.

In reply to my telegraphic request for the immediate extension of the power of the Federal Reserve Board to permit it to accept for rediscount, in addition to its already eligible paper, finance corporation securities and short-term municipal bonds and anticipating warrants, I received the following communication:

CHICAGO, ILL., *June 13, 1931.*

Hon. A. J. SABATH,
Chicago, Ill.

DEAR MR. SABATH: I understand that you have recently sent a wire to the President at Washington relative to the banking situation in Chicago, which has been referred to me through the Federal Reserve Board.

I should like very much to have an opportunity to discuss this matter with you, and wonder if you could find it convenient to come into my office the early part of the week. There are some things about this situation which we might be able to discuss to our mutual advantage.

Very truly yours,

EUGENE M. STEVENS,
Chairman Federal Reserve Bank of Chicago.

Mr. Chairman, I gladly accepted, though I must confess that when I accepted I did so with some misgivings, for I did not expect any favorable consideration, judging from the unfavorable attitude Mr. Eugene Meyer, Governor of the Federal Reserve Board, had taken in 1930. To my surprise, I was indeed pleased to find that Mr. Stevens recognized the urgent need of some of the legislation I was recommending. Shortly afterward I again sent a telegram to the President stating that the sentiment of the country demanded that he call a special session of Congress. The President, however, was too preoccupied with political conferences at his Rapidan retreat to pay any heed or attention to the urgent appeal of the American people.

And when I read that the President had at last called a White House conference, I hoped that some constructive program would be agreed upon. But my hope was short-lived, for on the following day I secured the names of the men with whom he had conferred and immediately concluded that no possible good could accrue to the Nation from that conference. The press reports disclosed the fact that the present Speaker of this House, Hon. JOHN N. GARNER, then the Democratic leader of the House, was leaving Texas by airplane to comply with the President's request for a conference, and though I have confidence in our Speaker, yet I felt it my duty to forewarn him, and I sent him the following telegram:

CHICAGO, ILL., *October 6, 1931.*

Hon. JOHN N. GARNER,
Washington, D. C.:

I read in to-day's papers that after a secret conference with the Wall Street bankers the President is calling a conference of some Democrats for the purpose of binding them to the Wall Street-formulated program. As you know, the Federal Reserve Board, under the domineering influence of Wall Street, has miserably failed and was in a great measure responsible for the complete demoralization of our industries and banking institutions. I therefore suggest that you do not bind the liberal and progressive Democrats to any Wall Street formulated program.

Demand that a special session of Congress be immediately called for the purpose of relieving conditions and to reestablish confidence. People have lost faith in President Hoover and his administration and are clamoring for action to save millions of people out of employment and out of food. Will demand the establishment of a $5,000,000,000 prosperity finance corporation to be managed by financiers uncontrolled by Wall Street destructive forces. Will also demand increase in large income and inheritance taxes and immediate liberalization of the Volstead Act.

ADOLPH J. SABATH.

And received the following answer:

WASHINGTON, D. C., *October 6, 1931.*

Hon. A. J. SABATH,
Chicago, Ill.:

Telegram received. Greatly appreciate your clear-cut analysis of situation. Have no intention of binding myself nor of attempting to bind Democratic Members of House. Concur fully in your view that situation justifies calling special session.

JNO. N. GARNER.

Mr. Chairman, on the succeeding day my conclusions were confirmed, for the press devoted much space to the plan evolved by these financiers.

As soon as the details of the conference were made known, the press seriously questioned the benefits that might be derived from this $500,000,000 private bankers' pool and charged that the international bankers consented to the formation of such a pool on the condition that President Hoover would agree to the European moratorium and, above all, charged that it was a plan to relieve the railroads and the financial institutions that owned a large amount of these securities. Mr. Chairman, being asked for my view of this Wall Street-White House plan, I issued the following statement:

The publicity given to the recent Hooverian proposal with regard to the creation of a private bankers' pool has tended to encircle the plan in the minds of the people with a halo it does not rightfully deserve. For the entire plan has been exposed by the press as a rather naïve scheme to relieve the large holders of railroad securities.

I doubt very seriously whether this scheme—evolved by Wall Street financiers primarily for their benefit—will ever materialize. But whether it materializes or not, I will persist in my demands for the creation of a Federal agency to deal with the serious situation, practically and efficiently. I have often suggested that there be created a Federal Finance Corporation, capitalized for $1,000,000,000, with the power to issue bonds to the extent of five times its capital structure. Such an institution would not be difficult to create, if the oversubscription of the Federal bond issues be a criterion.

Unlike the Wall Street-Hooverian pool, my proposal would not strain to a greater extent the banks of the country, nor would it cost the Government anything; in fact, it would probably result in a profit. A Federal institution of this kind would bring liquid money into every business, emancipate banking from its troubles, and particularly bring aid to the small bank, where it is most needed. I am satisfied that this plan, coupled with a broader rediscount power on the part of the Federal Reserve Board, would relieve not only the banks and make for a clearer perspective but would be a positive blessing to all of the insurance companies and municipalities and to the business of the Nation in general.

It is because of these and other reasons that I have appealed to the President to call a special session of Congress. My appeals, however, go unheeded. What possible excuse can there be for the President's refusal to call a special session? Conditions require it. If it be politics, then something should be done so that political differences do not retard the Nation's attainment of happiness and prosperity. If it be collusion between the party in power and Wall Street—and it is more than idle rumor which states that the Hooverian pool is a reciprocation for the extension of the moratorium and the cancellation of the European war debts—then it is a candid admission by the administration that it is solely concerned with giving aid to foreign nations and is indifferent to the best interests and welfare of our country.

Therefore, instead of groping around like the administration and accomplishing nothing, the Nation's only salvation at this trying crisis is to call immediately a special session of Congress.

A. J. SABATH.

Four months have elapsed since the country was assured that this $500,000,000 private bankers' pool was pregnant with possibilities. Therefore, am I not justified in asking the President or you Republican prosperity makers what became of it and where it was lost? Did it die a prenatal death, or was it only Wall Street "hot-air" combustion, or, perchance, just plain Republican buncombe?

In view of all of these delays and empty promises, I can not help become suspicious of the suddenly acquired haste which the President now displays by his messages to Congress, and I can not help resent the attitude of his spokesmen on the floor of the House for criticizing our efforts to safeguard properly the provisions of this tremendously important bill.

The outcries from some of you Republicans for a vote will not fool anyone, for the simple reason that the people must, and do, realize that if we had a Roosevelt or a Wilson in the White House this or other relief legislation, properly safeguarded so that direct benefits would accrue to many instead of a few, would have been enacted long ago. Mr. Chairman, I will vote for the bill, but only because it is patterned after the bill I have advocated for two years, and though its provisions are not as liberal as those in mine, I hope it will in a measure relieve the existing conditions. However, I never dreamed that Republican ingenuity would be so great as to succeed in eliminating nearly every safeguard which my bill provided.

The bill that I introduced on the first day of this session provided for a capital of $1,000,000,000 and the power to issue bonds to the extent of five times the capital. This would have made it possible to utilize $5,000,000,000 for the purpose of relieving the distress current throughout the country, and not, as you maintain, for the purpose of reestablishing confidence. Confidence, I agree, is important, but even more important are those provisions which will make for confidence. If, as you say, the creation of a corporation with a capital of $500,000,000 and resources of $2,000,000,000 will result in confidence, therefore it is logical to believe that a corporation with a capital of $1,000,000,000 and resources of $5,000,000,000 will be bound to be doubly effective in creating confidence. But in the last analysis what is needed is the ready cash and the liberal credits; these will turn the tide.

But I fear that under this bill, which should be designated a big banker, railroad, and agriculture relief bill, the small banks, the small business men, and the small industries will secure only indirect benefits, if any, and the municipalities, which are in dire need the country over because of Republican misrule, are foreclosed from receiving any aid whatever. And this, to my way of thinking, is the most important omission and fault of the bill.

Mr. Chairman, the need to aid our municipalities is great, and relief given to them would have a more beneficial effect

than any loans made to New York banks or to their railroads. Several of our large cities are in danger unless immediate relief is given to them, for they find it impossible to borrow money to pay employees, including policemen, firemen, and teachers. I reiterate, the conditions in our municipalities are alarming. In the city of Chicago we find ourselves, due to Republican misrule, two years behind in collecting our taxes and unable to borrow funds to operate. What is true of Chicago is true also of most of the large municipalities—New York, Boston, Philadelphia, Cleveland, Detroit—but it is not necessary to go further. The municipalities constitute an important part in the functioning of this Nation, and it should be recognized that aid given to them will enable them to start needed but delayed improvements which can result in work for thousands of unemployed, thereby making it unnecessary for the unemployed to be objects of charity or to accept doles.

Mr. Chairman, ladies, and gentlemen, without trying in any way to mitigate the hard lot of the farmers, I want to say that this great economic upheaval has not been called an "industrial depression" for nothing. It is an "industrial depression," and being that, it has affected the cities particularly, because they are the seats of industry. The 8,000,000 or more unemployed people in the United States are the unemployed of industry, and, consequently, of the cities. I repeat, the lot of the farmer is distressing, but at least he has a roof over his head and enough to eat, and to that extent he is not in as serious a plight as the city dweller.

I appreciate the assurances which many of you have given me to vote for my amendment to secure relief for the municipalities; but, unfortunately, due to the ruling of the Chairman, this is impossible. Therefore, I will introduce a bill to that effect and will endeavor to secure favorable action from the committee, so that I can obtain a vote on it in the House; and if I succeed, I hope that you will demonstrate by your votes that you do believe in reciprocity and do recognize the fact that the unemployed people of the cities, unable to secure food, grow as hungry as those on farms. Remember, I ask for no appropriation, only a loan which will be repaid with interest within one year. That is all I ask for, gentlemen.

Mr. Chairman, ladies and gentlemen, before I conclude, permit me to make this observation and suggestion. Having lost confidence in our banking institutions, many people have withdrawn their savings, which is to be deplored, inasmuch as this retards the resumption of business and employment. But had the President acted in time, nationwide committees to unloosen hoarded money would have been unnecessary. Like Nero, who fiddled while Rome burned, the President "fiddled around" while this economic and social destruction was being wrought. I doubt whether there is $1,400,000,000 of hoarded money, unless it be in the coffers of the extremely rich, and he should realize that we can not unloosen it from them by an appeal or a law. But I will suggest what could and should be done without delay to put more money into circulation.

We have to-day in the Treasury over four and a half billion dollars' worth of gold; therefore instead of selling bonds and increasing taxes to obtain sufficient revenue to meet the deficit, why not issue the amount of currency against the gold reserve in the vaults of the Government that is permitted under the law? Is there anyone who will deny that the issuance and the putting into circulation of approximately $5,000,000,000 in currency would not relieve immediately the terrible conditions?

Oh, I realize that the propagandists of financiers, big business, and big hoarders of money will immediately create alarm by saying that this is inflation. But the Lord only knows that the deflation has gone far enough, and if ever there was a need for some inflation, this is the time.

Why should people be obliged to repay their obligations with a dollar that has two or three times its 1929 value? As I have stated several times, Mr. President, if you had acted on my recommendations two years ago, yes, even a year ago, there would have been no need for your extraordinary appeal to unloosen hoarded money, and if you will act on my suggestions in this respect, the country can be saved from complete ruin and demoralization. But I doubt that you will, and this notwithstanding that during your campaign and after your election you encouraged and urged the people to invest their savings in inflated stocks and bonds.

You sanctioned—yes, it is charged, aided in—the unloading on the small banks and people of over $8,000,000,000 worth of foreign bonds that are now worth less than 50 cents on the dollar. Against my protests, you have permitted the avaricious Wall Street racketeers, the "bears" and short sellers, to hammer down the prices of the securities which you advised the people to buy to a small fraction of their real value.

You have remained mute to all appeals and warnings. Your last play to unloosen hoarded money is another gesture; you know—and if you do not know, you should know—where the money of the country is; it is in the coffers of the international bankers and stock manipulators.

You have frequently assured the country that you are opposed to wage reductions, but your indifference, your refusal to call Congress to pass needed relief legislation, has brought about reductions in wages, salaries, and earnings of all bread-winners. Is it possible that your deliberate inaction was due to a plan, as it is often charged, to force wage reductions for those still employed?

Mr. Chairman, in view of all of this, I feel it would be particularly appropriate to conclude at this time by reading a short parody of a Biblical quotation that appeared in the Federation News on January 23, 1932:

Hoover is my shepherd. I am in want.
He maketh me to lie down on park benches;
He leadeth me beside the still factories;
He disturbeth my soul.
He leadeth me in the paths of destruction for his party's sake.
Yea, though I walk through the valley and shadow of depression,
I anticipate no recovery, for thou art with me.
They prepareth a reduction in my salary in the presence of mine enemies;
They anointeth my income with taxes.
My expense runneth over.
Surely unemployment and poverty will follow me all the days of your administration
And I will dwell in a mortgaged house forever.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Georgia [Mr. LANKFORD] to the amendment offered by the gentleman from New York [Mr. LAGUARDIA.]

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the adoption of the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. LAGUARDIA) there were—ayes 66, noes 98.

Mr. LAGUARDIA. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from New York demands tellers. All those in favor of taking this vote by tellers will rise and stand until counted. [After counting.] Eighteen Members have risen, not a sufficient number, and tellers are refused.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: At the end of line 19, page 7, add the following:

"*Provided further*, That no fee or commission shall be paid by any applicant for a loan under the provisions hereof in connection with any such application or any loan made or to be made hereunder, and an agreement to pay or payment of any such fee or commission shall be unlawful."

Mr. LUCE. Mr. Chairman, I reserve a point of order on the amendment.

Mr. RAYBURN. Mr. Chairman, if a point of order is going to be made, I wish the gentleman would make it now. This is simply and solely a limitation upon the loan and a limitation just precedes this one.

Mr. LUCE. If the gentleman will yield, while he is explaining it, I would like to read the amendment again.

Mr. RAYBURN. I thought if the committee understood the amendment they would accept it.

Mr. Chairman and members of the committee, this amendment means simply this and nothing else, and I may say in the beginning that the amendment is indorsed by, and was suggested to me by members of the Interstate Commerce Commission. In a conversation with Mr. Eastman, who is the legislative representative of the commission, and with Commissioner Mahaffie, out of his experience as director of the bureau of finance in the Interstate Commerce Commission, they believe that this amendment is necessary.

Mr. LUCE. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. LUCE. After reading the amendment I withdraw the reservation of a point of order.

Mr. McCORMACK. If the gentleman will permit, does the gentleman's amendment provide a penalty?

Mr. RAYBURN. It does not.

Mr. McCORMACK. How will one be prosecuted who violates the provision of the amendment?

Mr. RAYBURN. I shall later offer a penalty provision if the amendment is adopted.

Mr. McCORMACK. I am in favor of the amendment, but I was wondering about that.

Mr. RAYBURN. Now, this is what happens: When any bureau or any board of this Government has money to distribute among corporations or individuals these corporations and individuals have their own executives and lawyers. They have their own organization that can file their claim with this department without any intermediary and get the money. What happens is this. We have a great many ex-Congressmen, a great many ex-Senators, a great many ex-members of boards and commissions who have opened up law offices in Washington. We have many ex-attorneys for these boards and these commissions with offices in Washington. What they do is to go out and, by a campaign, convince these people, who are going to get money from these departments, or these bureaus, or these commissions, that the only way they can get it is to pay them 10 per cent of the amount or more. A member of one of these commissions told me the other day that a claimant for $100,000 before that commission, who would only have had to file his claim in writing and it would have been reached in the usual routine and he would have gotten every dollar of his $100,000, was convinced by some of these hangers-on around town here that the only way he could get his money was to hire this lawyer and pay him a commission. Papers were filed, and the claimant got the $100,000, but attached to it was a contract for an enormous fee.

The Interstate Commerce Commission is called upon in this bill to recommend and approve an application by a railroad for a loan under its provisions. Before the Interstate Commerce Commission, which is supposed to know all about these matters and is supposed to go into them minutely, approves a loan of $1,000,000 or $2,000,000, or any amount, they want to believe that when they approve it and when the money is paid over, the railroad that is in such distress will get all of it and not that some attorney or some ex-commissioner, or some ex-attorney for a board, or someone like that, will get 10 per cent or 20 per cent of the original amount.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. They want to believe that if this corporation is in such dire distress that it comes to the Government under this bill for relief and the commission approves it, that the corporation will not get 90 per cent or 80 per cent or 50 per cent of the amount, but will get all of it, and that is all that this amendment means.

Mr. LAGUARDIA. The gentleman does not provide any penalty in his amendment.

Mr. RAYBURN. I provide no penalty, but I rather think that will be taken care of under the general law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. RAYBURN].

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

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: At the end of section 5, page 7, line 19, insert the following: "The corporation shall not make nor assist in the making of any merger of the business of individuals, firms, companies, or corporations, nor shall it loan or advance any funds authorized to be appropriated out of any money in the Treasury, as provided in this act, or belonging to the Reconstruction Finance Corporation, for such purpose."

Mr. LUCE. Mr. Chairman, I reserve a point of order on the amendment.

Mr. McFADDEN. Mr. Chairman, the purpose of the amendment is to protect the financial institutions, railroads, and business enterprises from being forced to consolidate their business with other business. I point to the fact that you are creating a $2,000,000,000 corporation with tremendous power. This corporation, if it carries out its purpose here, is going to deal with this class of institutions. It is going to have the power to lend credit and money to these institutions and compel them to consolidate, if they see fit to do so, regardless of whether the concerns want to consolidate or not.

I am fearful, in the operation of these institutions, that you are going to see further concentration of bank resources. I am fearful that you are going to establish further chain banks and branch banks. The men who will control this corporation are in favor of branch banks in the United States.

We all know that there are forces in favor of the consolidation of the railroads. There is in the atmosphere here around the Capital and New York City an activity which proposes to consolidate big business. I refer to the Swope plan to consolidate big business in this country. The operation of this corporation, as proposed in this legislation, can consolidate not only domestic but international business, which has been established by Americans, and big institutions have already established branches abroad. There is that possibility in this, and I am trying to guard against it and protect the individual initiative of these classes of independent American business built up by individuals who want to preserve their identity in this country.

Mr. LUCE. Mr. Chairman, I do not press the point of order. I withdraw that. But I would like to be heard in opposition to the amendment.

Without going into the merits of the proposal I would call the attention of the committee to the fact that this is only an additional attempt to hamper the board in the exercise of its best judgment as to what shall be done in this great emergency. These proposals are continually carrying away our attention from the prime purpose of this legislation. The prime purpose of this legislation is not individual recognition, the prime purpose is not to cure any evil practice, the prime purpose is to dispel fear, the prime purpose is to inspire the people of the United States with confidence that the Government of the United States will protect and help them in this period of universal distress.

Every attempt to befog the issue by proposing the accomplishment of a collateral purpose so much lessens the good that the bill can do. If we adopt this or any other restriction to gratify some individual conception of some wrong that ought not to be repeated, or some wrong against which we should guard, we so much lessen the value of the bill; so I beg the committee, not alone in regard to this proposal but in regard to other proposals that may be presented, to leave to the good judgment of this board the use of this money. If we can not trust a board of the sort here contemplated, what can we do? Shall we send this bill out with limitations intimating our own doubt as to the wisdom of the board, intimating to the country that we are afraid some men of low standards of honor will be appointed, inti-

mating that we do not believe they will be patriotic and honorable citizens?

So, sir, I trust the committee will reject this and all other amendments of detail that do not go to the essence in order that at the earliest possible moment we may reassure the people of the United States.

[Here the gavel fell.]

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. LOZIER) there were—ayes 42, noes 93.

So the amendment was rejected.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto be concluded in 30 minutes.

Mr. KVALE. Mr. Chairman, reserving the right to object, will the gentleman not amend his request so that upon each amendment that will be offered in good faith there may at least be an opportunity for the sponsor of that amendment to have a minimum of at least three minutes to explain the purpose of his amendment? I think that would satisfy a majority of the Members.

Mr. STEVENSON. Mr. Chairman, I do not know how many amendments will be offered, but inasmuch as there is considerable interest in further amending the bill following section 5 and we want to get through with the bill, I move that the debate on this section and all amendments thereto shall close in 45 minutes.

The question was taken; and on a division (demanded by Mr. LANKFORD of Georgia) there were—ayes 118, noes 29.

So the motion was agreed to.

The CHAIRMAN. The Chair will state that since this limitation has been placed on section 5, it is the purpose and desire of the Chair to recognize with impartiality on both sides of the House as many as he can. He does ask the indulgence of the members of the committee in rising to present amendments, as he wishes to assure them he will recognize as many as possible.

Mr. CONDON. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Rhode Island [Mr. CONDON] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. CONDON: Page 5, line —, after the word "association," insert the words "credit union."

Mr. CONDON. Mr. Chairman, the amendment which I propose is entirely within the scope and purpose of the bill. I think that possibly the committee might not have had called to their attention when they were considering this bill the fact that there are credit unions in the country which are similar, in many ways, to building and loan associations. These credit unions have been popularly termed "the poor men's banks." They loan to small borrowers, to small wage earners, out of their own accumulated capital. If it were not for the fact that time is limited, I would like very much to call to the attention of the House the report on these credit unions by the United States Bureau of Labor Statistics as it appears in Bulletin No. 531, February, 1931. However, in view of the brevity of the time, I will read only a portion of the report.

CHAPTER IV.—CREDIT AND BANKING SOCIETIES

CREDIT UNIONS

For the average wage earner, with no banking connections and no security to offer, but urgently in need of money, the credit union appears to offer a very good solution of the credit problem. Such a person can rarely obtain help from the ordinary banking institutions. Of recent years a small and increasing number of banks have added "character loans" to their field, but these banks are as yet too few and scattered to form a considerable factor. Other credit organizations, which specialize in small loans, include the remedial loan societies, the Morris Plan banks, and the personal finance companies. All of these charge interest rates higher, and in some instances very much higher, than those charged by the credit unions. In times of financial stress many small borrowers know of only two avenues of relief—charity and the loan shark—and in some cases may be forced to resort to one or the other, for, as a recent study of consumers' credit points out, "in the small-loan field the demand for credit far outruns the present available supply."

The credit union, however, appears to be a very successful means of meeting this situation. It is primarily for that small borrower whose need is greatest. It not only offers a welcome avenue of credit but has an enviable record of promotion of thrift. Through the establishment of habits of regular saving—small though the savings may be—it turns thriftless, creditless, and moneyless persons into saving, stable members with good standing in the community.

Only members of the credit union are eligible to obtain loans from it, but once a member the applicant can obtain whatever sum he needs at a low rate of interest. As a borrower from the credit union he is neither an exploited victim nor an object of charity. The transaction is on a strictly business basis. All members are on the same level, with the same rights and powers, and receive the same treatment.

The cooperative credit society is thus absolutely democratic. It is filling a real need, through simple machinery, and is doing this at very little cost (expense of operation during 1929 averaged only 1.79 per cent of the total loans granted).

The bureau's study indicates that credit societies are generally successful and that losses from failure of borrowers to repay loans are extremely small.

The effectiveness of these societies as "poor men's banks" is indicated by the growth of the movement, shown by data collected as part of the bureau's general study of the cooperative movement. In 1925, when the bureau's previous study was made, there were only 284 societies of this type in existence; by the end of 1929 the number had risen to 974. During the same period the membership has increased from 107,779 to 264,908. Their resources have more than doubled—the paid-in share capital has grown from $10,706,099 to $24,065,407, and the reserves from $973,873 to $2,079,450; the savings deposited with these societies have increased from $4,700,768 to $9,017,786. During the year 1929 the loans granted by these societies to their members reached the sum of more than $54,000,000.

There was loaned in the State of Massachusetts alone in 1929 over $28,000,000 by these credit-union banks, and in the State of New York over $18,000,000.

It may be that some of the Members of the House may think that the language in the bill relating to "other bona fide financial institutions" may cover these banks, but I am informed that in another body they have stricken that provision from the bill, and there is a possibility that it may not be continued in this bill after it comes back from conference, so I have been advised by the men in my State who are interested in these banks that they would like to be assured that credit unions were in mind when this legislation was proposed in committee, and for that reason, and for that reason alone, I am asking the House to include after the words "building and loan association" "credit-union banks," so that there may be no question whatsoever in the mind of anyone.

Mr. CONNERY. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. CONNERY. If I understand the gentleman correctly, and from my knowledge of the matter in Massachusetts and other States where these credit unions are in operation, this is the best protection that a poor man has against the loan shark, is it not?

Mr. CONDON. Absolutely. This is the only place where a poor man can get a loan at a very low rate of interest.

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

Mr. CONDON. I yield.

Mr. STEVENSON. Do I understand the gentleman to have doubt whether "other bona fide financial institutions" in the United States covers his corporations?

Mr. CONDON. No; I did not say that. I said there was some doubt as to whether that particular provision might be contained in the bill when it finally passed.

Mr. STEVENSON. As the bill now stands, it really does cover the gentleman's corporations?

Mr. CONDON. It does, but I believe that by including this amendment we make assurance doubly sure.

The CHAIRMAN. The time of the gentleman from Rhode Island has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. CONDON].

The question was taken; and on a division (demanded by Mr. CONDON) there were—ayes 39, noes 89.

So the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 7, line 19, insert at the end of line 19 the following:

"*Provided*, That 20 per cent of the authorized capital stock of the Reconstruction Finance Corporation plus the aggregate amount of bonds of the Reconstruction Finance Corporation authorized to be outstanding when the capital stock is fully paid in shall be used exclusively or kept available for loans of $50,000 or less to institutions entitled to loans under this act, and whose total borrowings from the Finance Corporation do not exceed $50,000."

Mr. LUCE. Mr. Chairman, I reserve a point of order against the amendment.

Mr. McGUGIN. Mr. Chairman, this amendment follows almost verbatim the words of lines 15, 16, and 17, page 7. In lines 16 and 17 it is provided that the maximum amount of money which can be loaned to any one company shall be $200,000,000. This amendment provides that 20 per cent of the money which is obtained by this corporation from the sale of stock and bonds shall be used exclusively for the making of loans of $50,000 or less and to companies whose total borrowings do not exceed $50,000. My first amendment was 25 per cent, but I changed it to 20 per cent because $50,000,000 has been set aside for agriculture.

This amendment is not exclusively for agriculture. This amendment is for small business and banks which are going to want $50,000 or less, and it is offered merely for the purpose of making it certain that such institutions as need $50,000 or less will obtain a share of the benefits of this act.

Mind you, my friends, we are providing in this bill for $2,000,000,000 with which to try to stabilize the financial structure of this country. If the board which administers this bill, as fair as it may be, can go out with $2,000,000,000 and absorb the water which is in the stocks of this country and the bad paper in the larger banks of this country, it will have performed the greatest miracle that has been performed on earth since Christ fed the multitude with a few loaves of bread and a few fishes. I do not believe it can be done, and there is not going to be any money left for small business if we do not write into this bill that 20 per cent of this money is going to be used for the small business of the country which needs loans of $50,000 or less.

I will simply say in conclusion that if we can come here and write a bill that will give to one company a maximum of $200,000,000 and at the same time will not provide that 20 cents out of every dollar shall go to small business in the way of loans of $50,000 or less, then the time has come when ordinary business is left without a friend in the Congress of the United States. I only ask fairness. They say this board is going to take care of small business throughout the country. They say the board is going to do it. All right. If the board is going to do it there can be nothing wrong about writing it into the bill. Let me ask, When you go back to your people this fall and your small banks have not received consideration, will you tell them that all you asked on the floor of the Congress was, "will small business be cared for?" and you were advised by somebody that Eugene Meyer, or some one else, said all were going to be treated fairly, and you supposed your small banks would receive fair treatment?

I am now giving you an opportunity to make sure that loans of $50,000 or less will be provided for in the law. I do not see how any Member can oppose this amendment, whether he comes from a rural section or whether he represents Wall Street. If he represents Wall Street he certainly should not object to having 20 cents out of every dollar go to the rural sections of the country.

Mr. BLANTON. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. BLANTON. Does not the gentleman know that if you write this bill so that practically all of it can not be loaned to the railroads you are going to get it vetoed?

Mr. McGUGIN. I am assuming it would not be vetoed if small business only obtains 20 cents out of every dollar.

[Here the gavel fell.]

Mr. WITHROW. Mr. Chairman, I sincerely hope this amendment will be adopted. I am going to vote against the measure unless it is adopted, for I feel that at least 20 per cent of this amount should be set aside and be made available for those groups or individuals who are not going to borrow in excess of $50,000. As the measure stands, in my opinion, it is a raid upon the Treasury to the possible extent of almost $2,000,000,000. It is very apparent that there are two theories for rehabilitation held by the Members of this body. The one is to start at the top, as you have in this measure, with the railroads and the other institutions, by appropriating huge sums of money from the Treasury of the United States, said money to be raised by the taxpayers, in the hope that eventually some of it will sift through and indirectly aid agriculture and unemployment. The other theory is that we should start at the bottom, with agriculture, our basic industry, and work toward the top. Unfortunately, those of us who believe in the latter policy are very much in the minority.

A few weeks ago we passed a measure which was supposed to be in the interest of agriculture. That measure appropriated $100,000,000 from the Treasury of the United States to the Federal land banks. I voted for that measure, but as it passed I am very fearful that the farmers, those who actually have loans with the banks, will not derive any benefit from that appropriation. The gentleman from Oklahoma [Mr. McKEOWN] offered a motion to recommit that bill to the committee for the purpose of amendment, so that the money would be used as a direct aid to the farmers who actually borrowed money from those land banks. The majority of the Members present, although it was very evident that the farm Representatives wanted that bill recommitted, voted down that motion, which leads me to wonder if there is a real willingness on the part of the administration or on the part of the majority to really aid agriculture by means of legislation.

Gentlemen, I fear this: At the present time we are passing appropriations for huge sums of money, and I am fearful that later on, when we have measures before us for direct aid to agriculture, to unemployment, and to veterans, when Senator LA FOLLETTE'S relief measure or Senator COSTIGAN'S relief measure—if they are so fortunate as to pass the Senate—come over here the gentlemen who are so ardent in advocating the passage of this measure will at that time say, "We have gone as far as we possibly can on appropriations."

[Here the gavel fell.]

Mr. WITHROW. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WITHROW. And they will oppose such measures on that ground.

I do not believe, gentlemen, there are 50 Congressmen in this body who are whole-heartedly in support of this measure. A vast majority have grave doubts as to the benefits that will accrue to our people by reason of its passage. Therefore I can not personally support the measure unless I am assured by an amendment or amendments that a large portion of this money will go to directly aid agriculture, the small industry, and the small bank who are at the present time in dire need. [Applause.]

The CHAIRMAN. The question is on the adoption of the amendment by the gentleman from Kansas [Mr. McGUGIN].

The question was taken; and on a division (demanded by Mr. RAYBURN) there were—ayes 68, noes 93.

Mr. CAMPBELL of Iowa. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Iowa demands tellers. As many as are in favor of taking this vote by tellers will rise and stand until counted. [After counting.] Sixteen Members have arisen, not a sufficient number, and tellers are refused.

So the amendment was rejected.

Mr. ROMJUE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Missouri offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ROMJUE: On page 7, line 2, after the word "to," strike out the word "or."

Mr. ROMJUE. Mr. Chairman and gentlemen of the committee, notwithstanding the great distress that exists throughout the country at the present time, we ought not to get into such haste that we may write a bill here and not know exactly what is in it. This bill provides, as we all understand, of course, for loans, and there are 9, or perhaps 10, separate institutions enumerated to receive such loans, and then there is an eleventh provision stating "other bona fide financial institutions." When you come to the railroads you put a reservation upon them requiring that they must get permission from the Interstate Commerce Commission before they can secure the loan. That is a limitation not required of other institutions. Now, I want to call the attention of the chairman of the Banking and Currency Committee to this matter. It undoubtedly must be a typographical error; I would regret to find it to be otherwise. Now, while the foregoing is true, on the other hand, in line 2 of page 7, you undoubtedly grant a greater privilege to the railroads of the country than you are granting to other financial institutions, so far as financial assistance under this bill is concerned, because you are limiting all loans as to other financial institutions strictly to loans and nothing more, but when you come to the railroads you say, "upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing," and so forth.

Mr. STEVENSON. Will the gentleman yield?

Mr. ROMJUE. Yes.

Mr. STEVENSON. The word "or" was to be stricken out by an amendment of the committee. I do not know whether the amendment has been offered or not, but the committee agreed to an amendment striking out the word "or."

Mr. ROMJUE. That is the amendment which I have offered.

Mr. STEVENSON. I have my bill here so marked. The amendment has not been actually offered, but I will say to the gentleman that that is an amendment that has been agreed to in committee.

Mr. STEAGALL. What does the gentleman's amendment provide?

Mr. ROMJUE. My amendment simply strikes out the word "or" in line 2.

Mr. STEAGALL. There is no objection to that.

Mr. STEVENSON. The Banking and Currency Committee has agreed to such an amendment.

Mr. ROMJUE. Unless this amendment is adopted the corporation provided for in this bill would not only have power to loan Government funds to the railroads, as is contemplated by the bill, but it would also be empowered and authorized to finance them other than by loans, and the only other way would or rather could only be by gift or purchase, and certainly Congress does not desire to empower this corporation to purchase out of the public funds any railroads, some of which may be in the hands of a receiver. I ask the adoption of the amendment.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Missouri [Mr. ROMJUE].

The amendment was agreed to.

Mr. CHAVEZ. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New Mexico offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CHAVEZ: On page 5, in line 13, after the comma following the word "determine," add the following: "To any reclamation, drainage, or irrigation district, association, or corporation organized under the laws of any State or the United States, or."

Mr. LUCE. Mr. Chairman, I raise the point of order the amendment is not germane.

Mr. STEAGALL. Mr. Chairman, may I ask the gentleman to reserve the point of order and let the gentleman be heard on the amendment?

Mr. LUCE. Mr. Chairman, there remains but 16 minutes of debate and many gentlemen desire to present amendments, and it does not seem to me we ought to consider a matter that is not germane to the exclusion of amendments that may be perfectly germane.

The CHAIRMAN. The Chair will hear the gentleman from New Mexico on the point of order.

Mr. CHAVEZ. Mr. Chairman, the authority in support of the germaneness of the amendment I have submitted rests upon the rule that "a general subject may be amended by specific propositions of the same class." This being the rule, and if I interpret it correctly, the general subject of discussion is the aid, or, as the bill itself provides, "to aid in financing agriculture," and so forth; then it proceeds to provide for making loans.

That is the general subject. The specific proposition of making it applicable to drainage, irrigation, and reclamation is certainly germane, proper, and relevant. There is plenty of authority under the rule to show that it is germane.

The CHAIRMAN. The Chair is unable to agree with the gentleman from New Mexico. The whole purpose of the bill, as heretofore stated, is for the benefit of financial institutions. The Chair does not think the amendment is in order, and therefore the Chair sustains the point of order.

Mr. HOGG of West Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOGG of West Virginia: Strike out lines 21, 22, 23, and 24, on page 5, and lines 1 and 2, on page 6, and insert in lieu thereof the following: "savings bank, trust company, or building and loan association that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks, savings banks, trust companies, and building and loan associations, upon application of the receiver or liquidating agent of such bank, savings bank, trust company, or building and loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same."

Mr. LUCE. Mr. Chairman, I reserve a point of order on the amendment.

Mr. HOGG of West Virginia. Mr. Chairman, the purpose of this amendment is to include insolvent building and loan associations, insolvent savings banks, and insolvent trust companies, and give them the same rights as those that are accorded to insolvent banks.

To be specific, section 5 deals with these units in two aspects. It proposes to aid the institution which is in a condition whereby its assets have become frozen, but is still in operation. In that class of institutions it is possible to advance loans to building and loan associations and to savings banks and trust companies, and to other institutions that are in an operating conditions.

Now, when the affairs of these concerns become so involved that they are insolvent or closed, there is only one class of institution that can be aided, and that is the bank.

The point I want to make is that it is just as vital, and more vital, that you should help the insolvent building and loan associations as it is that you should help the insolvent banks. Every building and loan association has frozen assets from the day it begins business. If you are going to help insolvent banks, why can not you also include the insolvent building and loan associations and the insolvent savings banks and insolvent trust companies?

If I am wrong in my interpretation of this section I will be glad to hear from any member of the committee. If my interpretation of section 5 of the bill is correct, there is no building and loan association in the United States that is classed as insolvent that can get any help from this Reconstruction Finance Corporation under the present provisions of the measure.

Mr. STEAGALL. Mr. Chairman, I will say to the gentleman from West Virginia that it was not the purpose of the committee to make available loans to insolvent building and loan associations. Building and loan associations are pro-

vided for under the general provisions of the bill, but not building and loan associations that are insolvent or in process of liquidation and closed.

They are not deposit institutions and do not come within the purpose sought to be attained by this provision of the bill.

What the committee tried to do was to make the funds of this corporation available to aid in relief of the distress that has come from the failure of deposit banks through frozen assets, the breaking down of business, and that loss of the credit facilities of a community. We put the language as broad as we could make it. I wrote the provision and I tried to make it comprehensive enough to meet the situation. It covers banks that are closed, banks that are insolvent, banks that are in process of liquidation. Then the bill provides that these loans may be extended upon application of the receiver or liquidating agent of such bank, and it authorizes a receiver for a national bank to contract for such loans, indicating clearly that it was not the purpose of the committee to limit the loans provided in the paragraph to national banks, or even to State banks. The broad language is "any bank that is closed, insolvent, or in process of liquidation." But it does not apply to building and loan associations, and it is not so intended.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Does the gentleman from Massachusetts still insist upon the point of order?

Mr. LUCE. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from West Virginia [Mr. HOGG].

The amendment was rejected.

Mr. SABATH. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Illinois [Mr. SABATH] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 6, line 2, after the word "same," insert "*Provided, however,* That no loans or advances shall be made by the corporation to any bank, savings bank, or trust company that makes loans to any broker for any short sale of any stock or bonds, or any pool, corporation, or association who do not own such stocks or securities at the time of sale."

Mr. BEEDY. Mr. Chairman, I make a point of order on the amendment.

The CHAIRMAN (Mr. WARREN). The Chair is of the opinion that the amendment is germane and therefore overrules the point of order.

Mr. SABATH. Mr. Chairman, there have been many reasons advanced and causes given for the depression and the panic that now exists in the Nation. I myself am satisfied, however, that the trouble is due largely to the manipulation and gambling on the stock exchange. In 1929, during the height of the inflation period, over $6,000,000,000 of the people's money was used for so-called "call loans." I realize that the amount has been reduced tremendously and that only $500,000,000 is outstanding to-day.

We are endeavoring as honestly and sincerely as we can to relieve the legitimate business of the Nation, and therefore we should preclude the utilization of this fund or any portion of it for gambling purposes. What I desire to accomplished by the amendment is to prevent the individuals who are generally known as "bears" or operators, and who are selling stocks and commodities which they do not own or possess solely to make a profit, when public confidence is shaken, at the expense of the small but honest investor, from using this money.

These manipulators have been responsible for the destruction of business in our country, and we should not aid them. We should not only prohibit the use of any part of the $2,000,000,000 for destructive gambling purposes but we should no longer tolerate that infamous practice. It should be stopped and eliminated. I hope that every Member who desires that this great corporation should aid the legitimate business of the Nation and the people of the country will not permit this money to be utilized by the unscrupulous speculators and gamblers for the purpose of destroying business and the value of commodities and stocks and of making impossible the return of confidence in the United States. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken; and on a division (demanded by Mr. SABATH) there were—ayes 33, noes 89.

So the amendment offered by the gentleman from Illinois was rejected.

Mr. HORR. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from Washington [Mr. HORR] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HORR: Page 7, line 9, after the word "secured," add a period and insert "Further within the foregoing limitations of this section, the corporation may also, upon the recommendation and approval of the Shipping Board, make loans to or aid in the temporary financing of ships and shipping lines engaged in the coastwise or foreign trade, to ships and shipping lines in process of construction, and to receivers of ships and shipping lines, when in the opinion of the board of directors of the corporation such ships or shipping lines are unable to obtain funds upon reasonable terms through banking channels or from the general public and the corporation will be adequately secured."

Mr. BEEDY. Mr. Chairman, I make a point of order on the amendment that the Shipping Board is not a financial institution. The amendment is not germane.

The CHAIRMAN. The Chair will hear the gentleman from Washington solely on the point of order.

Mr. HORR. Mr. Chairman, if you will turn to the bill, you will find that in line 24, page 6, I have actually followed the exact language of the bill, substituting only for "interstate commerce" the words "the Shipping Board." Where the bill reads "railroads" I have substituted, in my amendment, the words "ships and shipping lines."

In other words, it is an exact copy of that part of the bill, placed in this amendment and offered here, following the paragraph in the bill containing the identical language with the exception of those two substitutions, namely, "Shipping Board" for "interstate commerce" and "ships and shipping lines" for "railways."

I take it that it is germane and a part of this bill because of the fact that if the bill in its scope can cover the industries here mentioned, it can also include and make part and parcel of this bill the paragraph which is merely a substitution of words rather than carrying with it any other than that which has been provided in this bill. It is a bill that without doubt carries with it merit as well as meeting the point of order by virtue of the fact that here is an opportunity to protect an infant industry and also provide for an industry that to-day is furnishing 50 per cent of the carriage of our Navy Department, particularly in view of the fact that the indications are that we will be called upon to curtail and cut our Navy. The latter, of course, I shall resist.

I am willing to submit it on that point.

But let us go more to the merit of my amendment. I have listened for weeks to pleas for the farmer, and I have voted for every relief measure presented. I am praying that some relief will come to them. Day after day I have heard about banks. Banks, bankers, and more banks—international, national, and local—have been the subject of many addresses from the floor of the House.

We have heard nothing but banks and bankers on this side of the House, on the other side of the House, in other legislative halls, especially the body on the other side of the Capitol, and even from the Executive Mansion at the other end of the Avenue—these all have echoed and reechoed the word "banks"!

I am well aware of the need of maintaining our banking institutions. We must recognize the significance of keeping these financial channels clear. I realize at this time that financial institutions need and must have aid. But I am

even more concerned about this: Will these banks in turn render aid to the small business man? Will they extend credit to individuals of known integrity? Will they extend time to home owners on mortgages due on their homes?

I am voting for this bill with that hope in mind. Personally I have grave fears this end will not be accomplished. I am yielding to the statesmanship of those in office. This bill has been reported out of committee favorably by the Democrats; it is an administrative measure indorsed by the Republican majority and the President, and the President's advisers have asked for its passage.

How much more cheerfully and conscientiously could I vote for some bill that would empower the corporation created by this bill to engage in development of our already-authorized public projects; to assist in the development of our arid lands and the creation of power units; for a bill to provide for new public buildings and highways; for a bill which would sponsor activity that would put men to work.

Such a bill, I am sure, will not be passed by this Congress. So I am voting for this bill as a last resort, in the hope that it may stimulate industry, that the best may happen and men will be put to work.

When we advocate large appropriations for the purpose of giving employment we are met with the question, "Where will we get the money?" Yet when big business and bankers ask for $2,000,000,000 no such question is raised. The question is not now asked from whence the money is to come to finance this corporation.

Wait until the soldiers ask for their due. Wait until we ask for money for the largest reclamation and power development ever undertaken. I refer to the Columbia Basin project. Wait until we ask for a large bond issue to further employment. Then there will be only one answer: "No money available!"

If I were of the opinion that the money appropriated by this bill was only for the relief of bankers, I would vote against it without hesitation. And I would oppose this bill with all my powers if I thought for an instant that it would give help to those international bankers who so heartlessly unloaded foreign bonds onto local banks, who, in turn, passed them off to trusting individuals.

In voting for this measure I am hoping almost against hope that it will give to the small business man and the individual citizen an opportunity to make a loan to tide over to more prosperous days.

My amendment would include shipping lines in the list of those who might receive benefits. If the railroads are to receive aid, why not the shipping lines? By what devious theory can transportation systems be treated differently? Is there any difference, may I ask? The shipping companies' bonds are deflated in value and they can not refinance because of the condition of the country.

The American merchant marine is a Federal industry. It is more than an individual undertaking, or an undertaking of importance to only few localities. It is truly a nation-wide undertaking and should receive aid in this bill. It may be argued that shipping lines are already subsidized through mail contracts. This is true in some cases, but in the majority of cases, such as the great block of shipping in the coastwise trade, there is no mail subsidy.

If all the shipping lines were subsidized, argument on that score would still not be sound. I again reiterate that I favor relief for them; but are not the railroads recipients of greater subsidies than were ever granted to the shipping industry? Recall the land grants of alternate sections of land having a width of 40 miles across the western half of the United States.

Besides, the shipping lines are an arm of the national defense. As was pointed out before, they constitute 50 per cent of the carrier capacity of the fleet. Many of them can be converted at once into destroyers. Such vessels as the *Mariposa*, the *Coolidge*, and others are a potential part of the Navy.

This amendment will permit the expansion of the American merchant marine. Many of the lines have good collateral, but their collateral, like that of the banks, is also frozen. No one desires to loan money these days, however good the collateral. Hence the need of aid from this bill.

May I ask of you, my colleagues, to grant this much-needed assistance? You have crippled her passenger-carrying service through sumptuary laws, foreign trade has fallen off, the difference in foreign exchange has played havoc because foreign bottoms can deal in depreciated currency and their collateral will not be taken for loans for expansion.

May I ask of you this act of justice—that you incorporate in this bill the amendment now being considered—truly an act of justice to an industry which is part of the lifeblood of the Nation?

To-day you voted against rendering assistance to municipalities. Again, gentlemen, I fear you were in error. Many of our cities and counties are bankrupt, or, if not actually bankrupt, their bonds are not salable; and if they are salable at all, these bonds are not commanding the price they should.

Do you not realize that if these municipalities could issue bonds that public work would be stimulated, which would go a long way to giving employment to the unemployed? The President asks the local communities to care for their people. How, may I ask, can this be done when the community has not the power of raising money for public enterprise? Again, gentlemen, I fear we are giving relief wholly to the higher-up and are forgetting the man who is out of work and hungry. Action such as we are taking will not do away with the breadline.

I was severely criticized by a newspaper in my home city, Seattle, whose editor was munificently provided for as far as earthly possessions are concerned by inheritance from a successful father, for calling attention to the breadline in my city of Seattle. Local pride in a city is commendable, but it does not furnish argument against a condition which is so apparent.

My colleague the distinguished Democratic Member from our State [Mr. HILL], sitting on the other side of the House, received a telegram from his home city of Spokane, which I now read as an expression from the county and city commissioners of Spokane, Wash.:

[Western Union telegram]

SPOKANE, WASH., *December 30, 1931.*

Hon. SAM B. HILL,
House of Representatives, Washington, D. C.:

The undersigned commissioners of the city and county of Spokane urge on Congress the immediate passage of legislation to aid the States, cities, and counties in taking care of their local unemployment problem. The local communities have now carried on the work for two years and have about exhausted their ability. The problem is national in its scope, and every agency of government from the town to the Federal authority at Washington should be exerted to alleviate the distress. Local governments in administering relief are dependent wholly on direct taxes on tangible property, and the burden can not be borne much longer. We believe provision should be made by the National Government for aiding local communities with funds to be supplied by increased taxes on large fortunes and by a bond issue to initiate and carry on great public works necessary to the full development of the country. We are in the midst of a supreme crisis upon the proper solution of which the future of our country depends. As during the Great War the manhood of our Nation was drawn upon unstintedly to meet the country's supreme need, so now wealth should be drafted to do its share in saving the Nation from further calamity.

LEONARD FUNK,
RALPH HENDRICKS,
LEROY LAMBERT,
A. J. FABIAN,
A. W. BURCH,
City Council of the City of Spokane, Wash.
ALVIN COLLIN,
JAS. B. FELTS,
SAMUEL W. WEBB,
Board of County Commissioners of Spokane County, Wash.

These and many other considerations lead me to wonder as to the efficiency of the bill under discussion. May I paraphrase the poet—I shot an arrow into the air; it fell to earth, I know not where!

The CHAIRMAN (Mr. WARREN). The gentleman from Washington offers an amendment by which he attempts to amend a general proposition. A point of order having been made, it is, therefore, sustained.

All debate has been concluded on this section and all amendments thereto.

Mr. KELLER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KELLER: On page 6, at the end of line 2, insert "*Provided however*, That none of the provisions or benefits accruing from this act shall apply to any bank or banking house which owns, operates, or controls, or which has any interest in any subsidiary or affiliate through interlocking directorates, stock ownership, or otherwise, or to any of the said subsidiaries or affiliates, unless and until all of said subsidiaries or affiliates shall have severed any and all connections with said banks and with one another, and shall have given proper assurances to the directors of the Reconstruction Finance Corporation that separateness shall be maintained."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. HOCH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOCH: On page 7, in line 16, after the word "time," strike out the figures "10" and insert in lieu thereof the figure "6."

Mr. HOCH. Mr. Chairman, I ask unanimous consent to proceed for one minute.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to proceed for one minute. Is there objection?

Mr. STEVENSON. Mr. Chairman, there are a great many Members here who have not had time to speak, and I will have to object.

Mr. HOCH. I will say to the gentleman that I have not taken any time at all.

Mr. STEVENSON. And a great many other Members have not taken any time.

Mr. HOCH. A very inaccurate statement was made by members of the committee in connection with this matter.

The CHAIRMAN. Is there objection?

Mr. STEVENSON. Mr. Chairman, I object.

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken; and on a division (demanded by Mr. HOCH) there were—ayes 67, noes 109.

So the amendment was rejected.

Mr. PARSONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PARSONS: Page 6, line 2, after the word "same," insert a colon and add the following:

"*Provided*, That of the amounts herein authorized to be appropriated, not less than the sum of $100,000,000, or so much thereof as may be necessary, shall be used by the board in making loans as herein provided to banks and financial institutions now operating for/and to banks and financial institutions that are closed, insolvent, or in process of liquidation, that may apply for loans of $100,000 or less."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. BLACK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Page 7, line 19, after the word "in" insert:

"*Provided*, That no loan shall be made to any corporation against which there is pending a complaint in any department of the United States or before any Federal court for the violation of any statute of the United States dealing with unfair competition, restraint of trade, or legal or illegal combinations."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BRUMM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BRUMM: Page 7, line 19, after the word "act," insert:

"There is hereby allocated out of the aforesaid $500,000,000 subscribed by the United States to the Finance Corporation the sum of $50,000,000, or so much thereof as may be necessary shall be expended by the Secretary of the Treasury for the purpose of making loans or advances to banks, trust companies, or other financial institutions located in the coal fields of the several States of the United States which, because of the failures of banking institutions and conditions resulting from loss of markets for coal and because of the general depression, are unable to grant credit for coal production purposes for the year 1932; such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of the Treasury shall prescribe."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. DIES. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DIES: On page 7, line 19, after the word "in," insert the following: "Not less than 5 per cent, or so much thereof as may be necessary, of the funds made available under this act shall be used in each of the Federal reserve districts in making loans to institutions in such respective districts."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 7, line 9, after the word "secured," insert the following: "by first lien bonds or first mortgages on the property of said railroads or railways."

Mr. McGUGIN. A point of order, Mr. Chairman.

Mr. LAGUARDIA. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will inquire of the gentleman from Kansas what is his point of order.

Mr. McGUGIN. That it is not germane to the section.

Mr. LAGUARDIA. Mr. Chairman, the section of the bill provides that loans to railroad companies shall be adequately secured. This is rather indefinite, and my amendment——

The CHAIRMAN. In reply to the gentleman from New York the Chair will say that the Chair thinks the amendment is in order, and overrules the point of order.

Mr. LAGUARDIA. The Chair is too kind. [Laughter.]

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. HARE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HARE: At the end of line 19, on page 7, add the following:

"*Provided, further*, That the corporation may also, upon the recommendation and approval of the Secretary of Agriculture, make loans to farmers for production and marketing purposes, upon terms and securities as may be approved by the Secretary of Agriculture, not inconsistent with Public Resolution No. 112, Seventy-first Congress, approved December 20, 1930."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from South Carolina.

The amendment was rejected.

Mr. PETTENGILL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PETTENGILL: At the end of section 5 add the following:

"In no case shall more than $500,000,000 be loaned to borrowers having their legal residence or principal place of business in any one Federal reserve district."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Indiana.

The amendment was rejected.

Mr. KVALE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Minnesota offers an amendment, which the Clerk will report.

Mr. KVALE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KVALE. When three amendments are necessary to a section in order to achieve a single purpose, may the three be read at one time and considered as having been reported in order that when the first one is adopted the other two shall follow?

The CHAIRMAN. That may be done by unanimous consent of the committee.

Mr. KVALE. I ask unanimous consent, Mr. Chairman, that the three amendments offered by myself may be read at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota that the three amendments may be read and acted upon at the same time?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. KVALE: On page 5, line 13, after the word "determine," insert a comma and add the following language: "to any State for use in operating a system of rural credits established and maintained by such State, or."

On page 6, in line 4, after the word "secured" strike out the period, insert a colon, and add the following: "*Provided*, That loans to a State may be made upon the bonds thereof pledging the credit of such State. For the purpose of consummating a loan to a State, the corporation may submit a bid for the purchase of the bonds of such State where the law thereof requires such bonds to be sold upon competitive bids."

On page 6, line 12, after the word "loan," insert a comma and add the following: "except a loan to a State."

The CHAIRMAN. The question is on the amendments offered by the gentleman from Minnesota.

The amendments were rejected.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: On page 5, in line 16, after the word "corporation," before the word "and," insert the following: "individual for the purpose of assisting in forming local agricultural corporations, livestock corporations, or like organizations, or for the purpose of increasing the capital stock of such corporations or organizations."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Mississippi.

The amendment was rejected.

Mr. ALLGOOD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. ALLGOOD: On page 6, in line 2, after the word "same," strike out the period, insert a colon, and add the following: "*And be it further provided*, That $100,000,000 of the capital stock shall be used for the reopening of banks that have been closed within the past 24 months: *And be it further provided*, That all loans shall be equally distributed to each and every closed bank in proportion to the capital stock of same."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 13, after the word "acceptances," strike out the period and insert the following: "*And provided further*, That no bond, corporate stock, or indebtedness evidenced by promissory notes or other obligations to pay shall be bought outright from any bank, savings bank, or trust company, and can only be used as collateral security for loans for one-half the then market value of such bonds, corporate stock, notes, or other obligation to pay when indorsed unconditionally by all the directors and other officials of said bank, savings bank, or trust company."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD of Georgia: Page 7, at end of and as a part of section 5, insert the following:

"The aggregate of advances made to any bank, savings bank, or trust company, under this act shall not exceed the amount remaining unpaid of the advances made by such financial institution; (a) for agricultural purposes, including the breeding, raising, fattening, and marketing of livestock, or may have discounted or rediscounted notes, drafts, bills of exchange, or other negotiable instruments issued for such purposes; (b) to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the employment of labor or the operation of either farming, fruit growing, dairying, mining, or other operations furnishing an opportunity for gainful employment to people within the United States; (c) to any person, firm, or corporation or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries if such person, firm, corporation, or association is, in the opinion of the board of directors of the corporation, unable to obtain funds upon reasonable terms through banking channels; and (d) loans of $50,000 or less to individuals, firms, and corporations engaged in any legitimate business operating within the United States of America and when such loan is necessary for the successful operation of said business."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was rejected.

Mr. BALDRIGE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 5, line 16, after the word "Corporation" insert the words "financial credit corporation."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken, and the amendment was rejected.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 17, after the word "Corporation" insert a period, and strike out the remainder of the section.

Mr. SABATH. Mr. Chairman, a parliamentary inquiry. Would it be proper that the provision sought to be stricken out, be read by the Clerk?

The CHAIRMAN. Without objection, the Clerk will read the provision sought to be stricken out.

The Clerk read as follows:

"plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. MCGUGIN: Page 7, at the end of section 5, the following to be added to section 5; "*Provided*, That the finance corporation shall not loan any money to any corporation or institution which is engaged in the business of retailing merchandise, which corporation or institution operates stores in more than one State: *Provided further*, This provision shall not apply to farm or agriculture associations operating cooperative retail stores."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and the amendment was rejected.

Mr. CROWE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Indiana [Mr. CROWE] offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CROWE: Page 6, line 2, after the word "same," strike out period, insert comma, and add:

"Be it enacted that all banks, railroads, and all financial institutions within the scope of this bill, and who after enactment of this bill into law shall make application for loans from corporation, be grouped and total resources totaled and if applications are more than total money appropriated, that the money be allocated pro rata in accordance with assets of institutions, and no discriminations shall be made in case of smaller banking institutions of the United States."

The amendment was rejected.

The Clerk read as follows:

SEC. 6. Section 5202 of the Revised Statutes of the United States as amended is hereby amended by striking out the words "War Finance Corporation act" and inserting in lieu thereof the words "Reconstruction Finance Corporation act."

Mr. HOCH. Mr. Chairman, I move to strike out the last word. I rise simply for the purpose of correcting the RECORD.

While we were discussing the amendment offered by the gentleman from New York [Mr. LAGUARDIA] to reduce the limit upon loans to any one concern, from 10 per cent to 5 per cent, the statement was made upon the floor that a like provision was in the War Finance Corporation law. I have no doubt that that statement, which was made to help defeat the amendment offered by the gentleman from New York, was honestly made. But the fact is the statement was incorrect. The provision of the War Finance Corporation law, which I secured after that discussion, provides that the limit of loans to any individual or corporation shall be, not 10 per cent of the stock and bonds as was stated, but 10 per cent of the stock alone.

The gentleman will find it in section 11 of the War Finance Corporation act. In other words, under the War Finance Corporation act, instead of having a maximum limit of $200,000,000 to one concern, as was stated, it was limited to $50,000,000.

I am confident if the committee had had that fact before it at that time they would have adopted an amendment reducing the amount. In my view it is a mistake to provide or even to suggest that there might be a loan of $200,000,000 to any one concern. My only purpose in offering the amendment a few moments ago, which I did not have an opportunity to discuss because the time had expired, reducing the amount from 10 per cent to 6 per cent, was to bring up the same matter. I could not offer an amendment reducing it to 5 per cent, because that had already been offered. While it is perhaps water that has gone over the dam now, it might be well to return to this proposition that we may limit this in harmony, if you please, with the limitation which was placed on the War Finance Corporation act.

Mr. BURTNESS. Will the gentleman yield?

Mr. HOCH. I yield.

Mr. BURTNESS. In fact, if the committee had later adopted the amendment offered by the gentleman from New York [Mr. LAGUARDIA] to strike out the latter part of line 17 and lines 18 and 19, then the language would have been in accordance with the limitation in the War Finance act.

Mr. HOCH. Precisely so.

Mr. BURTNESS. Does the gentleman not think that one or the other should be done, even at this late date, either cut the limit to 5 per cent or else strike all the provisions with reference to a limitation, so that there will be no suggestion that loans amounting to 10 per cent should be made?

Mr. HOCH. Yes. In view of the plain misunderstanding—and I am sure that is what it was, Mr. Chairman—I ask unanimous consent to return to section 5 for the purpose of offering that amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. STEVENSON. Mr. Chairman, I object.

Mr. GRIFFIN. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from New York [Mr. GRIFFIN] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: Page 7, lines 20 to 24, both inclusive, strike out the entire paragraph, section 6.

Mr. GRIFFIN. Mr. Chairman, last summer I spent 35 days in the Union of Soviet Socialist Republics. I came back more firmly convinced than ever that the old Jeffersonian doctrine that that government is best which governs least is the proper policy for the United States of America. [Applause.]

In Russia the Government is in every business. It owns the land; it owns the railroads; it owns every industry and controls every activity.

Mr. STEVENSON. Mr. Chairman, I make the point of order that the gentleman is not addressing himself to the amendment which he has proposed, and if we are ever to get through with this bill we should speak to the amendments proposed.

Mr. GRIFFIN. I hope that this will not be taken out of my time, Mr. Chairman.

The CHAIRMAN (Mr. BANKHEAD). The gentleman from South Carolina [Mr. STEVENSON] has a right to make a point of order. Under the rules of the House, when a point of order is made that the gentleman is not discussing the amendment, the gentleman must confine himself to discussing the amendment. The gentleman from New York will proceed in order.

Mr. GRIFFIN. That is all right, but I hope the gentleman from South Carolina will at least have the patience to hold himself until I finish with my exordium.

Mr. STEVENSON. The gentleman from South Carolina desires to complete this legislation some day, and if we are to debate generally when every Member moves to strike out the last word we will never get through.

Mr. GRIFFIN. I forgive the gentleman. I am in earnest about striking out this paragraph. I want to strike it out because I am against it. I am against the purposes of this bill. I say that with great reluctance, since the bill is supported on both sides of the aisle, but I have learned from my experience in this House that whenever legislation comes on the floor supported by both sides there is some mischief brewing. [Laughter.]

Whatever its ostensible purpose this bill will put the United States Government in the loan business. We had better candidly hang out on the Capitol the pawnbroker's sign of the "three balls" as a token of what the United States is going to do. Here we are with 7,000,000 men out of work, 20,000,000 people facing starvation, a deficit, according to the President's own statement, of $2,223,000,000, and what are we asked to do? What have we done in the past to relieve this situation? Loan! Loan!! Loan!!!

We have loaned money to the farm-loan banks to lend money to the farmers to produce more surpluses.

We have loaned money to the Farm Board to buy the surpluses produced by the farmers.

Now we are asked to appropriate money to a so-called Reconstruction Finance Corporation. Under the terms of this bill we are expected to loan money to defunct banks that robbed the farmers and the wage earners; to loan money to the banks that robbed unfortunate speculators who bought fraudulently inflated stocks—often recommended by those very banks; to loan money to greedy banks that robbed the gullible who bought foreign bonds and securities—also often recommended by those very banks which had diverted their capital to speculative purposes, while at the same time refusing to loan money to business men and home builders.

Considering the whole record and the transactions of these banks my reaction is that instead of loaning them money we ought to penalize them. Their frozen assets, so called, are tainted with fraud. Instead of helping them to get out of the hole in which they have been placed by their own avarice, we ought to send their officers and directors to jail. In Russia they would be stood up before a firing squad. That is one thing that may be said in favor of the Soviet Government. They have no patience with profiteers and cheats.

But here we seem to be more indulgent, judging from the context of this bill. Under Section V it proposes to aid not

only in financing agriculture, commerce, and industry, but to make loans "to any bank, savings bank, trust company, building-loan association, insurance company, intermediate credit bank, agricultural credit corporation, livestock corporation, and any agricultural or farmers' association incorporated under the laws of any State."

Then, as if those powers were not sufficiently broad, this octopus corporation, under Federal sanction, is authorized to loan money to any other "bona fide financial institution in the United States."

But even that broad omnibus clause is not sufficiently all-embracing. The corporation hereby created is empowered to make loans to "any bank that is closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks."

In short, a fair and reasonable construction of Section V can lead to no other conclusion than that it will open the doors and invite every tottering bank of the country to go into liquidation to get the benefit of this generous Federal aid. This is an iniquitous provision which can not be justified under any pretext whatsoever. It is a departure in Government administration that is bound to lead to utter demoralization of the finances of the Nation.

If its provisions stopped with the rendering of aid to the banks in liquidation, we might be able to foresee the end of the transaction, either for better or for worse. But the bill goes on to provide that this novel corporation "may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans." What does this mean? It means simply that the Government, in a few years, will have on its hands millions, perhaps billions, of dollars of real estate, bonds, debentures, notes, and securities of every kind. It does not require much imagination to anticipate the magnitude of such a bureau in personnel, in offices and suboffices throughout the country, to carry out such a stupendous program.

Some years ago it was the fashion, to quote the slogan: "Less government in business and more business in government." I would like to ask whether it is the conception of the advocates of this slogan, many of whom are advocating this bill, if they have changed heart and now think that the Government ought to go into business?

Not only may loans be made to those industries and businesses which I have enumerated, but under this vicious section 5, loans may also be made to railroads to aid in their temporary financing. Not only may the loans be made to the railroads in existence but "railroads and railways in process of construction." But, as if that were not bad enough, the section goes farther and permits loans to be made "to receivers of railroads and railways," in other words, to defunct railway corporations. Of course, this, under the context of the section, can only be done when "such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public."

In other words, not only is the Government to be put into the railroad business but into the banking business as well. It is certainly timely and pertinent to ask of the framers of this bill if they think that it is proper to put the Government in competition with the banks of the country?

No measure that has come before this House in many years has smelt so odorously of financial bedevilment. When the banks were at the peak of their prosperity and accumulating billions of dollars in their coffers through foreign loans and Wall Street speculation, they tabooed the idea of Government meddling. Now, when they are in distress with their so-called "frozen assets"—the result of their own greed—they inconsistently appeal to Washington for Government help and a complete reversal of all of the maxims and traditions of democratic forms of government. In other words, they have become distinctly soviet in their philosophy.

This bill puts the cart before the horse. The President in his message transmitting the Budget indicates that with the diminished revenues and increased expenditures there will be a deficit of $2,223,000,000 in the present fiscal year ending July 1, 1932. In the ordinary course of sound business administration the first thought ought to be to raise the money to meet this tremendous shortage. Instead of that we have presented to us this infamous bill to extract from the Treasury an immediate appropriation of half a billion dollars, with the inevitable prospect of burdening the taxpayers of the Nation with obligations and responsibilities running up into billions.

You say it is all right to criticize, but "have you any plan?" Yes; I have a plan.

This is what we ought to do:

First. Provide legislation to help the little man who farms for a living instead of the big man who farms for surpluses and profits.

Second. Abolish the Farm Board and liquidate the Federal farm banks. In other words, give the bankers a chance to do a legitimate business instead of tempting them to go into speculative enterprises.

Third. Take steps to abate the process of industrialization—coordinate industry and plan production on the basis of the needs of the foreign and domestic markets.

Fourth. Encourage the unemployed to get back to the land—the source of all wealth.

Fifth. Speed up the building program and inaugurate great public works that will absorb the millions of unemployed.

Sixth. If necessary, issue Liberty-bond certificates, as we did during the war, in such sums as may be necessary and invite the cooperation and patriotic support of the depositors of the Nation, who have to-day, notwithstanding the depression, more money in the savings banks than ever before in our history.

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for five additional minutes. Is there objection?

Mr. BEEDY. Mr. Chairman, I shall have to object. If we are going to start in on this, we will have trouble.

The CHAIRMAN. Objection is heard. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. CLANCY. Mr. Chairman, I move to strike out the last two words. I wish to urge upon the committee the prompt passage of this bill. Of course, in Michigan we have had business difficulties and we are praying for speedy passage of this great relief measure.

I have received a telegram from some of the most influential men in the country, captains of industry hailing from Detroit, urging action now. Col. Fred M. Alger, president of the American Legion Corporation, former Secretary of the Navy Truman H. Newberry, Fred J. Fisher, a director of the General Motors Co. and president of the Fisher Body Co., and others of that caliber are among the signers. They say they have personally assisted many banks, but they need assistance and need the immediate passage of this bill. I was informed by a United States Senator the other day that the 44 banks in South Carolina would not have failed as they did recently if we had had this bill as a law at the time they were just about to crash. He got that directly from a close personal friend who was associated with those banks.

I now read the aforesaid telegram:

DETROIT, MICH., *January 11, 1932.*

HON. ROBERT H. CLANCY,
United States Congressman First District Michigan,
House Office Building.

Appreciating fully the work you have already done in regard to the Reconstruction Finance Corporation, I have been asked by the following local gentlemen, members of the governing committee of this banking group, to express to you that because of their active contact with the banks of Michigan they realize fully the need for an immediate and favorable action. We have been of assistance already to many Michigan banks requiring help, but there is, of course, a limit to our ability. The gentlemen indicated above

are Messrs. Frederick M. Alger, William T. Barbour, Julian Bowen, Emory Clark, Fred J. Fisher, John B. Ford, Ralph Gilchrist, James Holden, James T. McMillan, Truman H. Newberry, Fred Robinson, Wesson Seyburn, Edward D. Stair, and Oscar Webber. May we look to you for all the support that you can give this measure?

JOHN BALLANTYNE,
Chairman Governing Committee,
First Wayne National Bank, Detroit.

The pro forma amendment was withdrawn.

Mr. LEAVITT. Mr. Chairman, I move to strike out the last three words. I do this, Mr. Chairman, for the purpose of addressing a question to the chairman of the committee. A day or two ago I received a telegram from the governor of one of the States in which he asked this question: "Could you urge Congress to include State interest-bearing warrants in the Reconstruction Finance Corporation bill?"

I fully understand that an amendment to that effect could have been declared out of order under the ruling made by the Chair and also that at the end of section 5 an amendment which had this in mind was rejected by the Committee of the Whole House. But this inquiry comes from the governor of a State, and I think it would only be fitting to have the chairman of the committee state what consideration was given to this in the committee and the reasons why it was rejected.

Mr. STEAGALL. I will say to the gentleman that his State is not the only one that is suffering in the connection to which he refers. It so happens that the State of Alabama has some problems along the same lines and several other States have difficulties of a similar character. To be perfectly frank with the gentleman, the entire matter was gone into by the Committee on Banking and Currency, and it was not thought by that committee that the legislation should undertake to afford the relief sought by all the States which have those difficulties.

Mr. LEAVITT. I thank the chairman.

The Clerk read as follows:

SEC. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the corporation, or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the redemption and retirement of any notes, debentures, bonds, or other obligations issued by the corporation, and the corporation may reimburse such Federal reserve bank for their services in the manner as may be agreed upon. The Federal reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Reconstruction Finance Corporation in the general performance of its powers conferred by this act.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word. I have tendered this pro forma motion in order to state that it is my purpose to vote for this measure, not because it is a perfect or entirely satisfactory piece of legislation, but because I am convinced that it is the best bill that we can hope to get in the present distressing emergency. The economic conditions in the United States are drifting rapidly toward disaster. The present-day problems call for the exercise of very sober and deliberate judgment. We should not be influenced by political or partisan consideration, but our actions should be prompted by plain common sense and patriotic impulses.

No better, in fact, no other plan of relief has been presented. The Committee on Banking and Currency, a majority of whom are Democrats, have very carefully considered this bill and given it their indorsement. It is sponsored by the Democratic leadership in both the House and Senate, and I believe its enactment will meet with the approval of the rank and file of the Democratic Party throughout the Nation. Unless a wiser and better plan is proposed, I do not feel that I can consistently withhold my support of this bill. In supporting this measure I am not only acting in harmony with my Democratic leaders but I am responding to the appeal of the agricultural, industrial, commercial, transportation, financial, and labor groups, whose pathetic condition will be improved by this legislation.

I will not vote for a bill simply because the President may favor it, nor will I oppose a measure simply because it has the approval of the President and his administration. I try to consider every bill on its merits. There are numerous features in the pending measure which do not meet with my approval. It would suit me much better if Andrew Mellon and Arthur Hyde were not made members of the board of directors of the corporation created by this act, but I am hoping that the other five directors will take charge of the organization and prevent Mellon and Hyde from making a miserable mess of this emergency relief program, as they have undeniably maladministered other organizations placed in their charge.

Those who are disposed to vote against this bill should hesitate before doing so. There is no assurance that we will have an opportunity to vote on a better measure, or in fact on any other legislative formula for relief from present intolerable conditions. The American people are now suffering from the greatest economic debacle that has ever plagued a strong and mighty nation. The bill we are considering is the plan of the Democratic majority for alleviating existing nation-wide economic distress. This bill bears the stamp of approval of the Democratic membership of the Committee on Banking and Currency, and of the Democratic leadership of the House and Senate. Your vote against this bill will be in the face of the fact that there is not even a faint suggestion that you will have an opportunity to consider any other bill of a similar character. If a wiser and more workable plan were before the House, I would feel free to reject this measure, and vote for the other bill. But in the absence of another plan, I do not think that we can afford to defeat H. R. 7360, the pending bill.

I am not 100 per cent satisfied with this bill but it seems that it is the best and only measure that we are going to get. The American people, while not entirely satisfied with this measure, nevertheless favor its enactment, believing that its benefits will largely outweigh any ill effects that will flow from its enactment. I am not willing to use what little influence I have to defeat the only major legislative proposal so far presented for the reconstruction of our agricultural, industrial, commercial, and transportation activities. All these great vocational groups are about to be broken on the rock of insolvency; all need to be refinanced; all are facing disaster. This bill has the approval of the great leaders of practically every vocational group. It is the only comprehensive plan so far proposed to meet the emergency and to provide aid in financing agriculture, commerce, industry, transportation, banks, trust companies, land banks, loan companies, building and loan associations, insurance companies, intermediate-credit banks, agricultural-credit corporations, livestock-credit corporations, agricultural or farmers' associations, in fact practically every vocational group, every line of activity.

If this bill is sympathetically administered, I am convinced that it will materially aid in the rehabilitation of all great lines of industry. It is not a "cure-all." It will not entirely end the depression. In some respects, perhaps in many instances, its effects will be disappointing. But it will accomplish much toward restoring normal economic conditions.

Of course, the efficacy of any law is in the efficiency with which it is administered. In this great national emergency I believe that those charged with the administration of this act will administer it ably and efficiently, realizing that any other sort of administration would precipitate a condition of economic chaos. The situation is so acute and serious that the board of directors will not dare to maladminister this great financial corporation. Every act of the board will be scrutinized and carefully appraised by the American people. The board will not dare to abuse their great discretionary powers. They would know that an angry people would tear them to pieces if they maladministered this act or allowed favoritism to influence their management of this great agency created by the American people for the revitalization of our economic life.

Much of the opposition to this bill is based on the fact that the American people have but little confidence in the judgment and disinterested executive ability of Andrew Mellon and Arthur Hyde, who by the provisions of this bill

are made directors of this great corporation. In view of Mr. Mellon's subserviency to the money power, industrial lords, and special-privilege classes, no one expects him to be fair with the masses of the American people. Considering the unenviable record of Mr. Hyde as Secretary of Agriculture and the dismal failure of his "baby," the Farm Board, no one would expect him to display outstanding genius as one of the managers of a $2,000,000,000 corporation.

But it seems that we can not prevent these two undesirables from becoming members of the board of directors of this Reconstruction Finance Corporation, but I am going to vote for the bill in spite of this distressing fact, hoping that the great responsibilities imposed on them by this membership may temper and sober their activities, restrain their vagrant and partisan impulses, and inspire them with an Americanism and common sense that has not always characterized their official conduct.

May I say to my Democratic colleagues who are inclined to vote against this bill because it smacks too much of "Mellonism" and "Hyderophobia," that neither of these gentlemen will be in office after March 4, 1933. The one will not be Secretary of the Treasury and the other will not be Secretary of Agriculture. [Applause.]

The situation which now confronts the American people is so grave and menacing that I believe, for once in his administration, President Hoover will listen to wise counsel, eschew politics, and appoint men of unquestioned integrity and outstanding financial ability as members of the board of directors of the benevolent and colossal corporation created by this act.

The enactment of this bill is justified only on the ground that it is emergency legislation designed to remedy the gravest condition that has ever menaced our economic structure. It is a temporary measure which I hope we may soon dispense with. I am not willing to assume any part of the grave responsibility for the serious results that would inevitably flow from the failure of Congress to immediately pass this or some similar legislation. [Applause.]

Mr. HOWARD. Mr. Chairman, I move to strike out the last two words. I would strike out the whole thing if I had opportunity.

Mr. Chairman, I was grandly edified just now by the gentleman from Missouri, speaking for what he terms the majority. I do not know, in speaking of the majority, whether he refers to the gentleman from Massachusetts, the profound gentleman, Mr. LUCE, or the Democratic majority. He tells us boldly, speaking in the name of the majority, that we will have no opportunity during the present session to consider any other legislation for the alleviation of the present ills, because, inferentially, it has been the decree of the Democratic majority that there will be no other legislation.

Usually I follow the gentleman from Missouri very readily because, as a rule, he speaks the language of Missouri, rather than the language of Massachusetts, as on this occasion, but I am at loss to understand where he gets his authority to say to me or to anyone else that the majority in this House has decided that we shall have no right to consider any other legislation of this character during the session.

Now, Mr. Chairman, may I ask a very interesting question? So many men about the hotels and in the Capitol corridors have asked me, and I can not tell them, and I am pleading now for some gentleman who has the knowledge to tell me, who was the original author of this bill? Of course, I know that our splendid committee is the author of it as it now appears here, but may I ask who presented this bill to the committee?

The CHAIRMAN (Mr. BANKHEAD). Is that a parliamentary inquiry?

Mr. HOWARD. No; I am asking anybody, the Chairman not excepted. [Laughter.] Nobody seems to know. It came from no hand, it came from nowhere, and without a blessing.

Mr. FULBRIGHT. Mr. Chairman——

Mr. HOWARD. I recognize the gentleman from Missouri.

Mr. FULBRIGHT. I desire to ask the gentleman from Nebraska, in view of the fact that this bill authorizes the lending of the amount of $200,000,000 to one individual or corporation, whether or not he thinks that any relief whatever will ever reach beyond the Mississippi River.

Mr. HOWARD. I figure that the relief to my agricultural people under this Ogden Mills monstrosity will be the same measure of relief that a coyote would carry to a chicken. [Laughter and applause.]

Once again, Mr. Chairman, may I state my position ever so clearly? I want the love and affection of my fellows and, particularly, my Democratic fellows. I do not like to wander away from them now. It is not pleasant, it is not happy. I can not understand how any Democrat or Progressive Republican can come here, after having pleaded with the country in the 1930 election to repudiate Mellonism, and advocate a measure which all must know was conceived in the brilliant brain of Andrew Mellon's most brilliant lieutenant, Ogden Mills, and offer it to us as a Democratic or Progressive Republican measure. [Laughter and applause.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The pro forma amendments were withdrawn.

The Clerk read as follows:

SEC. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation in confidence such reports, records, or other information as they may have available relating to the condition of financial institutions and railroads or railways with respect to which the corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the corporation as security for loans to financial institutions or railroads or railways under this act, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of such financial institutions or railroads and railways. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the corporation may require for the purposes of this act, and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

Mr. GRIFFIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: Page 8, strike out all of section 8.

Mr. GRIFFIN. Mr. Chairman, I share the sentiments of my colleague from Nebraska in having to oppose my Democratic colleagues on this bill.

It may be that the present President and the present Secretary of the Treasury may not be in office after March 4, 1933, but I do not propose to give them an alibi by voting for their proposal—for that is what it is, is it not?

We have 7,000,000 men out of work and we have a deficit of $2,200,000,000. Instead of bringing in a bill here to provide work, to carry on industry, promote construction of buildings and highways and other public undertakings, including levees on the Mississippi River, for instance—there is something that our friend from Nebraska may be interested in—instead of doing all this, we are presented with a bill to put Uncle Sam deeper and deeper in the mire of the loan business.

Mr. YON. If the gentleman will yield, does not the gentleman think this is putting the Government deeper and deeper into private business?

Mr. GRIFFIN. Absolutely. It is putting this Government in business. For instance, this section deals with the bonds and debentures of railroads, which in all probability we will be compelled to take. Having taken them, of course, we face the responsibility of disposing of them. Why, one section of the bill even provides that we may carry on the business after the mortgage is foreclosed.

I ask you, gentlemen of this House, on both sides of the aisle, to take thought a moment before voting for this bill. I did not want to talk on this bill. I have been busy in the Appropriations Committee, immersed in figures, trying to allot the moneys we have at our disposal to the various branches of government. I assumed that some foresight would be used to cover the deficit by raising the revenues before any plans would be suggested to increase the Nation's already stupendous burdens.

Mr. Chairman, I withdraw the amendment, which was a pro forma one.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk, proceeding with the reading of the bill, read as follows:

SEC. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided further*, That the aggregate of all obligations issued under this section shall not exceed three times the amount of the outstanding capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Federal reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by obligations issued by the corporation under this act, (2) to make advances to member banks on their notes secured by such obligations, (3) to use all paper so acquired, and (4) to purchase and sell such obligations, as they have with respect to bonds and notes of the United States: *Provided*, That the rate at which any such discount or advance shall be made by any Federal reserve bank shall be 1 per cent per annum above its discount rate on 90-day commercial paper then in effect.

Mr. KNUTSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. KNUTSON: Strike out all of section 9 and in lieu thereof insert the following:

"Upon the request of the board and for the purpose of obtaining the funds with which to carry out the purpose of this act, the Secretary of the Treasury shall issue the currency of the United States in such amounts and in such denominations as the said board shall request and demand, such currency to be based upon and secured by the securities of the said corporation."

Mr. STEVENSON. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. KNUTSON. Mr. Chairman, this amendment provides for another method of financing the operations of the corporation. Most assuredly that is germane. The committee has no copyright on the methods of financing the corporation. It proposes using a bond issue, and I propose using currency based on securities acquired by the corporation.

Mr. McFADDEN. What kind of currency?

Mr. KNUTSON. Legal tender; currency that would fulfill the same purpose as the currency we now have in circulation.

Mr. COLE of Iowa. Does the gentleman mean to go back to greenbacks?

Mr. KNUTSON. Mr. Chairman, may we have a decision on the point of order.

The CHAIRMAN (Mr. BANKHEAD). The Chair overrules the point of order.

Mr. KNUTSON. Mr. Chairman, we have now reached the crux in the whole matter. I am in sympathy with the object sought to be accomplished by this legislation but am very apprehensive that if we are to float a bond issue of two thousand million dollars at the present time to finance this plan, it will have a very depressing effect on the market price of bonds.

To sell at anywhere near par they will have to be made tax-exempt, and they probably will have to carry 5 per cent interest. What is that going to do to the deposits of savings and other banks of this country?

A big part of the deposits of our banks will be withdrawn and invested in 5 per cent tax-exempt Government bonds. Two thousand million dollars at 5 per cent interest is $100,000,000 in interest charges a year.

I am surprised that the committee did not give the greatest consideration to this angle. I understand it was broached to the Treasury Department officials, and they announced themselves against it. It is not enough to have the Treasury decide against it; it is not their responsibility; it is ours. We are the legislative branch of this Government, and we should have more evidence as to the inefficacy and undesirability of the plan proposed by my amendment than the mere say-so of the Treasury Department.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. HUDDLESTON. The gentleman has told us the effect of issuing two billions of Government bonds. Will the gentleman tell us the effect of issuing two billions in rag money? [Laughter.]

Mr. KNUTSON. Evidently the gentleman from Alabama did not hear the reading of my amendment. The amendment provides that this currency shall be secured by the securities which the various companies and corporations seek to relieve themselves of, and will supply the corporation with necessary security for the advances made.

If these securities are worth anything, then the currency issued under this amendment would be amply secured. If the securities are not worth anything, then, of course, this $2,000,000,000 would be given away as a gratuity.

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

Mr. KNUTSON. I yield.

Mr. STEVENSON. Does not the gentleman know that when greenbacks, without gold reserve behind them, were legal tender in this country, they went down 50 per cent? In other words, it took $2 in greenbacks to buy $1. That had the pledge of the United States behind it but did not have a gold reserve behind it. Now the gentleman proposes to put up a reserve on such items as the corporation may take as security from many institutions of questionable solvency.

Mr. KNUTSON. What is gold? It is merely a medium of exchange and the yardstick by which we measure values. On June 30 last we held 42.7 per cent of the world's gold supply, amounting to $4,956,000,000. Mr. Speaker, even with that vast amount of gold held in the vaults of our country there is a dearth of currency which is seriously retarding our economic recovery. At the end of November, 1931, our circulation aggregated $5,446,142,677. Under my amendment this supply of currency might be increased by $2,000,000,000, which would give us a per capita circulation of $62, basing our population at 130,000,000. I ask, Would a per capita circulation of $62 constitute inflation? Have we not enough resources to guarantee that amount? Economists are quite generally in accord that there is at present a serious lack of currency in circulation and that it should be increased.

The greater the lack of money the greater its purchasing power. Manifestly there is not enough gold, so we must replenish the supply by other means. My amendment will provide the necessary increase. I feel that it will at the same time stabilize monetary values, and that is highly desirable when it is considered that the purchasing power of the dollar has increased from 68 cents in 1926 to $1.47 in 1931—a spread of 79 per cent. My amendment will free us from the stranglehold which gold now has on us by giving to those in debt an opportunity to repay in kind.

There is another angle to this very important question that should not be overlooked, and that is the present disparity between the value of the American dollar, the Canadian dollar, and the British pound sterling. The purchasing power of the Canadian dollar as compared to the American dollar has fallen off 25 per cent in recent months. The British pound sterling has suffered a similar shrinkage. This shrinkage in the monetary values of our customer nations will ultimately lose for us much of our foreign commerce unless an adjustment in monetary values is made in the near future. While the countries I have mentioned, as well as many other countries similarly situated, can sell to us with advantage to themselves, they can not buy from us. They must buy in countries whose currency has shown a similar shrinkage. So it would seem that we are being hit from both directions at the present time. Congress should lose no time in legislating to correct this intolerable situation, which is daily growing worse, and which, unless corrected, will ultimately result in the loss of our foreign commerce.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. KNUTSON].

The amendment was rejected.

Mr. HUDDLESTON. Mr. Chairman, I move to strike out the last word. I do this for the purpose of asking a question of the chairman of the committee.

In lines 4, 5, 6, and 7 on page 6 I read the provision that—

the corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans.

That collateral will in all probability be composed in part of railroad stocks, for illustration. The corporation is authorized to take over and become the owner of those stocks. Is it expected that the corporation will continue to be the owner of those stocks and own the railroads? In short, as provided by this clause, are we putting the Government not only into the banking business but into the business of owning railroads and other industries?

Mr. STEAGALL. I think, with all deference to the gentleman's splendid ability as a lawyer, his construction is not justified by the language employed. The purpose as clearly indicated is to afford a method by which the corporation may liquidate collateral placed with it.

Mr. HUDDLESTON. What is the significance of the expression "administration"?

Mr. STEAGALL. I do not know that it is happy language, but the whole purpose is made clear, that what they are authorized to do is to take securities and collateral which fall into their hands, under such rules and provisions that they may prescribe, and proceed with the administration and liquidation of such collateral or security as have been taken for loans. To liquidate, of course, means——

Mr. HUDDLESTON. I know what "liquidate" means; what does "administration" mean?

Mr. STEAGALL. It means to settle or close out and get what can be realized out of such securities or collateral for the corporation.

Mr. HUDDLESTON. Since the gentleman has invoked my experience as a lawyer I am bound to say of what the gentleman has said, "It doth not follow." "Administration" means to own, to possess, to operate. Undoubtedly, as it seems to me that this corporation will have a right to hold these stocks until such time as it sees proper to dispose of them, and meanwhile to vote them as a stockholder. If they should constitute a majority of the stock of a railroad, the corporation would be authorized through that stock ownership to control and operate the railroad, pending liquidation, if that ever came.

Mr. STEAGALL. The language used is "administration and liquidation"; "to take over," for the purpose of "administration and liquidation," indicating clearly that both go together—the purpose being to enable the corporation to realize on its assets.

Mr. HUDDLESTON. The gentleman gives an interpretation to the entire phrase "administration and liquidation" the narrow significance that mere "liquidation" would have. If it means what the gentleman says, why use the word "administration"? Undoubtedly it means something in addition to liquidation. What does it mean if not to hold, vote, and own?

Mr. LOZIER. Will the gentleman yield?

Mr. HUDDLESTON. I yield.

Mr. LOZIER. The gentleman, of course, is familiar with the principle that until there is default in the obligation, the pledgee would have no control over the securities, with reference to voting them?

Mr. HUDDLESTON. I am quite unfamiliar with any such rule of law. To the contrary, I am advised that the pledgee of stock has a right to vote it unless the pledge is restricted in some way.

Mr. LOZIER. Unless there is default.

Mr. HUDDLESTON. Oh, no. Before default, the pledgee is the owner of stock against the world, except his debtor, and unless the contract of pledge expressly limits, the right of the pledgee, he has a right to vote that stock and to be recognized by the world as the owner.

Mr. LOZIER. On the contrary, he has not that right, unless it is specifically given by the pledgee?

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The CHAIRMAN. The gentleman from New York [Mr. LAGUARDIA] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. LAGUARDIA: On page 10, line 9, after the word "Treasury," take out the period and insert a colon and the following:

"*Provided*, That when any interest-bearing notes, debentures, bonds, or other obligations of the said corporation are offered for sale, a substantial amount shall be offered in denominations of $50, $100, and $500, and that opportunity shall be afforded the public to purchase such securities direct from the corporation or its agencies."

Mr. LAGUARDIA. Mr. Chairman, it has been suggested that in all likelihood these bonds or obligations will bear 5 per cent interest. It is also provided here that they may be discounted. I submit, Mr. Chairman, that the public, the small investors, should have an opportunity to buy these bonds at $50, $100, or $500 denominations direct from the corporation.

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

Mr. LAGUARDIA. I yield.

Mr. STEVENSON. Does the gentleman mean to say that they could not issue any larger amounts than $500?

Mr. LAGUARDIA. No.

Mr. STEVENSON. The amendment, as I gathered from it, makes that the issue exclusively.

Mr. LAGUARDIA. No. Only a sufficient amount to supply the demand.

The other point is that we should provide so that the public could buy those securities direct from the agencies and not from a broker or bond house who has bought them at a discount rate.

Now, gentlemen, I submit that the multimillionaire is getting enough out of this bill, and that such a provision should be written into this bill as will enable the man with $50, $100, or $500 to invest in his Government's bonds or the bonds of this corporation which has the Government back of it. Such a man should be able to buy bonds direct.

Mr. STEVENSON. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STEVENSON. The gentleman does not construe the bill as it now stands as preventing their doing that?

Mr. LAGUARDIA. No; not at all. But only yesterday I read from the report of the gentleman from Alabama [Mr. STEAGALL], who fought frantically a few Congresses ago to get that report into the CONGRESSIONAL RECORD, when we had Liberty bonds which the public had bought at par, and the War Finance Corporation, by simply giving notice to the member reserve banks, could have bought them in instead of through a private agency. I submit, knowing the prac-

tices of the Federal reserve bank, that what they will do is this: After they have issued the securities they will send them to their banks, and the public will have to go to the banks to get them and the banks and brokers will make a commission. That is all right in large amounts and, perhaps, is a good way of distribution, but the man out in your district, Mr. STEVENSON, and in the small towns ought to be able to subscribe to these bonds and buy them at the rate given to bankers.

Mr. STEVENSON. As the gentleman has invoked the question that arose in that investigation, I want to direct the gentleman's attention to the fact that the buying and selling through brokers, which was disapproved in that report, was done for the purpose of undertaking to stabilize the price of the bond. I do not think it was much of a process but think it was very poor business. However, that was the reason why it was done, and, therefore, they had a fellow on the stock market selling and buying, as the case might be, in order to stabilize the price.

Mr. LAGUARDIA. And in all frankness, all it did was to stabilize the profits of these brokers.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. STAFFORD. I would like to inquire whether the gentleman's amendment would interfere with the provision on page 9, lines 22 to 24, which grants to the corporation the right, with the approval of the Secretary of the Treasury, to sell short-term obligations on a discount basis.

Mr. LAGUARDIA. No; I do not touch short-term obligations. That is really a banking proposition.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I move to strike out the lsat word. I do this for the purpose of saying that I had hoped to be able to vote for this measure. There are several reasons why I would like to support this measure at this time. It is part and parcel of the President's program for the relief of the country, and the measure has been brought in by a committee the majority of whom are Democrats. For these reasons I would like to vote for the measure if possible, but I can not, because, to my mind, this is dangerous legislation. It is dangerous legislation because we are placing in the hands of a few men too much power, both financial and political. Then, again, this is dangerous legislation because the bill does not specifically delegate certain well-fixed powers to this organization.

Attention has been called to the fact on several occasions that this has been patterned after the War Finance Corporation act. That is an erroneous idea. Anyone who will get the War Finance Corporation act and examine it will find by the provisions of that act that the duties of the corporation were definitely set forth. Specific instructions were given as to the amount of money that should be loaned to the banks of the country. It is specified in that act, for instance, that only so much should be loaned to a bank as the balance that might be due that bank on loans to the farmers for agricultural purposes. Again, it is specified that only so much money should be loaned by that corporation to a bank as the balance due that bank on moneys loaned by that bank for the purpose of helping to win the war. That bill was drawn by the very same committee which has reported this bill, but that bill is a precedent for entirely different legislation from the kind of legislation we are passing to-day.

I think one of the great dangers of our country to-day lies in the fact that a few men have too much political and financial power. I feel this measure is only in furtherance of that dangerous situation. I am bitterly opposed to this kind of legislation.

I do not believe this Congress ought to pass a bill providing for the creation of any corporation unless the Congress knows what the Congress wants that corporation to do; and when Congress does know what is expected of that corporation, to my mind, it is the duty of Congress to mention specifically and to state in detail in the bill what is expected. We enacted the same kind of legislation in the Farm Board act. We created a great board under that act, giving the board almost unlimited power and an almost unlimited amount of money and told the Farm Board to solve the farm problem, that Congress did not know how to do it.

To-day we are passing a bill giving almost unlimited power and unlimited money to a few men, and we are telling this organization that we want it to find and solve the problems which caused this depression; that we do not know how to do it. We say, "We are going to give you all this money and all of this power, and we expect you to solve the farm problem, the labor problem, and all other problems incident to or causing this depression."

We want the causes of the depression removed.

If Congress has any real ideas on the subject I feel they should be fully set forth, delegating to this corporation the power and authority in detail as well as the money necessary to bring about full relief.

It certainly seems to me that the entire membership of Congress should be able to agree upon and work out reasonable specifications as to by whom and how this enormous amount of money is to be spent. If the present Congress is not competent to do this, it seems to me we are not fully qualified for the duties upon which we have entered. Until the majority of this body know what that majority wants done with this enormous amount of money, I respectfully submit this Congress is not duly and truly prepared, worthy, and well qualified to pass any bill of this magnitude, and should not undertake any such task.

If Congress knows its own will and what it desires shall be done with this two thousand million dollars, then to fail to specify this congressional intent and will in this bill is little short of if not criminal.

Of course no one would expect a detailed statement of the exact amount that should be spent on each item. I feel that at least some reasonable limitation should be placed on the amount that may be loaned to each bank, trust company, or other organization, such as covered by the LaGuardia amendment or my amendment to the LaGuardia amendment or in the last amendment offered by me a few minutes ago.

I would have this bill be very specific as to the kind of loans that could be made, much along the plan followed in the War Finance Corporation act. The War Finance Corporation act was carefully worded so as to provide that loans could be made to banks only to amount of balance due on loans made to farmers for agricultural purposes or other equally meritorious purposes.

I drew myself and secured the adoption of an amendment to the War Finance Corporation act providing that the limitation preventing loans beyond the balance due because of loans made by the bank for agricultural purposes should be extended so as to include all notes or other negotiable instruments taken by any person, firm, or corporation for advances, either in cash or supplies to farmers for agricultural purposes, where these notes or other negotiable instruments were "discounted or rediscounted" by any such banking institutions. This amendment offered by me and adopted by the House became law, making available for loans untold millions of the farmers' paper held by country banks and kept thousands of them from closing their doors. I am confident we would not have seen the recent orgy of bank failures and awful loss of funds by depositors if this law had been kept in force and sufficient money been appropriated to keep it in full force and effect, as sought by many of us.

The present bill would go far toward relieving the financial depression if we would only gage it properly and by specific language make it the same legislative benefaction as the War Finance Corporation act.

Mr. Chairman, I am wondering what has come over the Congress. The same committee, with a slightly different personnel that reported and passed the War Finance Corporation act, is now sponsoring this bill.

My humble efforts in connection with that bill were rewarded with splendid results for the farmers and the small banks of the Nation. Now there is greater need for beneficent legislation for the farmers, the small banks, and the people, and not only myself but dozens of Members are offering amendments of great merit along the line of those written into the War Finance Corporation act, and yet we face an immovable stone wall of certain defeat.

My last amendment, offered just now, contained several splendid limitations, including the identical provision which was written by me into the War Finance Corporation act, and yet it was turned down this afternoon by those who are pushing this bill to final passage.

I can reach only one conclusion, and that is that this is a bill written by the big banks for the big bankers, whereas the War Finance Corporation act was written by the friends of the farmers and the common people for all the people of the whole Nation.

I very much fear this is so much of a bankers' bill that it will not even be of any real good to the railroads. I fear too much of this money will be used in buying or gambling in railroad stock rather than in paying salaries and making the railroads a solvent, profitable enterprise.

If I could have had my way about this bill, it would have loaned money—as much as needed—to the railroads and every other legitimate American business to be used in giving profitable employment to men and women in factory, shop, store, and on farm and on the railroad, where honest men and women can be employed in the mighty struggle to keep the spark of life aglow with proper and sufficient food, clothing, and shelter.

I would be sure no considerable amount was loaned to only one enterprise except where the money would be immediately paid into salaries or on other expenditures putting it at once into circulation. I urge it will be an outrage of the blackest, foulest type if this money, in million-dollar items, to say nothing of two-hundred-million-dollars items, is loaned to large organizations of any kind to be locked in vaults and taken out of circulation.

The very suggestion that no provision is made to take care of only the interest on farm loans and stop foreclosures, while provision is made to loan $200,000,000 of the people's money to the big rich, is so obnoxious and repulsive to my idea of a square deal in legislation that I shall not attempt to suit words to picture my outraged feelings. Just think how much good only a million dollars would do if used to pay past-due interest and extend loans or to repurchase, for original owners, lands taken over by foreclosure.

One million dollars, if used under the plan proposed by my amendment offered yesterday, would pay the interest on and save 16,666 homes against which there is a loan of $1,000 each; and $200,000,000, the amount which is authorized to be loaned to any one organization under the bill, would save two hundred times as many.

Think of it. This bill proposes to loan to one organization enough of the people's money to save from foreclosure 3,333,200 homes against which there are loans of $1,000 at 6 per cent, or, to use larger figures, this money would save 333,200 homes against which there are loans of $10,000 each at 6 per cent.

My mortification and disgust may be imagined when my amendment to save these homes was brushed aside and my amendments to prevent these enormous loans of my people's money was crushed by an avalanche of noes on the part of the sponsors of this bill.

The interest coupons or notes of the farmers are absolutely safe if prosperity is to ever come back. They are much safer than the bonds, stocks, and other paper that will be bought outright by this corporation.

God knows the farmers need this help a million times more than the big rich who will get it in $200,000,000 blocks. Then, again, as I stated yesterday, all this money paid on interest will go to insurance companies, long-term loan companies, and others holding loans against the lands of the farmer. None of it would go directly to the farmer, and yet it would enable him to save his home.

By helping save the farmer's home we save the farmer, and God knows our country needs the farmer if our Nation is to endure. By loaning $200,000,000 to each of any number of big banks or institutions, unless it is all put into circulation at once, we further increase and multiply the problems of the present depression, do not help the situation, but make a greater tyrant of the multimillionaire borrower and further strengthen the awful power of those whom this country does not need and who are working the undoing of the common people and our great Nation.

A casual reading of the amendments I offered yesterday and to-day will disclose the merits of each. It will be seen that each is in furtherance of the principles for which I have just been pleading. Possibly I should give further emphasis to the amendment which I offered this afternoon to prevent the outright purchase of certain stocks, bonds, and other securities.

Why should not the directors of the big banks and trust companies indorse any and all notes given for any of this money, and why should we not prevent their selling outright their stocks and bonds to this corporation? There is only one answer. These big bank officials know they intend to unload on the United States Government millions of dollars in face value of depreciated or worthless stocks and bonds in exchange for blocks of the people's money as large as $200,000,000 at a single transaction.

The thing that concerns me so much is that this gigantic steal is to be authorized by a solemn act of Congress. If outright stealing of more of the people's money than the combined loot of all the bank robberies of all time is not to be perpetrated under this bill, why was the parliamentary situation deliberately jockeyed so as to prevent full debate on this amendment and other equally meritorious amendments, and why were those seeking the passage of this bill lashed into a wild stampede so that these good amendments were voted down with a whoop without any considerable number of the Members realizing what they contain, and why did the sponsors of this bill fail to write into the bill some safety provision in this respect themselves or by helping get my amendment adopted when I offered it?

The question answers itself.

If these loans are to be amply secured, why not require the officials of these corporations to stand good for them; and if these directors and other officials are not willing to indorse these loans, why should we permit the people's money to be loaned on such financial trash?

I feel depressed beyond expression and so indignant until there is no way to express my resentment without making the air blue with language stronger than I am accustomed to using, when I realize just how liberal this bill is in dishing the people's money out to the big interests and just how difficult it is to get any bona fide help for the farmer under this bill or any other.

Think of it! Without any indorsement and any kind of collateral, $200,000,000 of the people's money may be loaned to any one of the gang that is destroying our people and wrecking our Nation.

Of course, some good men may get on the board, but it is safe to say every transaction will be dominated by men in control of an alleged ownership of millions of dollars, who put their desire and greed for gold ahead of the hunger of homeless, freezing men, women, and children. If we are to determine what will happen under this bill by what is authorized by the bill, it will be a case of heartless, soulless, conscienceless wealth taking over and appropriating to its own use and benefit $200,000,000 more of the people's money.

Instead of putting more money in circulation, this measure, I predict, will, to a large extent, take $200,000,000 out of circulation and away from the people and hoard it in vaults of steel.

This bill provides for enormous loans to big bankers without any personal liability on the part of the bankers.

With the possible exception of the foreign-debt moratorium-cancellation scheme, it is my candid judgment that

this is the greatest steal from the common people for the big bankers ever perpetrated by a legislative body.

I respectfully invite any fair-minded person to read this bill and then read the provisions of the Federal farm loan act, the intermediate credit bank act, the Federal Farm Board act and see the abysmal difference in so far as the farmer is concerned when compared with the big rich.

No indorsement or other personal liability is required of the big rich when the people's money is to be turned over to them, but if the farmer is to get even the semblance of help he must put up the best security on earth, must become personally responsible, must join an organization, must buy some stock in a corporation he does not want, and does not need, and must become responsible for the loans of all his neighbors and get them to become responsible for his own loan, and when the farmer and his fellows finally succeed in becoming the owner of the Federal land-bank system or other monopolistic corporation, contrary to all rules of justice and equity, the farmers find that others—not farmers but bureaucrats and bureaucratic appointees—are in charge of his organization and are drawing the salaries, doing all the riding, and running the machine to the destruction of the very farmers that own it.

Mr. Chairman, in conclusion, let me say I see absolutely nothing constructive in the three measures of the so-called Hoover relief program which we have passed so far. Congress is digging larger and more awful holes to fill smaller and less dangerous ones.

We are causing the poor to be taxed more to further enrich the mighty. We are plunging the common people further into debt to put more gold in the vaults of the profiteer.

Our Nation is sick unto death and is in a faint, poisoned by an overcentralization of political and financial power and the lack of a proper and equitable distribution of wealth and human rights. And Congress is seeking to cure the awful condition of our Nation by administering larger and unprecedented doses of the same poison of over-centralization of political and financial power.

Mr. Chairman, I am sorely disappointed over the bill the House will very probably pass this afternoon, but even at that it is my sincere hope that it may prove to be a better law and be administered better—yes, much better—than I anticipate.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do this for the purpose of addressing a question to the committee having the measure in charge. I have a telegram from one of the clearest-headed bankers in my district, who states:

> Flotation of large issues of Government bonds will affect savings deposits adversely. * * * Country deposit pressure will become greater. Could not bonds of finance corporation be exchanged for assets taken over and bonds made eligible as collateral at Federal reserve banks? This would avoid sale of large amounts in open market.

Was this suggestion considered by the committee?

Mr. STEAGALL. That is, substantially, what is done under the bill.

Mr. PETTENGILL. I wish the chairman would make that more clear. And I particularly wish the chairman would give us his views as to whether two billions of new tax-exempts will not cause large withdrawals of deposits and further strain on going banks. That is a point that troubles me very greatly.

I would also like his views as to the general public policy involved in putting still more of the wealth of the country into tax-exempt bonds, thus adding to the tax burden on tangible property.

Mr. LUCE. Mr. Chairman, on account of my great desire to expedite business so that we may conclude consideration of this bill to-night, I shall confine my comment on the amendment to one or two sentences. In my State a treasurer seeking to curry public favor proposed this over-the-counter scheme of selling bonds and it was a complete failure. The best course is to leave the method of selling the bonds to the board we trust to handle this system.

The pro forma amendments were withdrawn.

The Clerk read as follows:

> SEC. 10. Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt, both as to principal and interest, from all taxation except surtaxes, estate, inheritance, and gift taxes now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word in order to ask a question of one of my colleagues on the committee. This section refers to the issuance of these bonds and securities, and I want to direct attention to section 2, line 6, where it refers to money:

> There is hereby authorized to be appropriated out of any money in the Treasury.

I want to ask some member of the committee who is in favor of this bill what kind of money this refers to.

Mr. STEAGALL. The bill states what it refers to—any money in the Treasury not otherwise appropriated. We do not distinguish between the various kinds of currency.

Mr. McFADDEN. Does this mean gold or Federal-reserve notes? Federal-reserve notes are promises to pay money.

Mr. STEAGALL. Any that they have.

Mr. GLOVER. Mr. Chairman, I move to strike out the last two words.

The last two words in this section are these, "is taxed." I want to talk to you a moment about the man that "is taxed."

According to reports given out by the press, we have had the Ways and Means Committee recently together and the question of taxation is to be presented to us in a few days and a measure is to be brought back to this House, not for the purpose of relieving those taxed but for the purpose of increasing taxation. The statement goes out that the plan that will be adopted is the act of 1924, which, as you know, was a war measure or proposition. We are not in war. We are told by those in authority that the taxation measure that is to follow this bill will reach 170,000 taxpayers that are not now taxed.

I want to say to you gentlemen that the high taxation that has been forced on the people——

Mr. LUCE. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. The gentleman is not addressing himself to the subject before the committee.

Mr. GLOVER. The question before the House is to strike out "is taxed," and I am talking about that.

Mr. LUCE. I ask for a ruling upon the point of order.

The CHAIRMAN. The gentleman will proceed in order.

Mr. GLOVER. The gentleman certainly ought to have time once in a while when he is thinking about these corporations to think for a while about the fellow that is taxed [applause], and the fellow that is taxed until he can stand taxation no more.

Here you come in with this bill that is going to put the Treasury $2,000,000,000 farther in the hole, and you are to follow it up with taxation to fill the Treasury again with taxes taken from the people that are toiling now and can hardly exist.

Ah, gentlemen, the day is coming when you are going to reap what you are sowing. I want to say to you that this bill, in my opinion, will never relieve the general conditions in the country. Oh, you will have a little flurry in the bond market up here in New York for a little while. They are scrambling now, I imagine, to get some more of these bonds so that they can get their hands into the Treasury and get some of this $2,000,000,000 in money. Oh, they are busy,

they are watching you, and they will be wired as soon as this is passed, and they will get their hands on these bonds and then this money will go like water poured into a sink hole.

Mr. YON. Does the gentleman think this measure will cause cotton to go up 5 cents a pound?

Mr. GLOVER. This will not help agriculture, and every man knows it who knows anything. When we tried to get something along the line of helping agriculture you denied it. An amendment to help these banks that are in distress and that are trying to reorganize and stand on their feet, and you said, "No; we will not do it."

Oh, we would like to have you give some relief to them when you are trying to relieve the great railroads, and you know this is a railroad bill just as well as I do.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. GLOVER. Not now.

Every man knows very well that unless a limitation like the amendment proposed by the gentleman from New York [Mr. LAGUARDIA] that I called your attention to in a short speech yesterday, is put on this bill, which they have refused to do, that any corporation that has a corporate existence can take $200,000,000 of this fund provided for in this bill. Why, you have not got enough to go around to give the boys $200,000,000 apiece. Here is a bill not intended to reach around the United States, but it will be centered in the big banks of New York, and in a few of the larger places.

Let me tell you what you are doing—you are doing this for the smaller banks in my State, and every other State in the Union—you are going to put the little banks out of business. They can never get any of this help you are providing for the large banks, insurance companies, railroads, and building and loan associations. [Applause.]

[Here the gavel fell.]

Mr. BURTNESS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 11, line 5, section 10, strike out down to and including the period in line 11.

Mr. BURTNESS. Mr. Chairman, this is not intended as a pro forma amendment. I am rather serious about it. Some of you know that I have always believed in limiting as much as possible so-called tax-exempt securities.

In fact, on January 13 I introduced in the House a resolution, House Joint Resolution 205, proposing as an amendment to the Constitution the so-called Green amendment of a few years ago, which was approved by a majority of this House but not by a two-thirds vote.

In this particular case I think there are special reasons for not giving to the notes and debentures the same privilege as has been done, generally speaking, in bond issues by the United States. In any event, by striking out the tax-exempt features, I am consistent in my general viewpoint.

What is it that the Reconstruction Corporation gets this money for? It is so that it may be used in business. I think there ought to be no incentive in the bill that the funds now or about to be used in business shall be taken away for the use of this corporation or for any other purpose.

The funds you want to obtain by this act and thus get into active work are funds that have been hoarded in sugar bowls and mattresses and other places, but you do not want the funds taken out of the banks which are otherwise active. And so it seems to me it would be entirely logical—and surely so at a time when the Government is confronted with a deficit and needs all the funds it can obtain to keep the deficit down—not to provide an incentive to the owner of money now being used in industrial purposes to take it out and invest it in tax-exempt securities. For this reason my amendment should be approved.

Whether you agree with me in that respect or not, I want to call attention to the fact that the language of the bill, if you diagram the sentence as written, means something which I do not believe the committee intends should be there. As written, this sentence reads:

Any and all notes, debentures, bonds, or other obligations issued by the corporation, shall be exempt, both as to principal and interest, from all taxation, except surtaxes, estate, inheritance, and gift taxes, now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

Surely it is not the intention of the committee to make an exemption not only of the estate, inheritance, and surtaxes imposed by the United States, but also those taxes imposed by a Territory, a State, or a municipality of any State.

My amendment would strike out all the language quoted and put the income on bonds issued, as well as the bonds themselves, under the general laws pertaining to taxation. I hope you will do that, for I think that is sound.

In any event, if you refuse to follow that suggestion, I want to assure the committee that this language should be corrected if it is to remain in the bill. But why leave any incentive to put money into these bonds where it and the income therefrom will be largely exempt from taxation, when funds are commencing to be invested in private industry? Why give people who are ready to invest in the bonds of private industry a special incentive to put their money into these bonds solely because they will be exempt from taxation? Why not subject these bonds to the same competition that you do private bonds, issued by private corporations?

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. BURTNESS] has expired.

The question is on the amendment offered by the gentleman from North Dakota.

The amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer an amendment which I have sent to the Clerk's desk.

The CHAIRMAN. I call to the attention of the gentleman from Pennsylvania [Mr. McFADDEN] that the amendment proposed refers to a previous section, and it will be necessary to secure unanimous consent to return to that section.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent, then, to return to section 9 so that I may offer this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BACON. Mr. Chairman, I object.

Mr. BEEDY. Mr. Chairman, I offer a perfecting amendment to section 10, which I have sent to the Clerk's desk.

The CHAIRMAN. The gentleman from Maine [Mr. BEEDY] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BEEDY: On page 11, line 8, strike out the words "except surtaxes, estate, inheritance, and gift taxes" and insert in lieu thereof in parentheses "except estate, inheritance, and gift taxes."

Mr. BEEDY. Mr. Chairman, in order that the committee may understand the significance of that amendment the Senate bill reads precisely as our bill would read if my amendment were adopted. The substance of the amendment is that "surtaxes" is stricken entirely from this bill. If the word "surtaxes" remains in the bill, I call the attention of the members of the committee to the fact that a great advantage would be given to corporations in the purchase of these bonds, because corporations pay no surtaxes, whereas an individual who wished to buy them would be subject to the surtax.

The purpose of the amendment is to offer as broad a market for these bonds as possible. Let me illustrate the point by calling the attention of the members of the committee to the situation which faces us with respect to the first and fourth issues of Liberty bonds. The first issue was not subject to surtaxes. It could be issued by the Government at the highly advantageous rate of 3½ per cent interest. The fourth issue was subject to surtax and the Government was obliged to pay 4½ per cent interest on the bonds.

If this word "surtaxes" is stricken out and the bill is made to conform in this respect to the Senate bill, we will find a broader market for these bonds, put the prospective individual purchaser on a par with the corporations, and enable this Reconstruction Finance Corporation itself to secure a better price for its bonds, at a more advantageous rate of interest.

Mr. BURTNESS. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. BURTNESS. What does the gentleman have to say with reference to the incentive that will be created to buy these bonds, rather than bonds that are being issued and will be issued by private industries direct, if such a tremendous advantage is given to the bonds issued by this corporation? Does the gentleman not think that the time has come when investors ought to have a little more confidence in the business organizations of the country, and should be attracted to invest in bonds issued by them, rather than to be attracted by this molasses of tax exemption, and it is mighty sweet molasses in many cases?

Mr. BEEDY. Is that the end of the gentleman's question?

Mr. BURTNESS. Yes, sir.

Mr. BEEDY. I think when the business of the country has gotten itself in a position where it now finds itself, and is appealing to the Government to assist it, it ought to be willing for the Government to render assistance on a basis of economy to the Government itself. I am therefore in favor of any legislation that will enable this reconstruction corporation which we propose to set up, to go into the market with its bonds and sell them on the best and most economical basis possible.

Mr. BURTNESS. Does the gentleman mean regardless of how unfair that competition may be to private industry?

Mr. BEEDY. Surely the gentleman is not arguing that anything this corporation will do will compete with private industry. It can not operate unless we give it the power to market its bonds on a broad, attractive basis, not only to corporations who may be prospective purchasers, but to the individuals, irrespective of class or station.

Mr. BURTNESS. Of course, I refer to the corporations who may attempt to finance themselves by their own securities, rather than to seek relief through this governmental agency.

Mr. BEEDY. I can see no better way out, and if it were possible for the membership of the committee to see clearly the full significance of this proposal, I do not think there would be any hesitation in adopting it.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I ask unanimous consent to proceed for one additional minute, to answer a question.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. LUCE. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. LUCE. Is it not true that corporations have not been hoarding money, but that the hoarding has been done by individuals, and that one of the purposes of the amendment offered by the gentleman is to draw out hoarded money from the individuals?

Mr. BEEDY. My thought is, and I intended to incorporate it in some remarks later on, that I conceive that the purchase of these bonds will be largely from funds now hoarded by individuals.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, this matter was fully considered by the Committee on Banking and Currency, and the language of the bill was framed with care to meet the views of the committee. There is no reason why securities should be exempted from taxation, except to aid in their sale. It is desirable to have exemption to that end, but not beyond that end. It is useless to tax securities just to collect the taxes when the same result can be accomplished and the money saved to the Government without the unnecessary work of levying and collecting. But it is not desirable to exempt securities in the hands of the payers of surtaxes. Securities can be marketed easily without such an exemption. The argument that corporations have undue advantage is not sound. After all, the corporations involved are owned by individuals of large wealth.

I regret that a member of the committee should at this time and under these circumstances propose to undo the work of the committee in framing this section. There are plenty of tax-exempt securities abroad in the United States to-day without enlarging upon that condition, which many people look upon as a great evil in our economic system. Certainly there can be no good reason why we should except surtaxes from the exempt provisions of this bill, and I hope the committee will not change the language of this section.

Mr. LAGUARDIA. Mr. Chairman, if this committee is going to be consistent it should vote for the amendment offered by the gentleman from Maine. Just a few moments ago this committee voted down the proposition to provide direct sales of small denomination bonds and securities, bonds of $50, $100, and $500. This committee voted down a proposition to reduce the amount of $200,000,000 that can be loaned to a single individual borrower. This committee has voted down every amendment and there have been 50 or 60 offered. In my 14 years in the House I have never seen such a demonstration of protest as has been shown in the flood of amendments which have been offered to this bill.

Now the gentleman from Maine with tears in his eyes—and I am emotional, I am sympathetic, and I feel sorry for the people he is talking about—wants to cut out the surtaxes of the very people who are hoarding their money and who have not the courage to continue their business and who have been opposing every form of direct relief to the suffering people of this country and are now demanding direct relief to the tune of $2,000,000,000. [Applause.]

The gentleman from Maine who misquoted the law, and I will admit, for I know the gentleman, entirely unintentionally defeated the cutting down of the amount of $200,000,000, now wishes to cut out the provision which places these bonds on a surtax basis.

Ah, Mr. Chairman, the people of this country can not be fooled. They have been promised relief. Statements have gone out from the White House, from the departments, and from Congress that this is the great reconstruction plan. To do what? To reconstruct the depreciated securities of the very men who have ruined the business, industry, and finances of our country, and the gentleman from Maine now asks that we further give assistance to them so that the higher bracket tax payers may be relieved of paying a surtax on their incomes.

Mr. BEEDY. Will the gentleman in fairness yield to me?

Mr. LAGUARDIA. Yes.

Mr. BEEDY. The amendment is proposed so that we may not give an advantage to the great corporations of the Nation, and the gentleman does not do me justice when he attributes to me any improper motive. The gentleman will remember that when I referred to the War Finance Corporation act I said I was speaking from recollection; that I was not sure, and that if I was wrong I hoped somebody should correct me.

The gentleman from Massachusetts thereupon informed me there was a 10 per cent limitation. Having taken my seat, I secured a copy of the War Finance Corporation act and perceived that my reference to it was not accurate in all details. I thereupon told the gentleman from Kansas [Mr. HOCH] that I was in error about the limitation upon the loaning power of the War Finance Corporation, and that I proposed to take the floor and correct the error. However, the gentleman from Kansas, in offering his amendment, made the correction and it became unnecessary for me to do so. The gentleman from Kansas will bear witness to the facts as I state them.

Mr. LAGUARDIA. But the damage has been done. I will say to the gentleman from Maine that if he and I were in court and he had misquoted the law, even unintentionally, I could apply to the court for reconsideration.

Mr. BEEDY. So far as I am concerned, I am willing to have the matter reconsidered.

Mr. LAGUARDIA. But under the rules of the House, that can not be done. We have passed that section. We asked unanimous consent to go back for that very purpose, but that was denied.

Mr. BEEDY. I did not object, and I will not object.

Mr. LAGUARDIA. No; the gentleman did not object, but the damage has been done.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Maine.

The question was taken, and on a division (demanded by Mr. STAFFORD) there were—ayes 13, noes 130.

So the amendment was rejected.

Mr. PATTERSON. Mr. Chairman, I offer an amendment and desire to be heard on it.

Mr. STEVENSON. Mr. Chairman, I make the point of order that the motion was to close debate on this section and on the amendments. There will be another section read in a moment, and I direct the Chair's attention to the fact that debate on this section has been closed.

The CHAIRMAN. But that does not prevent the gentleman from Alabama from offering an amendment to this section and having it voted upon by the committee.

The gentleman from Alabama is recognized for the purpose of offering an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Patterson: On page 11, line 8, after the word "except," insert "income taxes."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Alabama.

The amendment was rejected.

The Clerk read as follows:

SEC. 11. In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation, to be held in the Treasury subject to delivery upon order of the corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

Mr. BLANTON. Mr. Chairman, I offer an amendment. On page 11, in line 20, I move to strike out the words "in order that the corporation may be supplied."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 11, line 20, strike out the words "in order that the corporation may be supplied."

Mr. BLANTON. Mr. Chairman, the words which I have moved to strike out form the main purpose of this bill. It is "in order that the corporation may be supplied." Is there any Member on this floor who seriously doubts for one moment that when Mr. Ogden Mills, who puts in action the thoughts of the Treasury, instructed the Federal reserve how to draw this bill that he knew then and that he then had it understood where most of the $2,000,000,000 provided in this measure was to be supplied? Does anyone here doubt that? Does anyone here doubt seriously that when the President of the United States sent this bill to the gentleman from Kansas [Mr. STRONG] for introduction that the President knew what corporations were going to get the most of this money? Why, of course, he did. If he had not known it, he would not have sent the bill here; and we who have watched these things for some years know that practically all of this money is going to the railroads. Who doubts that?

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

Mr. BLANTON. I yield to the gentleman from Pennsylvania always. I am not one of those who refuses to yield to the gentleman because he exercises his prerogative to speak his own judgment. He has the right to do it. I yield to the gentleman.

Mr. McFADDEN. With respect to the question of the supplying of money to this corporation, I want to call the gentleman's attention to the provision at the bottom of page 9, beginning in line 22—

Provided, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest.

These are the obligations which go into the open market.

Mr. BLANTON. Yes.

Mr. McFADDEN. These are the obligations upon which Federal reserve notes can be issued.

Mr. BLANTON. Yes; and we noticed yesterday that railroad stocks and bonds began to go upward. Of course, they take advantage of it going and coming. They started selling to-day to take their profit, and naturally stocks went down somewhat at first but will revive again toward the close. As Governor Hogg used to say, "They profit gwine and coming." When you pass this bill railroad stocks will rise immediately.

Mr. ERK. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. ERK. I would like to ask the gentleman a few questions. The gentleman states that most of this money will go to the railroads——

Mr. BLANTON. Does not the gentleman believe that?

Mr. ERK. Granting that——

Mr. BLANTON. Does not the gentleman know it?

Mr. ERK. Granting that, does the gentleman know that the railroads employ more than 2,000,000 people in the United States?

Mr. BLANTON. Yes.

Mr. ERK. Does the gentleman know——

Mr. BLANTON. I regret that I can not yield further. I know that there are 120,000,000 people in the United States and I am more exercised and concerned about passing a bill, not in order that "the railroad corporations may be supplied," but in order that "the people of the country may be supplied" with an opportunity to work. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for two minutes more. I have not used any time on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. FOSS. Mr. Chairman, I object.

Mr. BLANTON. Mr. Chairman, I withdraw the amendment, which was a pro forma amendment.

Mr. STEVENSON. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depositary of public money and financial agent of the Government, as may be required of it.

Mr. STEAGALL. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 12, line 14, add: "Obligations of the corporation shall be lawful investments and may be accepted as security, for all fiduciary, trust, and public funds, investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof."

Mr. STEAGALL. Mr. Chairman, the committee has the impression that the Secretary of the Treasury had authority under existing law to designate securities that might be accepted as security for fiduciary and trust funds. But it turned out upon investigation that he has not such authority. So the committee accordingly agreed upon the amendment which I have just offered. That is the purpose of the amendment, and it is one to which I am sure there will not be any objection.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President under the authority of this act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposit being made such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury, but not exceeding in par value the amount so paid in, shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and provision being made for payment of all legal obligations of any kind and character shall be paid to the Treasurer of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

Mr. GREEN. Mr. Chairman, I move to strike out the last word. Mr. Chairman, we have had some revision of the rules. We have seen here to-day the need to further liberalize the rules. I believe that the Rules Committee did not go far enough. A majority of House Members present to-day favor amending the bill now before the House in many ways. But we see our amendments go out on points of order. We saw the same thing yesterday. I refer particularly to the Smith amendment, providing for absolute assurance that farmers shall have at least a small portion—2½ per cent—of the benefits of this bill.

We have seen that denied; one or two of the minority gentlemen rose and made points of order. I would like to see the rules of the House so amended that a majority of the committee, or a majority of the House, may have a chance to express their opinion at any time during the progress of legislation.

My friends, when I observed the large number of amendments offered, and the great dissatisfaction with which this bill is now meeting in this Chamber, and find that we now must vote on the whole bill, instead of having segregated the main items of interest to our people and the people of the country, it is apparent that our rules should be amended. We should have the privilege and right to vote on the various amendments offered, instead of having them eliminated on points of order. I was glad to vote a few days ago for liberalization of the rules, something previously denied us. I hope the majority party will go even further in liberalizing our House rules, to enable us to express our desires on all legislation.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 14. If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

Mr. BLANTON. Mr. Chairman, on page 13, line 24, I move to strike out the following words:

shall be transferred to the Secretary of the Treasury, who for such purposes shall succeed to all the powers and duties.

The CHAIRMAN. The gentleman from Texas offers the amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Beginning on page 13, line 24, strike out the words "shall be transferred to the Secretary of the Treasury, who for such purposes shall succeed to all the powers and duties."

Mr. BLANTON. That was the subject I just wanted a minute more to discuss a moment ago, "to transfer all the powers to the Secretary of the Treasury." Those are the words I have sought to strike out. I am not in favor of transferring "all the powers" to the Secretary of the Treasury.

In my humble judgment, with the infinitesimal sum of money, comparatively, that we gave to the Secretary of Labor, Mr. Doak, and his able assistant, Mr. Alpine, the other day, more real good is going to be done the people of the country than they are going to get from this $2,000,000,000 bill. Mr. Secretary Doak and his able assistant, Mr. Alpine, have less than $100,000. Mr. Secretary Doak is doing something constructive and something worth while. He and Mr. Alpine are finding jobs for the jobless all over this country. They are finding means of giving a livelihood to heads of families for their wives and little children. That is something that is constructive. That is something that is going to be productive of good in this Nation. I commend them. I am backing them. I wish we might take at least $5,000,000 in this bill and give it to Secretary Doak and his able assistant, Mr. Alpine, and they would put men back to work by finding jobs for them, and then they will become productive, instead of being idle and walking the streets starving to death.

Of this $2,000,000,000 provided for in this bill, about 10 per cent is going to be wasted in extravagant overhead, and practically all of the balance is going to pay for losses railroads have sustained, and we will not be able to point to a single benefit that our constituents will receive. For this reason I can not vote for the bill.

I withdraw the pro forma amendment.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word.

I simply want to take a few minutes of the time of the House following the burst of oratory from our Democratic colleague from Florida [Mr. GREEN] in order to keep the record straight. In the gentleman's statement he criticized the Republicans for making points of order against certain amendments to the pending bill. I respectfully submit to the gentleman if he looks at the RECORD he will find just as many Democrats as Republicans making points of order against amendments which were not germane under the rules of the House. The gentleman from Florida [Mr. GREEN] again burst forth talking in favor of the liberalization of the House rules. Certainly the gentleman can not blame the minority, the Republican Party, because the rules of this Congress have not been liberalized. If the gentleman will look at the RECORD roll-call vote on the adoption of the rules by this Congress, he will find that nearly every Republican voted against the previous question on the motion to adopt the rules, and every Democrat, including the gentleman from Florida, who has now spoken about liberalization of the rules, voting for the previous question, which cut off debate, and which precluded the offering of any amendment to liberalize the rules. [Applause.]

Mr. Chairman, I withdraw the pro forma amendment.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 15. The corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers provided for and the number of borrowers by States in each class. The statement shall show the assets and liabilities of the corporation, and the first report shall be made on April 1, 1932, and quarterly thereafter.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment which I have sent to the desk.

The CHAIRMAN. The gentleman from New York offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 14, in line 23, strike out the words "aggregate loans" and insert in lieu thereof "each loan"; and strike out the words "of the classes of" and strike out the word "borrowers" and insert in lieu thereof the word "borrower."

Mr. LAGUARDIA. Mr. Chairman, I want to call the attention of the committee to the provisions of this section. This section provides that the corporation shall make a quarterly report to Congress, but the report will be worthless, for the simple reason that all that is required here is to report the aggregate amounts and the classes of borrowers. In other words, it will be so many hundred million dollars to railroads, so many hundred million dollars to banks; and the information, for any useful purpose, will be absolutely worthless.

Now I submit we are at least entitled to know which loan, to whom made, and the amount.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STRONG of Kansas. Does the gentleman think it would be a good thing to name the banks of the country to whom money is loaned?

Mr. LAGUARDIA. I expected that from the gentleman. I expected some one would submit a question like that. Now let me say that on any financial statement the amount borrowed must be stated. I will say to the gentleman from Kansas that the bank itself must carry that statement if it has borrowed any money. That is fundamental. This corporation is a financial institution. Its reports and statements should be similar to a bank's quarterly report. Congress creates this corporation, and, therefore, Congress should have a real report and not a sham. Of course you will have to report the name of the bank, just as the bank itself will have to classify every amount it borrows among its liabilities. There is no question about that, gentlemen. Any borrower making a financial statement must state in that statement the amount of assets and the amount of liabilities.

Unless the purpose of this section as written is to evade giving Congress useful and intelligent information I can not understand why it should not be a real report showing the names of the borrowers and the amounts loaned. I would like to hear from the committee on that question.

Mr. STRONG of Kansas. Mr. Chairman, I rise in opposition to the amendment. I would like to say to my friend from New York when this section was up for discussion the question arose as to how far we could go in requesting reports from this corporation as to whom they loaned money. We did not think—and if the gentleman will pardon me, I think wisely—that we ought to require this corporation to report three times a year the banks to whom they had loaned money. It is very true that banks make reports twice a year, but they do not publish in their reports the places from which they have borrowed money but only that so much money has been borrowed. For a great corporation like this, trying to help financial institutions, to name the banks and the amount of money loaned them, might result in some danger to the institution they were trying to assist. So we went as far as we thought we could in setting up the amount of money that could be loaned to any one group, in order that the people might know what was being done with the money. But I still think, if my friend will permit me to venture a humble opinion, that we should not require this corporation to name the banks or the institutions to which it has loaned money with the amount loaned.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. LAGUARDIA. Does the gentleman contend that it is safe, sound, and conservative banking to conceal the fact that a bank has borrowed money?

Mr. STRONG of Kansas. I do not mean that exactly, but I do not think it will be very safe banking to publish to the world the amount of money the bank has borrowed.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 46, noes 114.

So the amendment was rejected.

The Clerk read as follows:

SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, under this act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation," or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $1,000, or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts, extensions and renewals thereof, and acceptances, releases, and substitutions of security therefor.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: On page 16, line 2, after the word "spurious," insert "or any person who willfully violates any other provision of this act."

Mr. RAYBURN. Mr. Chairman, I have consulted the chairman of the committee. I intended to offer this amendment at the end of the amendment which I offered a while ago, but the chairman of the committee thought it would be better to have it go in the general penalty clause, so I have offered it here.

Mr. STEAGALL. Mr. Chairman, I am in favor of the amendment of the gentleman.

The amendment was agreed to.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: On page 16, line 16, after the word "thereof" insert the following:

"Or (3) participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the corporation, or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities or, having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the corporation."

Mr. LAGUARDIA. Mr. Chairman, this is the last amendment I shall offer in my earnest attempt to perfect this bill.

Gentlemen, it was pointed out only a few moments ago that large loans to any corporation having its securities listed on the stock exchanges will affect the value of such securities. Anyone having advance information can go out and speculate in these securities.

All that my amendment does is to prevent any employee or officer of this corporation from selling any such information or using such information to speculate himself.

The other provision, which is an amendment to the penalty section of the bill, simply provides that no member of the corporation, director or employee shall have any personal interest or receive any profit or gain through any action of the corporation. [Applause.]

You have voted everything else down, I submit this amendment to you, if you want it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The amendment was agreed to.

Mr. MAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 15, in line 8, after the word "or," strike out the words "for the purpose of influencing in any way the action of the corporation" and insert in lieu thereof "for the purpose of obtaining money, property, or anything of value."

Mr. MAY. Mr. Chairman, I have offered this amendment not for the purpose of merely getting an opportunity to address the committee, but, to my mind, after long years of practice of the criminal law, the major or beginning portion of this section is not sufficient to protect the Government or the corporation against those who would make misstatements as to the value of securities or any false representation by which they may secure credit or a loan.

It has been held universally by the courts that under statutes for obtaining property or money or anything of value by false pretenses the statute must be specific and certain.

The recital in this clause is "whoever shall make a false statement or representation to influence the corporation," and so forth. These are the words that I think ought to be replaced and the words of my amendment substituted therefor. They can not influence the corporation, but they possibly would influence the action of an officer or agent of the corporation and perhaps thereby secure an advantage, whereas with this amendment they could not secure anything of value by any representation without criminal liability therefor.

Mr. STEVENSON. Will the gentleman yield for a suggestion?

Mr. MAY. Yes.

Mr. STEVENSON. Does not the gentleman think it would be better to insert his language after the word "corporation," so as to leave it "for the purpose of influencing in any way the action of the corporation or of obtaining anything of value," and so forth?

Mr. MAY. Mr. Chairman, I accept the suggestion.

Mr. STEVENSON. I think that would improve the whole business.

Mr. MAY. Mr. Chairman, I accept the suggestion and ask unanimous consent to perfect the amendment to correspond with the suggestion of the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was agreed to.

The Clerk completed the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise and report the bill back to the House, with the recommendation that the amendments be agreed to, and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, had directed him to report the same back, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Under the rule, the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McFADDEN. Mr. Speaker, I move to recommit the bill H. R. 7360 to the Committee on Banking and Currency, with instructions to report it back forthwith with the amendment which I send to the Clerk's desk, and on that motion I demand the previous question.

The SPEAKER. Is the gentleman from Pennsylvania opposed to the bill?

Mr. McFADDEN. I am.

The Clerk read as follows:

Amendment of Mr. MCFADDEN to the bill H. R. 7360: Strike out all after the enacting clause and insert in lieu thereof the following:

"That the Secretary of the Treasury be, and hereby is, authorized immediately to purchase gold to the extent of $1,000,000,000 and silver to the extent of $200,000,000 and to issue gold and silver certificates in all denominations against the same, dollar for dollar against the gold, and dollar for dollar against the silver, and to give to such gold and silver certificates a distinguishing mark and color and a distinctive name. That the issue of Federal reserve notes against such gold and silver certificates be forbidden and that such gold and silver certificates shall be paid by the United States Government to the people on the Government pay rolls and for all public works as needed, and that such method of payment shall, so far as possible, take the place of payment by check and shall be a preferred method of payment. Such gold and silver certificates shall bear on the face thereof in print the notation that 'This note is legal tender at its face value for all debts public and private and for all other purposes.'"

Mr. STEAGALL. Mr. Speaker, I make the point of order that the proposed amendment is not germane to the bill.

The SPEAKER. The Chair sustains the point of order.

Mr. LAGUARDIA. Mr. Speaker, I move to recommit the bill.

Mr. O'CONNOR. Mr. Speaker, I make the point of order that there can be but one motion to recommit.

The SPEAKER. The point of order having been sustained to the motion to recommit by the gentleman from Pennsylvania [Mr. MCFADDEN], a motion to recommit by the gentleman from New York [Mr. LAGUARDIA] is in order. I will ask the gentleman from New York if he is apposed to the bill?

Mr. LAGUARDIA. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. LAGUARDIA moves to recommit the bill to the Committee on Banking and Currency with instructions to report the same back forthwith with the following amendment:

Page 7, line 16, strike out the figures "10" and insert in lieu thereof the figure "5."

The SPEAKER. The question is on the motion to recommit.

Mr. LaGUARDIA. Mr. Speaker, I demand the yeas and nays.

The question on demanding the yeas and nays was taken, and 52 Members rose.

The SPEAKER. Not a sufficient number, and the yeas and nays are refused.

So the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. LUCE. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 335, nays, 56, answered "present" 2, not voting 40, as follows:

[Roll No. 11]

YEAS—335

Abernethy	Corning	Hess	Nelson, Me.
Adkins	Cox	Hill, Ala.	Nolan
Aldrich	Coyle	Hill, Wash.	Norton, N. J.
Allen	Crail	Hoch	O'Connor
Allgood	Crisp	Hogg, Ind.	Oliver, Ala.
Almon	Crosser	Hogg, W. Va.	Oliver, N. Y.
Andresen	Crowe	Holaday	Owen
Andrew, Mass.	Crump	Hollister	Palmisano
Andrews, N. Y.	Culkin	Holmes	Parker, N. Y.
Arentz	Cullen	Hooper	Parks
Arnold	Curry	Hope	Parsons
Auf der Heide	Dallinger	Hopkins	Partridge
Bacharach	Darrow	Hornor	Perkins
Bachmann	Davenport	Horr	Person
Bacon	Davis	Houston, Del.	Pittenger
Baldrige	Delaney	Igoe	Prall
Bankhead	DeRouen	Jacobsen	Pratt, Harcourt J.
Barbour	Dickstein	James	Pratt, Ruth
Barton	Dominick	Jeffers	Purnell
Beam	Doughton	Jenkins	Ragon
Beck	Douglas, Ariz.	Johnson, Ill.	Rainey
Beedy	Douglass, Mass.	Johnson, S. Dak.	Ramseyer
Beers	Doutrich	Johnson, Wash.	Ramspeck
Black	Dowell	Kahn	Ransley
Bland	Drane	Karch	Rayburn
Bloom	Driver	Kelly, Ill.	Reed, N. Y.
Boehne	Dyer	Kelly, Pa.	Reid, Ill.
Bohn	Eaton, N. J.	Kemp	Reilly
Boileau	Englebright	Kennedy	Rich
Boland	Erk	Kerr	Robinson
Bolton	Evans, Calif.	Ketcham	Rogers
Bowman	Fiesinger	Kinzer	Rudd
Boylan	Finley	Kleberg	Rutherford
Brand, Ga.	Fish	Kniffin	Sabath
Brand, Ohio	Fishburne	Kopp	Sandlin
Briggs	Fitzpatrick	Kurtz	Schafer
Britten	Flannagan	Lambeth	Schuetz
Browning	Foss	Lamneck	Seger
Brumm	Frear	Lankford, Va.	Seiberling
Brunner	Free	Larsen	Selvig
Buchanan	French	Leavitt	Shott
Bulwinkle	Fuller	Leech	Simmons
Burch	Fulmer	Lehlbach	Sinclair
Burdick	Gambrill	Lewis	Sirovich
Burtness	Garber	Lichtenwalner	Smith, Idaho
Busby	Garrett	Lindsay	Smith, Va.
Butler	Gasque	Linthicum	Smith, W. Va.
Cable	Gavagan	Lonergan	Snell
Campbell, Iowa	Gibson	Loofbourow	Snow
Campbell, Pa.	Gifford	Lovette	Somers, N. Y.
Canfield	Gilbert	Lozier	Sparks
Cannon	Gilchrist	Luce	Spence
Carley	Gillen	Ludlow	Stafford
Carter, Calif.	Golder	McClintic, Okla.	Stalker
Carter, Wyo.	Goldsborough	McClintock, Ohio	Steagall
Cary	Goodwin	McCormack	Stevenson
Cavicchia	Goss	McKeown	Stewart
Chapman	Granfield	McLaughlin	Stokes
Chase	Green	McLeod	Strong, Kans.
Chindblom	Greenwood	McMillan	Strong, Pa.
Chiperfield	Gregory	McSwain	Sullivan, N. Y.
Christopherson	Guyer	Maas	Sullivan, Pa.
Clague	Hadley	Magrady	Summers, Wash.
Clancy	Haines	Major	Sutphin
Clark, N. C.	Hall, Ill.	Manlove	Swanson
Clarke, N. Y.	Hall, Miss.	Mansfield	Sweeney
Cole, Iowa	Hall, N. Dak.	Mapes	Taber
Cole, Md.	Hancock, N. Y.	Martin, Mass.	Tarver
Collier	Hancock, N. C.	May	Taylor, Colo.
Colton	Hardy	Mead	Taylor, Tenn.
Condon	Hare	Michener	Temple
Connery	Hart	Millard	Thatcher
Connolly	Hartley	Miller	Tierney
Cooke	Hastings	Moore, Ky.	Tilson
Cooper, Ohio	Haugen	Moore, Ohio	Timberlake
Cooper, Tenn.	Hawley	Mouser	Tinkham
Treadway	Warren	Whitley	Wolverton
Tucker	Wason	Whittington	Wood, Ind.
Turpin	Watson	Wigglesworth	Woodruff
Underhill	Weaver	Williams, Mo.	Woodrum
Underwood	Welch, Calif.	Williamson	Wright
Vestal	Welsh, Pa.	Wilson	Wyant
Vinson, Ga.	West	Wingo	Yon
Vinson, Ky.	White	Wolfenden	

NAYS—56

Amlie	Evans, Mont.	Lambertson	Peavey
Ayres	Fulbright	Lanham	Pettengill
Blanton	Glover	Lankford, Ga.	Polk
Carden	Griffin	Larrabee	Rankin
Cartwright	Griswold	McFadden	Romjue
Chavez	Howard	McGugin	Sanders, Tex.
Christgau	Huddleston	Milligan	Schneider
Collins	Johnson, Mo.	Morehead	Shallenberger
Cross	Johnson, Okla.	Nelson, Mo.	Shannon
Dickinson	Jones	Nelson, Wis.	Sumners, Tex.
Dies	Kading	Norton, Nebr.	Swank
Disney	Keller	Parker, Ga.	Williams, Tex.
Doxey	Knutson	Patman	Withrow
Eslick	LaGuardia	Patterson	Wood, Ga.

ANSWERED "PRESENT"—2

Cochran, Mo.	Kvale

NOT VOTING—40

Buckbee	Fernandez	McReynolds	Quin
Byrns	Freeman	Maloney	Sanders, N. Y.
Celler	Granata	Martin, Oreg.	Shreve
Cochran, Pa.	Harlan	Mitchell	Swick
Crowther	Hull, Morton D.	Montague	Swing
De Priest	Hull, William E.	Montet	Thomason
Dieterich	Johnson, Tex.	Murphy	Thurston
Drewry	Kendall	Niedringhaus	Weeks
Eaton, Colo.	Lea	Overton	Wolcott
Estep	McDuffie	Pou	Yates

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Niedringhaus (for) with Mr. Cochran of Missouri (against).
Mr. Pou (for) with Mr. Kvale (against).
Mr. Crowther (for) with Mr. McDuffie (against).

General pairs:

Mr. Byrns with Mr. Shreve.
Mr. Lea with Mr. Murphy.
Mr. Montague with Mr. Weeks.
Mr. Drewry with Mr. Estep.
Mr. Harlan with Mr. De Priest.
Mr. McReynolds with Mr. Morton D. Hull.
Mr. Martin of Oregon with Mr. Cochran of Pennsylvania.
Mr. Quin with Mr. Eaton of Colorado.
Mr. Mitchell with Mr. Kendall.
Mr. Thomason with Mr. Swick.
Mr. Celler with Mr. Yates.
Mr. Maloney with Mr. Freeman.
Mr. Overton with Mr. Swing.
Mr. Dietrich with Mr. Wolcott.
Mr. Fernandez with Mr. Sanders of New York.
Mr. Johnson of Texas with Mr. Buckbee.
Mr. Thurston with Mr. Granada.

Mr. KVALE. Mr. Speaker, is the gentleman from North Carolina, Mr. Pou, recorded as not voting?

The SPEAKER. He is.

Mr. KVALE. If the gentleman were present, he would vote "aye." I have a pair with the gentleman, and I therefore withdraw my vote "no" and vote "present."

Mr. COCHRAN of Missouri. Mr. Speaker, I have a general pair with my colleague, Mr. Niedringhaus, who is unavoidably absent. I therefore withdraw my vote "no" and answer "present." If my colleague were present, he would vote "aye."

Mr. MANSFIELD. Mr. Speaker, I have a general pair with the gentleman from Illinois, Mr. William E. Hull, who is unavoidably absent. On this bill, if present, he would vote "aye." I therefore vote "aye" on the bill.

Mr. DARROW. Mr. Speaker, my colleague, Doctor Swick, of Pennsylvania, is unavoidably absent on account of attending a funeral; if present he would vote "aye."

Mr. GOSS. Mr. Speaker, my colleague the gentleman from Connecticut, Mr. Freeman, is unavoidably absent. Were he present he would vote "aye."

Mr. MOORE of Ohio. Mr. Speaker, my colleague the gentleman from Ohio, Mr. Murphy, is unavoidably absent. If present, he would vote "aye."

Mr. CROSSER. Mr. Speaker, my colleague, Mr. Harlan, is unavoidably absent. If present, he would vote "aye."

Mr. WILLIAMS of Texas. Mr. Speaker, my colleague the gentleman from Texas, Mr. THOMASON, is unavoidably absent. If present, he would vote "aye."

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the bill was passed was laid on the table.

ADDRESS OF REPRESENTATIVE SEIBERLING

Mr. MOORE of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein an address delivered by my colleague the gentleman from Ohio, Mr. SEIBERLING, before the Kiwanis Club of Cambridge, Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MOORE of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. FRANCIS SEIBERLING, delivered at a meeting of the Kiwanis Club, Cambridge, Ohio, October 27, 1931:

THE OBLIGATION OF A STATE TO OBEY THE FEDERAL CONSTITUTION

It is not my intention or purpose to discuss the merits of prohibition, but only to discuss from a purely constitutional standpoint the propriety of the methods which are being used to bring about a reconsideration of the question.

The question as to what the obligation of a State is to obey the Constitution of the United States aroused my interest because of the publication on May 11 of this year of a statement from Columbus, Ohio, a part of which reads as follows:

"All voters are preparing for a straight-out test of prohibition sentiment free of political and economic side issues. Columbus newspaper men are of the opinion that when the question is submitted, the Buckeye State will follow the example set last fall by citizens of Illinois, Rhode Island, and Massachusetts, who voted to repeal State prohibition. During the recent session of the legislature opposers of prohibition sought to repeal the Crabbe Act, which is the State prohibition enforcement code, as well as the Miller Act, which created the State department of prohibition, and they offered a resolution proposing repeal of the State prohibition amendment. Ohio appears to be undergoing a change of heart with reference to prohibition."

This statement and the fact that two other States have repealed their enforcement laws have led me to make some investigation as to the propriety of such action.

Recently there appeared in the papers a further statement that repeal of the Ohio prohibition amendment to the State constitution is to be sought from the voters at the May primaries. So that it would seem to me to be with great propriety that we should discuss the question of the obligation of a State to obey the Constitution, as well as the obligation of individuals to do likewise. May we, therefore, consider the fundamental principles upon which our national structure rests, which principles have been written into the basic law of the country.

Article 13 of the Articles of Confederation, adopted in 1777, provides:

"Every State shall abide by the determination of the United States Congress assembled, on all questions which by this confederation are submitted to them. And the articles of this confederation shall be inviolably observed by every State, and the Union shall be perpetual; nor shall any alteration at any time hereafter be made in any of them; unless such alteration be agreed to in a Congress of the United States, and be afterwards confirmed by the legislatures of every State."

Under the Articles of Confederation, as you will note, an amendment could be made only when confirmed by the legislature of every State. The States at this time were made up of the thirteen Colonies. It was found that, in view of the fact that some of the States of the Confederation were seaport States and others were not, advantage was taken of this situation, so that confirmation by every State of an amendment to the articles was considered unwise, and, therefore, this was changed when the Constitution of the United States was adopted.

As you will further notice, the Articles of Confederation also specifically provided "and the articles of this confederation shall be inviolably observed by every State."

We come now to the Constitution of the United States. A part of article 6 reads as follows:

"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 Constitution of laws of any State to the contrary notwithstanding.

"The Senators and Representatives before mentioned, and the members of the several State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support this Constitution."

Under this provision of the Constitution, it was a prerequisite to holding executive and judicial position in the United States to take an oath or affirmation to support the Constitution. This obligation on the part of the individual has been extended to all officials of the Government, to the Army and the Navy, all officials of State governments, all officials of municipal governments, attorneys upon being admitted to the bar, and to directors of banks. The taking of this oath is also a requisite to American citizenship on the part of a foreigner who seeks citizenship. There is no provision that a native-born American citizen who does not hold public office shall be required to take the oath to support the Constitution of the United States. It would seem to be a fair assumption that the founders of our country believed that persons born upon the soil of our great country, who from childhood enjoyed the benefits and protection of our free institutions and the liberty guaranteed under the Constitution, would be diligent to maintain, protect, and defend the Constitution which provides them with these liberties and privileges, without being bound by the oath. It thus becomes apparent that the oath to support, maintain, and defend the Constitution of the United States is the warp and woof of the fabric of our nationality, and that the integrity of citizenship as well as the integrity of the States makes adherence thereto a solemn and sacred obligation.

Time has not permitted me to examine the conditions upon which the various States, other than the thirteen original States, were admitted to the Union; but when the great State of Ohio was admitted in 1803 the following resolution was passed by the Senate and House of Representatives of the United States:

"Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That all the laws of the United States, which are not locally inapplicable, shall have the same force and effect within the said State of Ohio as elsewhere within the United States."

It is reasonable to assume that similar resolutions were passed in the case of all the States admitted into the Union. Thus, it would seem that, in addition to the obligations which the Constitution itself imposes upon the several States, there is in the case of the admission of each State a special agreement that such State shall be bound by the provisions of the Constitution in like manner as the original thirteen States were bound; that is, that when an amendment to the Constitution had been properly and duly passed in accordance with the provisions of the Constitution, and the approval of the requisite number of States, it became a part of the Constitution of the United States and obligatory upon all individuals of the country, as well as upon all States of the Union.

Many questions have been raised in reference to the eighteenth amendment, and questions of personal liberty and States' rights were involved, but these questions, as well as others, have been settled twice by the Supreme Court of the United States, which, under the Constitution, is the court of last resort, whose decisions are binding upon all, both individuals and States; namely, that the eighteenth amendment is valid and in harmony with the Constitution and is a part thereof.

It is illuminating to ascertain what the great leaders of our country, for whom we have erected magnificent monuments, whose birthdays we celebrate, and whose lives we emulate, have thought and said about this most important question, and I take great pleasure in reading to you paragraphs of the Farewell Address of George Washington, the Father of our Country, made September 17, 1796, who sent an armed force to western Pennsylvania to quell what is known as "The whisky rebellion." These paragraphs read as follows:

"This Government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true liberty. The basis of our political systems is the right of the people to make and to alter their constitutions of government. But the Constitution which at any time exists till changed by an explicit and authentic act of the whole people is sacredly obligatory upon all. The very idea of the power and the right of the people to establish government presupposes the duty of every individual to obey the established government.

"All obstructions to the execution of the laws, all combinations and associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the constituted authorities, are destructive of this fundamental principle and of fatal tendency. They serve to organize faction; to give it an artificial and extraordinary force; to put in the place of the delegated will of the nation the will of a party often a small but artful and enterprising minority of the community, and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill-concerted and incongruous projects of faction rather than the organ of consistent and wholesome plans, digested by common counsels and modified by mutual interests."

In order that what I say upon this subject shall not be construed as a partisan discussion, let me read what Andrew Jackson, one of the great heroes of Democracy, said in discussing the refusal of the State of South Carolina to collect revenue taxes:

"If the doctrine of a State veto upon the laws of the Union carries with it internal evidence of its impracticable absurdity, our constitutional history will also afford abundant proof that it would have been repudiated with indignation had it been proposed to form a feature in our Government.

"I consider, then, the power to annul a law of the United States assumed by one State incompatible with the existence of the Union, contradicted expressly by the letter of the Constitution,

unauthorized by its spirit, inconsistent with every principle on which it was founded, and destructive of the great object for which it was formed."

As we all know, the question of the obligation of a State to remain a part of the Union was the principal question involved in the Civil War.

It is interesting to note what Abraham Lincoln said upon this most important subject in his first inaugural address. His opinion and conclusions should have great weight with us, as well as with every citizen of the country, because his memory inspires universal and world-wide respect. He said:

"Descending from these general principles, we find the proposition that in legal contemplation the Union is perpetual confirmed by the history of the Union itself. The Union is much older than the Constitution. It was formed, in fact, by the Articles of Association in 1774. It was matured and continued by the Declaration of Independence in 1776. It was further matured, and the faith of all the then thirteen States expressly plighted and engaged that it should be perpetual, by the Articles of Confederation in 1778. And finally, in 1787, one of the declared objects for ordaining and establishing the Constitution was 'to form a more perfect Union.'

"But if destruction of the Union by one or by a part only of the States be lawfully possible, the Union is less perfect than before the Constitution, having lost the vital element of perpetuity.

"It follows from these views that no State upon its own mere motion can lawfully get out of the Union; that resolves and ordinances to that effect are legally void; and that acts of violence within any State or States against the authority of the United States are insurrectionary or revolutionary, according to circumstances.

"I therefore consider that in view of the Constitution and the laws the Union is unbroken, and to the extent of my ability I shall take care, as the Constitution itself expressly enjoins upon me, that the laws of the Union be faithfully executed in all the States. Doing this I deem to be only a simple duty on my part. * * * I trust this will not be regarded as a menace, but only as the declared purpose of the Union, that it will constitutionally defend and maintain itself."

No State in the Union has paid greater respect to its gallant soldiers than the State of Ohio, and it is interesting to note what our beloved President, General Garfield, said in his inaugural address after the Civil War upon this important question. I quote one paragraph:

"The supremacy of the Nation and its laws should be no longer a subject of debate. That discussion, which for half a century threatened the existence of the Union, was closed at last in the high court of war, by a decree from which there is no appeal—that the Constitution and the laws made in pursuance thereof, are and shall continue to be the supreme law of the land, binding alike upon the States and the people. This decree does not disturb the autonomy of the States, nor interfere with any of our necessary rights of local self-government, but it does force and establish the permanent supremacy of the Union."

No one has raised the question that the eighteenth amendment was not passed in entire conformity with the Constitution and laws of the United States providing for amendments. No one questions that it is a part of the Constitution, but we find ourselves in this situation: The amendment was ratified by 45 of the 48 States. Enforcement laws were passed by 47 of the 48 States. These might be scheduled as follows:

Maryland: Did not ratify and did not pass enforcement laws.

Rhode Island and Connecticut: Did not ratify, but passed enforcement laws.

New York, Wisconsin, Montana, and Nevada: Ratified but repealed enforcement act.

Minnesota and Illinois: Have voted on referendum, but have not repealed enforcement act.

The remainder of the States ratified the amendment and passed enforcement laws which are now in effect.

In the wave of enthusiasm which has been created by the wet press and by agitators, both men and women, apparently without consideration of the underlying covenant of the Union of States and American citizenship, the Legislature of the State of Illinois, pursuant to a referendum, repealed its enforcement laws, which repeal would have become effective if it had not been for their governor, Louis Lincoln Emmerson, whom I have never met, but who must be a man of sterling citizenship who appreciates the sacredness of his oath of office, and placed himself in the vanguard of the eminent citizens of our country who have battled both at home and abroad for the integrity of our Government. It is refreshing to read you a short quotation from his message vetoing the act of the legislature:

"I am not for nullification. Destructive principles which do not protect the lives and homes of all our citizens will not afford the solution of the liquor problem. I do not believe that such a serious step should be taken without the unequivocal and understanding approval of the voters of the State expressed after full consideration of all of the consequences. * * *

"In my opinion, a majority of the thinking people of this State are dissatisfied with the conditions in this country which have followed the eighteenth amendment and the enforcement acts under it. But I am equally satisfied that the American people do not want and will not attempt the correction of these evils by wiping out all regulatory liquor legislation. This is unthinkable, but it is the principle of this repeal bill. If the eighteenth amendment and its attendant legislation through ineffectiveness produced the bootleggers, the speak-easy, and the illicit still, surely these and other evils can not be destroyed by wiping out all State restraint. We can not cure individual disregard for law by State disregard for the Federal Constitution.

"No sincere advocate of this bill holds this opinion. It has only one purpose. That is to hinder and thwart and make impossible the efforts of the Federal Government to execute the eighteenth amendment and thereby compel the substitution for it of some other system. This is not the orderly and legal method for securing this change. It smacks more of lawlessness and rebellion. * * * Illinois must stand with the Federal Government and the supreme law of the land."

In contrast with the above veto of Governor Emmerson, I would quote from an article in a New York paper, sent out from Albany on March 19, in reference to the Feld-Post bill, which had passed the assembly, had been approved by the senate committee on finance, and was up for passage in the State senate. The article says:

"The Feld-Post bill is predicated on the contention that the eighteenth amendment applies only to individuals and corporations and not to sovereign States. It declares in the first section that the State of New York, not being prohibited by Article XVIII of the amendments to the Constitution of the United States, hereby asserts its right as a sovereign power to manufacture, sell, transport, and distribute alcoholic beverages within its borders, and declares the carrying out of such assertion to be the best policy for the promotion of temperance and sobriety among the people of the State."

There is no question but that opponents of prohibition have a perfect right, legally and morally, to advocate and work for the repeal of the eighteenth amendment, but to undertake to secure its repeal by having the individual States nullify the Constitution by repealing their enforcement laws, thus taking the props out from under the Federal Government and leaving it prostrate and unable to enforce effectively its Constitution, is a method which destroys the integrity of the Government and should be resisted by every red-blooded American citizen.

If one amendment of the Federal Constitution can be nullified and destroyed in this manner, then it follows that other amendments or the original provisions of the Constitution can be destroyed in like manner. Under such a procedure the States could proceed by individual action and destroy all the benefits, privileges, and guaranties of the Federal Constitution, and even the right of private property and personal liberty.

For example, the repeal of the enforcement laws of the State of New York has done more to deprive the people of the United States and the States who secured the ratification and enactment of the eighteenth amendment of their rights and to hinder the Federal Government in carrying out in good faith its obligation to the whole people than any other action taken in the effort to defeat the amendment. The reason for this is that conditions in New York City are continually referred to as exemplifying the failure of the Federal Government to enforce its laws and given as a reason for the repeal of the amendment. The fact that that State has repealed its enforcement laws and is not cooperating with the Federal Government to enforce the Federal law is not generally understood. This same principle applies to all of the other States that have repealed their enforcement laws, but because of their smaller population their action has not been so destructive of confidence in the Federal Government. Lack of confidence in the Federal Government because of the action of these States and because of the unsettled conditions of many foreign governments is one of the prime causes for the present unfavorable economic and financial condition of our country.

We fought and spent billions of dollars to make the world safe for democracy. Is it not time that we devote our attention to making democracy safe for the world? While we are giving so much time to securing the stability and integrity of foreign governments, shall we not give some time and serious thought to maintaining the integrity of our own Government?

HON. JOHN N. GARNER

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD to include a letter written to the editor of a New York paper by Hon. Joseph P. Tumulty, former secretary to Woodrow Wilson.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD, I include in my extension a letter dated January 14, 1932, written to the editor of a New York paper by Hon. Joseph P. Tumulty, who for eight years was Secretary to President Woodrow Wilson.

The letter is as follows:

JANUARY 14, 1932.

MY DEAR MR. EDITOR: In no unnecessary way do I wish to intervene in a clash of controversy over the availability of leading Democrats under discussion for the exalted office of President, nor do I wish by the same token to express even a personal preference for one Democrat as against the other. However, this attitude of neu-

trality should not prevent a mere private in the ranks from paying sincere tribute to one who, through merit and achievement, is entitled to a more lovely portrait than that given him in a recent editorial in your valued paper. I refer to your characterization of JOHN GARNER as a "sloppy-minded southern Democrat." For nearly 20 years, 8 years of which were spent as Secretary to President Wilson, I have been privileged to come into frequent contact with JOHN GARNER, of Texas. Meeting him, observing him, knowing him, it is not difficult to understand why men are drawn to him—won to his side. He makes conquests over the hearts of men by the simple qualities of honor, decency, and fair dealing which make up the happy blend in his nature. There is only one open sesame to his affection and admiration—frankness, openness, and honest dealing. Deceit, double dealing, demagogy, and political four-flushing could not for a single moment find a resting place in the smallest nook or cranny of his soul. He is one man who, though having risen to the highest distinction, has grown, not swelled.

A sloppy-minded Congressman! No one rises to distinction in Congress over a slovenly, sloppy trail. This unusual man does not pose or posture, nor does he deal in those things out of which headlines are made, for there is something in his nature which makes him intolerant of everything that is small and intolerant. Nothing small or petty ever intrudes itself into his judgment. Indeed, the air of America has been cleared by the leadership of so sturdy a man. Like Cyrano, "He wears deeds for decorations."

JOHN GARNER a sloppy-minded southerner! One might as well characterize the altogether lovely Lincoln as sloppy minded. In my humble opinion JOHN GARNER is the most genuine personality that has come upon the stage of our national life in a generation. Your editorial seeks to set off and disparage JOHN GARNER by declaring that he is a product of the lazy South. And then comes in your editorial that invidious comparison of him with Woodrow Wilson, John Davis, Carter Glass, Colonel House, and David F. Houston and Joe Robinson, whom you say do not represent the lazy South but the new South. I have had the pleasure of knowing all of these men, some of them very intimately, for nearly a generation. Equally for the same period of time I have known JOHN GARNER. In point of industry, breadth of view, passionate and unselfish service to his country, I am frank to say he does not suffer by comparison with any of these men.

In an unusual way he possesses an uncanny knowledge of the deep humanities of politics. He has the equipment which is a necessary part of real greatness. He has the ability to reduce to realities the visions and dreams of statesmen. Knowing men, understanding them, admiring their strength, forgiving their weaknesses, he is able to draw them to him, to pull them together in forwarding a great program. Indeed, he is the one man in Washington whom I have known in my time who, to use Kipling's words, "can talk with crowds and keep your virtue, or walk with Kings—nor lose the common touch."

Patriot to the core, his chief passion is service to his country, to which in devotion and loyalty he has given the enthusiasm of his youth and now the ripe wisdom of maturity. I don't know how the pendulum will swing in 1932, nor does this letter indicate a choice on my part, but so far as the affairs of the Speakership are concerned, the whole of America may be assured that presiding over the destinies of the House of Representatives is a man who does not trim; a man who, when he speaks, speaks with a voice that means manhood, who does not calculate, who is not afraid to stand firm against the crowd. It is particularly fortunate that at this critical time there is at the helm the steadying hand and fine vision of this Cavalier of the new and old South—JOHN N. GARNER.

He is like the character discussed by Israel Zangwill in his book, The Mantle of Elijah, of whom Zangwill said: "His millennium was earthly, human; his philosophy sunny, untroubled by Dantesque depths or shadows; his campaign unmartial, constitutional. He did not play the game. Whig and Tory, yellow and blue, the immemorial shuffling of Cabinet cards, the tricks and honors—he seemed to live outside them all. Indeed, he stood for something outside himself, something large, turbulent, untried, unplumbed, unknown—the people."

These moving sentiments and characterizations might well have been written of my friend JOHN GARNER.

Sincerely yours,

JOSEPH P. TUMULTY.

To the EDITOR THE NEW YORK EVENING POST,
New York City.

ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked.

The SPEAKER. The gentleman from Alabama [Mr. STEAGALL] asks unanimous consent to take from the Speaker's table the bill H. R. 6172, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object—and I shall not object—I want to ask the gentleman from Alabama, who will be a conferee, as to his attitude toward the additional $25,000,000 which the Senate has put on this bill to stop foreclosures against farms and to grant relief to farmers against whom foreclosure proceedings have been taken.

Mr. STEAGALL. I will say to the gentleman that he might interpret my position on the conference committee by the fact——

Mr. BLANTON. Inasmuch as the gentleman himself had a bill covering that very point in the last session of Congress and tried to get the committee to report it, I feel that we may depend upon him to support this Senate amendment.

Mr. STEAGALL. The bill we passed provided that $100,000,000 should be used in the manner set forth in the bill for that purpose.

Mr. BLANTON. But the House bill the gentleman passed did not carry this extra $25,000,000 and did not permit relief for farmers against whom foreclosure proceedings have already been taken. The Senate amendment grants $25,000,000 additional to take care of farmers against whom there have been foreclosure proceedings and provides a means of redemption for foreclosed farms. May we depend on that being left in the bill? I am heartily in favor of that.

Mr. STEAGALL. In view of my efforts for two years to secure this legislation, I think the gentleman should be willing to trust the conferees, so far as I am concerned, without a specific answer, and I am sure he will.

Mr. BLANTON. I confidently believe that we may depend upon the gentleman to see to it that the Senate amendment providing this additional $25,000,000 will be kept in the bill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Messrs. STEAGALL, BRAND of Georgia, STEVENSON, MCFADDEN, and STRONG of Kansas.

PERSONAL EXPLANATION

Mr. BYRNS. Mr. Speaker, I desire to say that when the roll was called a few moments ago I was in the committee room busily engaged in hearings and did not hear the call. If I had been present, I would have voted "aye."

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, I want to announce to the House that on Monday the first thing to be taken up will be the Linthicum resolution, and after that the agricultural appropriation bill.

RECONSTRUCTION FINANCE CORPORATION

Mr. BEAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a telegram received from the city comptroller of the city of Chicago.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEAM. Mr. Speaker and Members of the House, not since the dark days of the war has such a feeling of hysteria and trepidation, of uncertainty and unrest, befallen the people of America as that which confronts us at the present time.

When we see the agricultural interests of the country in a state of despair and verging on bankruptcy; when we witness the great industrial centers of our land curtailed in their operations and running on practically one-half of their normal schedule; when we observe the great financial institutions of America in dire need of governmental assistance and support; and when we are face to face with the fact that 8,000,000 of American citizens are unable to find employment—such a problem the solution of which is the task confronting the Congress of the United States at the present moment.

If the adoption of the bill under discussion, H. R. 7360, can in some measure meet this emergency and relieve to some degree the tenseness of the situation now prevailing; if by its passage it will carry to the country a message of confidence and assurance to the citizens of our land that the Congress of the United States is making an honest and sincere effort to remedy the situation and re-

lieve the drastic condition which now overwhelms our citizens—surely its enactment into law will have a most compensating and helpful influence upon the people of America.

I was greatly impressed, Members of the House, to witness a week or so ago that stirring spectacle of many thousands of our citizens in battalion formation and under the direction of a clergyman assembling in front of the Capitol to present a petition for relief to the Congress of the United States.

Their sincerity of purpose as manifested by their bearing and decorum could not be questioned. Conspicuous among their rank were many dressed in the uniform of their country, worn honorably and with valor in the service of their country across the sea during the late war, and as they stood there bareheaded and at attention, while the strains of the Star-Spangled Banner broke forth upon the air, and a cluster of American flags massed in colorful formation and placed at the head of their ranks, no one could doubt or hesitate to believe that these men, typical of hundreds of thousands of American citizens, in destitution and in want and coming from afar to present a petition to the Congress of the United States, were not sincere in their desire and their hope to find relief for themselves and their families from the catastrophe with which they are confronted.

If by the enactment of this bill, Mr. Speaker, and by the stabilization of the banking system of our country the avenues of industry, of commerce, and agriculture will be opened, and if through their channels and operations a great number of our citizens return to lucrative employment and the dark clouds of disappointment and despair which now overwhelm our land, threatening the security of our institutions, will be dispelled and cast aside in the bright hope and expectancy of the future, surely the enactment of a most beneficial influence and inspiring effect upon the citizenship of our country.

But, Mr. Speaker and Members of the House, there is another phase of this question which I desire to call to your attention, and that is that this bill should be broadened in its scope and enlarged in its purposes to enable the various municipalities throughout our land that are temporarily distressed and financially embarrassed, to be permitted to participate in the benefits of this law.

And in this regard I respectfully direct the attention of the membership of the House to the proposed amendment, introduced by our distinguished colleague from New York, the honorable Mr. BOYLAN, which is as follows:

Amendment to section 5:

Within the foregoing limitations of this section, the corporation may also make loans to a municipality to aid in temporary financing when, in the opinion of the board of directors of the corporation, such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith.

I submit, Mr. Speaker, that the adoption of the above amendment enabling municipalities to receive some direct benefit from the enactment of this law would have a most favorable reaction throughout the length and breadth of our land.

Let me call to your attention the city of Chicago, with its population in excess of three and one-half millions of people. Chicago faces a grave financial situation at the present time, and we all know, as a matter of fact, that the condition existing in Chicago is prevalent in a great many cities throughout the country.

A recent decree by the county court of Cook County invalidated the 1928 and 1929 tax assessments, with the consequence that the banks refuse to purchase further tax-anticipation warrants and securities of the city of Chicago, with the inevitable result that the efficiency of the municipal service will be seriously impaired; and in respect to this situation I desire to call the attention of the Members of the House to the contents of a telegram I sent to the city comptroller of Chicago, which is follows:

JANUARY 11, 1932.

Hon. M. S. SZYMCZAK,
Comptroller, City Hall, Chicago, Ill.:

Reconstruction Finance Corporation legislation before House for consideration. Contemplating introduction of amendment to this measure, I would like to know just what amount banks charge the city of Chicago for purchasing bonds, tax warrants, etc., and what rate of interest it carries. Can you give me this information?

Congressman HARRY P. BEAM.

To which inquiry I received the following reply:

JANUARY 11, 1932.

Congressman HARRY P. BEAM,
House of Representatives, Washington, D. C.:

Banking syndicates when purchasing entire issue of city securities contemplate at least 1 per cent margin for resale. Some cases the actual profit has been as much as 5 per cent. Average rate of interest for par sale of city bonds under normal conditions is about 4¼ per cent and on tax warrants about 4½ per cent. Present conditions will require at least 5 per cent for bonds at par sale and at least 6 per cent for tax warrants. Under present conditions of assessment machinery no market for city securities at any price.

M. S. SZYMCZAK, *Comptroller.*

From the above you will readily comprehend and understand the dilemma the city of Chicago is facing at the present time.

The department of police can not be curtailed at this time; the fire department of the city must not be impaired in its effectiveness; the department of health and public works, the great hospitals and charitable institutions of the city of Chicago and Cook County must be kept in operation at all events; the employees of the city of Chicago and Cook County must receive their salaries; the great public-school system of the city of Chicago must be kept functioning at all times—and I want to say parenthetically here and now, Members of the House, that no greater testimonial of loyalty and devotion to a cause was ever exemplified than that displayed by the public-school teachers of Chicago during this present emergency. Receiving practically no compensation for over seven months and at great personal sacrifice to themselves, animated only by a spirit of loyalty and devotion to their task, self-sacrificing in their endeavors, they have demonstrated by their act their fortitude and constancy in a trying time and have won for themselves the undying gratitude not only of the citizens of Chicago and the States of Illinois but of the entire Nation as well.

Mr. Speaker, the great municipalities of the Nation have always borne cheerfully and uncomplainingly their share of taxes for relief of the agricultural States of the Union. I appeal to the Representatives of these States now, in a sense of fairness and in a spirit of true reciprocity, to come to the aid and assistance of the great cities of the country at this crucial period of their existence.

I respectfully submit, Mr. Speaker and Members of the House, that if this amendment were adopted and municipalities enabled to come within the provisions of this act, whereby in times of necessity they be permitted to borrow direct from the Reconstruction Finance Corporation on security acceptable to such corporation, the result would be far-reaching in the beneficent effects the enactment of this law would have over the entire country.

I am going to vote for this bill because I believe that by stabilizing the financial institutions of the country we make secure the industrial, the commercial, and agricultural centers of our Nation, and by that security and stabilization of industry we will reduce in a large degree the number of unemployed men in our country to-day. It will be a forward step to bring back prosperity to our shores and will again restore to our citizens that spark of hope and confidence in the integrity of our American institutions and American ideals.

Mr. PRALL. Mr. Speaker, yesterday the Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, and known as the "Reconstruction Finance Corporation bill."

I offered the following amendment to the bill, which was ruled out on a point of order raised against it:

Amendment by Mr. PRALL: Page 7, line 9, after the word "secure," insert the following:

"Within the foregoing limitations of this section the corporation may also make loans to a municipality to aid in temporary financing when in the opinion of the board of directors of the corporation such municipality is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of its ability to repay within the time fixed therefor and to meet its other obligations in connection therewith."

The purpose of the amendment was primarily to assure municipalities of financial aid in the prosecution of programs for huge public improvements without interruption.

The urge of the President on every occasion has been that the localities themselves care for the distress caused by unemployment during the period of depression.

Funds raised by private contributions to this cause, however generously given, are limited, and American workingmen and women after all demand work, not charity.

New York has responded generously to the appeal of the President.

Private forces in an inconceivably short time raised a fund of $20,000,000 for the relief of the unemployed. The city itself matched this with another twenty million.

In addition to that the city further responded in 1931 with a budget for welfare activities of eighty-one millions making it possible to maintain for the year 15,000 widows, 60,000 orphans, and 20,000 aged men and women.

It included the expenditure of three and a quarter millions for needy veterans. It has paid for the direct employment by the city of 16,000 workers who would otherwise be tramping the streets and for the placement of 65,000 workers with private employers.

It has recently opened a home-relief bureau to thousands of destitute families at a further expense of five millions. It has also appropriated $15,000,000 for the purpose of supplying work to heads of families three days a week.

The city's plan for the ensuing year calls for a total expenditure for public work and relief of $346,000,000.

So much for New York's response to President Hoover.

I am not privileged nor am I qualified to speak for any city other than my own New York, but I am of the opinion that conditions in other cities are in keeping with those in New York.

In New York City there are to-day 800,000 idle persons pounding the sidewalks seeking jobs. There are 100,000 heads of families without work or income. It is of this great unorganized, helpless, and hungry army I am thinking.

The city of New York has under way many great public improvements, including the building of subways, bridges, tunnels, hospitals, schools, parks, and playgrounds employing an army of men.

If for any reason the city was unable to obtain funds from time to time through its regular banking channels to carry on these vast public works, it could, if this amendment were adopted, go to this Reconstruction Finance Corporation for funds in the anticipation of the collection of taxes, and carry out to its conclusion its public-improvement program without interruption.

Funds invested by municipalities in public works serve a double purpose. They provide employment for thousands of men at regular wages and at the same time add valuable permanent improvements to the holdings of the municipality.

As the present depression has progressed we have witnessed astounding and unbelievable shrinkages in the value of prime securities. Under the stress of present conditions it would not be surprising if a municipality finds it difficult or even impossible to obtain sufficient funds for the prosecution of its complete plan of public improvements.

Should this happen the collapse of its program is inevitable. In this event another great army of idle men will be added to the already alarming roster of the unemployed.

Mr. FREAR. Mr. Speaker, never in all my legislative experience have I noted so many contradictory attitudes on a measure before Congress as are here disclosed on the $500,000,000 emergency financing bill now under consideration.

The report from the Democratic committee chairman says the committee of 21 members on Banking and Currency having considered the same, report favorably thereon with recommendation that the bill do pass.

That report, with an extended explanation of the bill, is offered in support of its passage. No minority report appears, yet I listened to a long criticism of international bankers, with much of which I agree, from former chairman MCFADDEN of the committee. Two old-time Democrats, whose loyalty to Jeffersonian principles has never been in doubt, said, almost tearfully, they expected to vote for the bill because of the emergency.

I have read the hearings and criticisms in the House, which contain severe attacks on conditions that have made the bill necessary. Many of the criticisms are justified as to causes for the present business depression but not directly related to the bill.

Practically every speaker lays all our present financial ills primarily to the World War. We went the limit when once in the war. From thirty to fifty billion dollars are glibly reeled off now as our contribution toward making the world safe for democracy. Enormous war waste we now denounce, but if another war in Europe were threatened tomorrow, international bankers, commercial interests, and war jingoes would be trying to find on which side our influence and armed forces should be thrown. Every counterview would be declared unpatriotic by these pro-war people who oppose neutrality when their personal interests are involved.

It is a peculiar fact that we plunge into wars hastily and repent at leisure. The Spanish-American and World Wars were no exceptions to the practice. As one who appreciated the possibilities of the last war declaration, I am warning against the next, which may not be far distant.

All our ills—financial, international, commercial, and otherwise—are now ascribed to the last war, and the hysteria, financial and otherwise, that seized our people then will do so again. I am ready to mete out extreme punishment to every agency that profited by war and also to those that sold European and other worthless bonds to a confiding public. No one has any sympathy for these high-pressure financiers who robbed our people with fake securities, retaining liberal profits for themselves.

They will not be punished. They never are. Only the helpless, confiding people back home who were hurried into the last war and thereafter believed they could recoup some of their losses—they are the ones who always suffer. They bought the fake "securities" from the fakers and are the ones who always pay the penalty. Everybody knew in sane moments that the stock market, like war values in the past, had reached impossible proportions in 1929 before the drop came. At that time the profiteers, the barkers, and the money fakers condemned anyone who threw cold water on their stock-kiting practices. Everybody speculated. It was a horse race in which every horse bought by the public was sure to lose. And all lost. Who is to blame? Practically all in some degree whether suffering through investments in foreign or domestic securities, and all are being punished. That is the substance of many criticisms offered now.

The bill before us authorizes $2,000,000,000 credits. Will it be wisely expended? We hope so. Why are we asked to vote this enormous authority? Railroads that could not anticipate competition in passenger business from 25,000,000 motor cars and innumerable busses or are suffering from the expenditure of hundreds of millions of dollars by the Federal Government for highways to accommodate a fleet of a million or more competing trucks—these railroads are now in distress. Their bonds are down, and every holder—including insurance companies, banks, trustees, and others—is affected by these market conditions that rival frozen assets when held by banks.

Railroads are largely to blame for pyramiding their fictitious values, but the public, including Congress, permitted it for half a century, and millions of innocent parties are now dependent on the solvency of railways, of banks, insurance and other companies, that trusted market quotations when investing in these securities or in the railway employment they now have.

Suppose credit promised to be issued under this bill fails. During "the war to end wars" we lost over ten times the

amount carried in the bill, but we said we liked it and would go into another war to "protect our national honor" on the same provocation. Not all of us said that, but Congress did under the influence of war propaganda.

It will be a large loss if all this vast appropriation goes—as our war debts are likely to go—into the column of losses. Suppose, on the contrary, this credit will inspire confidence, not alone in railway securities but favorably affect the permanent employment of millions of men depending on these railways. Is it not worth the experiment?

Suppose other millions of people now having frozen deposits in 2,200 banks that closed last year can get a portion of their money out of these banks for needed uses, as proposed by this credit-aid structure. The alternative, if the bill fails, may be a like number of other closed banks, or possibly far more yet to close, with a greater depression than has yet been experienced.

Suppose great insurance companies that used only human judgment with railway securities and other investments should also become hard pressed. If they can not secure the cash wherewith to meet loan demands or final payments, they may be in the same boat with banks and other holders and investors of securities for the people's wealth.

Who suffers by these failures, the railway, insurance, or bank officials, or the trusting people who have their funds tied up in one or the other of these institutions, and what will be the effect on agriculture, equally interested, that depends for its prosperity on the prosperity of the public, if the depression is not relieved?

We have just passed a $125,000,000 farm loan bill. This bill is offered us as another part of the confidence in business program. I will vote for any bill needed to relieve the unfortunates that storm the Capitol Building with hunger demands. In like manner, I will support any program that means public works, permanent public construction, and jobs. It is better to do this than build big parity navies and other like extravagances for a sprinkling of admirals and ship-building companies. That is advocated by the jingo press that fiddles while Rome burns. Every day admirals tell the country we must start this great naval program immediately.

Our Government is able to meet its budget requirements, if not now, then as soon as normal and sane business methods return and the enormous military and naval bills now approaching a billion dollars annually are lessened in amount. Financially, the best government on earth is sound but its extravagances are proverbial. This bill may help it to its feet. Failure to pass some emergency aid may weaken confidence in a democracy that, we believe, is an answer to communism or autocratic dictatorship. That is the alternative presented by this bill, as I view it. The House Committee so advises in its report. It may be a false signal. Judged by past experience we have little confidence left in those who have been financial guides, but I am voting for it as for any possible port in a storm. It seems the safe course to take.

It has been stated by Treasury officials that, although this bill authorizes a total of $2,000,000,000 in assets wherewith to support with loans the distressed business interests of the country, like a huge pile of cash placed in a bank's window it is psychological and will inspire confidence. The Treasury official quoted says that not one-tenth of the total amount available will ever need be loaned under the bill; that its passage will establish confidence and bring out of hiding a billion dollars or more now held from circulation by frightened owners. I do not know, nor does anyone know, just what it will do; but if $200,000,000 estimated by the Treasury, or ten times that amount authorized by this bill, can stabilize business when loaned on what is described as gilt-edge security, it is insurance against widespread loss—a loss that would reach down and affect every consumer and producer in the land. I shall vote for the bill with the hope and belief it is an emergency proposal that will give added business confidence to the country.

Mr. GLOVER. Ladies and gentlemen of the House, we are now considering H. R. 7360, which is a bill to create a body corporate with the name Reconstruction Finance Corporation. The act provides that the corporation shall have capital stock of $500,000,000 subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the corporation. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated the sum of $500,000,000 for the purpose of making payments upon such subscription when called.

But, this bill does not stop there. It further provides in section 9 of the bill the following:

> The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided further*, That the aggregate of all obligations issued under this section shall not exceed three times the amount of the outstanding capital stock. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Federal reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by obligations issued by the corporation under this act; (2) to make advances to member banks on their notes secured by such obligations; (3) to use all paper so acquired; and (4) to purchase and sell such obligations, as they have with respect to bonds and notes of the United States: *Provided*, That the rate at which any such discount or advance shall be made by the Federal reserve bank shall be 1 per cent per annum above its discount rate on 90-day commercial paper then in effect.

From this provision the capital stock is increased to $2,000,000,000, for which the United States is directly responsible. Not only is it liable for the $2,000,000,000, but it is further provided in section 9 of the bill for further inroads and raids on the Treasury. In this section 9 we have this language:

> In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated.

Who can ever tell what this provision might cost the taxpayers of the United States. Every dollar that goes into the Treasury must come from a tax levied on and collected from the people.

This money when paid into the Treasury should be used for the purpose for which it was collected, to maintain the Government. Is it right to take money thus collected and use it for financing corporations? I say that it is not right.

This is not a bill for the people but a bill to refinance corporations.

The power to tax is the power to destroy, and we should be careful lest we destroy by taxing the people to get money to use for such purposes.

Let us see who will get the benefit of this $2,000,000,000.

The answer is found in section 5 of the bill, which provides that it shall be used for making loans to banks, savings banks, trust companies, building and loan associations, insurance companies, and to railroads.

Where is there any authority in the Constitution authorizing the taking of public money of the people's from their Public Treasury and aiding and underwriting the business of all these corporations?

This is putting the Government in business but no business in government.

The insurance companies, the building and loan associations, and railroads would get the most of this sum. In section 5 of this bill we find the following:

Within the foregoing limitations of this section the corporation may also, upon the recommendation and approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of railroads and railways, when, in the opinion of the board of directors of the corporation, such railroads or railways are unable to obtain funds upon reasonable terms through banking channels or from the general public, and the corporation will be adequately secured: *Provided*, That no loans or advances shall be made upon foreign securities and foreign acceptances or for the purpose of assisting in carrying or liquidating such foreign securities and foreign acceptances. In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully paid in.

They can loan to one corporation 10 per cent of the $2,000,000,000, which would be $200,000,000, but that is not all. The bill goes further and says:

In no case shall the aggregate amount of any advance made under this section to any one corporation or its subsidiary or affiliated organization exceed at any one time 10 per cent of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital is fully paid.

Five corporations borrowing $200,000,000 each as provided for in this bill would take up $1,000,000,000 of this total capital, and by the time the big insurance companies unloaded just a small percentage of their bonds on the Government it would all be taken up. Ten corporations under this bill could borrow every dollar of it.

The smaller banks and business would not be helped by it. This bill will make the rich richer and the poor poorer. In effect it says, "God bless the rich, so the poor can beg." It gives a helping hand to the rich but no bread for the poor.

If the President wants to restore confidence, why does he not propose a bank guarantee law by the Government, guaranteeing to every depositor when he puts his money in a national bank that he will not lose his money? If this was done, ten times the amount of capital involved in this bill would come out of its hiding place and get back into circulation. Much has been said in the press about the President's economy policy. Is this a fair sample of it?

This bill starts at the top to give relief when it should start at the bottom and go up. We have tried to amend it so that farmers could borrow from this fund, and you voted it down. We tried to amend it to take care of the irrigation and drainage districts, and you denied that. We tried to amend it so that the many banks that have failed on account of the present condition, many of which have good assets, could borrow, and you refused to do that. You refused to make it so that cities or States could borrow from the fund.

The man who works on the farm or in the railroad shops and every man who makes his living by the sweat of his brow will not be helped by this bill. The big banks in the large centers and the big interests will absorb it within six months, and the rich will be richer and the poor poorer.

The Secretary of the Treasury, Mr. Mellon, says we are facing a deficit of $2,000,000,000. This will make it two billion more. Both he and the President have favored this bill and then hollo economy.

The Secretary of the Treasury has been this week before the Ways and Means Committee, asking for an increase in taxes. They ask for the war rate of 1924 to be renewed to raise more revenue taxes. This measure will tax about 175,000 persons next year with a revenue tax that does not now pay any revenue tax at all.

It will tax the man who works from morning until night for corporations. It will tax the man in the railroad shops, the men running the trains, the employees working in the banks and in every other corporation where they are getting a reasonable salary. I think that this bill should have started at the bottom to help these men that labor and toil so that they could have some comforts in their homes, such as is being enjoyed by the heads of the great corporate wealth of the land.

The very persons who brought this depression on will reap the benefit of this $2,000,000,000 bill, but I say to you it shall not be done by my vote.

Mr. CARTWRIGHT. Mr. Speaker and Members of the House, I am opposed to appropriating so much money for so-called relief when it all goes to big interests. I think one of the great dangers of our country to-day lies in the fact that a few men have too much political and financial power. I feel this measure is only in furtherance of that dangerous situation. I am bitterly opposed to this kind of legislation.

SIMILAR TO FARM BOARD ACT

We enacted a similar kind of legislation in the Farm Board act. We created a great board under that act, giving the board almost unlimited power and an almost unlimited amount of money. Everybody knows the sad result. In my opinion this is another attempt to fool the farmers and finance the financiers.

WHY NOT PAY VETERANS?

We already have a $2,000,000,000 deficit. This measure proposes $2,000,000,000 more. If we are going to relieve, why not pay the other half of the veterans' adjusted-compensation certificates? That calls for about $2,000,000,000 and would go into every nook and corner of the country—yes; even to the forks of the creek. This measure merely puts more money into the hands of the few.

ANDREW MELLON MEASURE

I want to say further, that if there were no other reason why I could not support the so-called Finance Corporation bill except that one Andrew W. Mellon is the first man named to administer same, I could not conscientiously support the measure.

OPPOSED MORATORIUM

I am opposing this measure for the same reason that I opposed several other similar bills to add to the burdens of the tax-laden people. I opposed the moratorium on foreign war debts because I am firmly convinced that it means the opening wedge to the cancellation of $11,000,000,000 of war debts due this country from foreign governments, while hundreds of farmers and unemployed but honest and deserving people of my district are worthy of more consideration than they have received at the hands of this Congress and are in actual need of assistance.

OPPOSED TO "PEACE DELEGATION"

I am opposed to the bill proposing to appropriate $450,000 of the people's money to send a so-called peace delegation to Europe to spend the next eight months or year in wining and dining with foreign diplomats who are not our friends; and, judging the future by the past, they never will be our friends.

TIME TO CALL A HALT

I contend it is time to call a halt on all these lavish and useless appropriations in the interests of the international bankers and the favored few and turn our attention to the great common masses of whom Abraham Lincoln once said, "God must have loved the poor or He would not have made so many of them."

Mr. REILLY. Mr. Speaker, for the past five days this House has had under consideration the pending bill designed to aid industry.

There has been some discussion as to the parentage of this bill. There is no secrecy as to who is responsible for this bill. It is an administration measure constituting a part of President Hoover's reconstruction program. I understand that the bill was drafted by the Treasury Department under the direction of Mr. Eugene Meyer, head of the Federal Reserve Board.

This measure constitutes emergency legislation, the like of which has never been before Congress in the time of peace in the history of our country.

A huge sum of money, $2,000,000,000, is to be turned over by this bill to the directors who are to have control of this finance corporation. Great powers are given to these

directors, all for the purpose of rendering financial assistance and aid to the industries of our country. This is not a partisan measure. It has advocates and opponents on both sides of this House.

The bill provides for the creation of a corporation with a capital stock of $500,000,000, to be subscribed by the Treasury of the United States. The corporation is authorized to issue obligations in the form of bonds, notes, and other securities to the amount of three times the capital stock, for which obligations the Treasury of the United States is made directly responsible. Thus the bill provides in fact for a corporation with resources amounting to $2,000,000,000, said resources to be furnished by the Treasury of the United States directly or indirectly.

In the opinion of the authors and sponsors of this piece of legislation, it will never be necessary to use the full $2,000,000,000 provided by this bill.

There is a precedent for this legislation in the War Finance Corporation created during the World War and revived during the panic of 1920. The War Finance Corporation as revived in 1920 was designed to help the small banks, agriculture, railroads, and industry in general. It was also provided with large resources the same as is provided in this bill, yet it did not use at any time more than two hundred million.

The very fact of the organization of the War Finance Corporation, its possibility for service, had a tremendous effect upon industry, or, as has been stated, the psychology resulting from the creation of such a finance corporation did as much good as the money available for use.

The purpose of this legislation is to provide a corporation with such resources as will enable it to grant emergency relief to the railroads, to agriculture, the banks, insurance companies, and in fact all of the industries of the country that may be in a position to need emergency financial assistance.

I was pleased when the distinguished chairman of the Banking and Currency Committee of the House, Mr. STEAGALL, of Alabama, offered an amendment striking out the provision contained in this bill as reported to this House by the Banking and Currency Committee providing for the appointment of 2 of the 4 members of the finance corporation by the Speaker of the House and 2 members by the President of the United States.

The bill as now amended provides for three ex officio members of the board of directors—the Secretary of the Treasury, the Secretary of Agriculture, and the chairman of the Federal Reserve Board—and four other members to be appointed by the President subject to confirmation by the Senate.

In my judgment, the President of the United States should be permitted to name all the appointive members of the board having control of the operation of this corporation, and in making his appointments he should not be made to recognize party lines or territorial distribution. The success of this legislation will depend in no small degree upon the ability of the men who will have in charge the control of the operations of this corporation.

In my judgment, it is not a good policy to divide the authority to name the board of directors having control of legislation, and in particular this kind of an emergency legislation.

This bill constitutes a part of President Hoover's reconstruction program, and he should be permitted, as he now will be permitted, to name the men, subject to the approval of the United States Senate, who will have charge of administering this emergency legislation.

This is no time for politics. It is time when the best talent and ability that can be commanded by the President of the United States should be put to work and given charge of the stupendous emergency program provided for in this bill.

We have had in this debate much criticism of this proposed legislation coming from Members on both sides of this Chamber. Dozens of amendments have been proposed to this bill, most of them designed to interfere with the judgment of the board of directors in carrying out the provisions of the bill.

One would almost imagine from listening to the debate of the last few days that the President of the United States intended to appoint a board of directors for this corporation lacking both the experience and ability to carry out wisely the provisions of this bill, and that this House should in the framing of the bill give full directions as to its execution, leaving nothing to the judgment of the board of directors to be appointed.

It is one thing to criticize but an entirely different proposition to propose constructive legislation. The cpponents of this bill have offered nothing to take its place, although they agree that the country is in a very serious industrial situation and that something should be done through legislation to aid in bringing about a revival of industry.

I am confident that the President of the United States will appoint to the board of directors of this corporation the best men, from the standpoint of ability and experience, that can be obtained in the whole country; men who will patriotically strive to help not only the banks and the railroads but all of the industries of our country, big and little, that are in need of emergency financial assistance.

Mr. HALL of Mississippi. Mr. Speaker, ladies, and gentlemen, after thoroughly studying the various provisions of H. R. 7360, a bill for creating a Reconstruction Finance Corporation, I supported it in the belief that it would go a long way toward the effective rehabilitation of our financial structure.

Inasmuch as I represent an almost purely agricultural district, naturally my greatest concern is for the welfare of the farmers, not only in my own district but throughout the country. While this measure makes definite provision for agricultural credit facilities, I say frankly that it does not go as far as I would like. I am quite sure that agriculture, the basic industry of our country, is justly entitled to a greater share of the $2,000,000,000 of Federal credit which the law provides for.

While I am perfectly willing for banks and railroads and other big corporations to participate, and also hope that they will benefit thereby, I disagree wholly with the theory advanced by some of my colleagues that if the banks should be restored to a prosperous status there would consequently be more dollars in circulation and that some of them would eventually trickle into the farmers' pockets.

For some reason the farmers always seem to come out at the little end of the horn every time the Government tries to help them—for example, the $500,000,000 appropriated for administering the 1930 agricultural marketing act—but I sincerely hope they will derive some benefit from the credit about to be made available through the Reconstruction Finance Corporation.

I favored strongly both the Jones amendment to the House bill, which allocated $50,000,000 to be loaned farmers through the intermediate credit banks, agricultural credit corporations, livestock corporations, and farmers' associations, and the Smith amendment to the Senate bill for placing $50,000,000 at the disposal of the Secretary of Agriculture for direct loans to farmers.

Under the terms of the conference agreement the Secretary of Agriculture is authorized to loan $50,000,000 to farmers for financing this year's crop. This amount, plus the $25,000,000 authorized by another act for enabling the Federal land banks to grant extensions on delinquent farm-mortgage payments, will help out wonderfully in getting the farmers back on their feet.

However, I do not at all agree with Senator WALCOTT'S interpretation of this provision, namely, that $50,000,000 is the maximum amount available for agriculture. On the other hand, I do agree with Mr. STEAGALL in that the agricultural industry is entitled to 10 per cent of all the funds of the corporation, or $200,000,000. Federal land banks, joint-stock land banks, and intermediate credit banks are eligible to participate; hence it would be preposterous to

deny them their pro rata share of the credit because a special fund has been allocated for loans to distressed farmers. Besides, the Farm Loan Commissioner has been designated as an ex officio member of the board of directors of the corporation.

Surely agriculture should be placed on an equal footing with banks, railroads, and the other corporations included.

It seems to me that the outcome of the Reconstruction Finance Corporation hinges largely upon proper administration, and that big men will be required at the helm. I hope at least one of the administrators will be thoroughly conversant with agricultural financing and also sympathetic toward the present plight of the farmers. In effect, Uncle Sam is wagering $2,000,000,000 that the country will lift itself out of the quagmire of this economic depression by its own bootstraps, and the board of directors should be willing to take a reasonable chance on agriculture.

That much importance attaches to the psychological effect of the Reconstruction Finance Corporation in dissipating fear and restoring confidence has been emphasized by virtually everyone who has discussed the proposition; and it stands to reason that if adequate credit facilities would restore confidence in banking and transportation circles, it should also restore confidence among the farmers. Assurance that they would not lose their homes on account of overdue mortgage payments would be highly encouraging.

In considering one of the worst features of the depression—the multitude of bank failures—I am reminded of the darky who was waiting in line to withdraw his savings from the bank when the door closed in his face and greatly perturbed him.

"Don't let a little thing like that worry you; this is not the first bank ever to bust," chirped a bystander.

"Yes; I knows dat," moaned the darky, "but it's de first one dat ever busted right in mah face."

Scores in recent years have had banks "bust" right in their faces. More than 2,000 closed last year and consequently "froze" about $2,000,000,000 of assets. These closures must be halted immediately, for banks constitute the backbone of our financial system; and excessive failures tend to destroy confidence in the system. Hysterical depositors withdraw their savings and hide them in various and sundry places. It is estimated that more than $1,500,000,000 is now being hoarded, and that tends to unbalance our economic equilibrium.

Bank closures—upwards of 10,000—have been general in all parts of the country during the past decade, and the greater number have been small-town banks. And closing a small bank in a small town adversely affects the economic life of the community just as the failure of a big bank in a big city does. As a consequence I am very much interested in ways and means of effectually checking bank closures, and I am heartily in accord with the provision of the Reconstruction Finance Corporation, which allocates $200,000,000 for reorganizing closed banks and for making available to depositors at least a part of the money that is tied up in those institutions. That would materially benefit people in all sections of the country.

For more than a decade the farmers of my State, as well as those of the Nation, have been up against it. Primarily due to constantly declining prices of agricultural products, the farmers have been unable to make any money to speak of, and consequently they have had very little to spend; which means in the final analysis that the buying power of some 30,000,000 people is practically nil. In the meanwhile farm taxes have increased more than 200 per cent and besides farmers are paying off their mortgage indebtedness at the ratio of more than 2 to 1, based on current farm prices.

Prior to the advent of this deplorable panic, we were wont to compare prices and profits with those of pre-war years by way of illustrating the extent of our unprecedented prosperity. But show me a farmer to-day who would not regard himself as a virtual Crœsus if he could get pre-war prices for his products. During the 5-year period of 1910 to 1914 cotton brought 12 cents a pound, corn sold for 57 cents a bushel, and wheat was 87 cents a bushel—and so on down the line—or about 50 per cent higher than present market prices.

What is the trouble?

Two of the main causes are: Exorbitant tariff rates and the marked disparity between industrial earnings and farm earnings.

Either the farmers must be permitted to join the industrialists on the mountain top or the industrialists must join the farmers down in the valley.

In other words, industrial earnings must be placed on a parity with farm earnings, and at the same time big business must permit farmers and industrial workers to get their pro rata share of the national income if it is to prosper indefinitely.

Spokesmen for labor demand that high wages for industrial workers be maintained. In principle I agree with them. They also concede to the farmer the right to bring farm prices, relatively, up to industrial-wage levels, and in this I concur. Heretofore, however, when the farmers have endeavored to put that theory into practice spokesmen for labor have been the first to voice strenuous opposition, on the ground that it would too much increase the cost of living. So farm prices have been held down to a minimum, frequently below, and one of the results is that our economic structure has collapsed.

In my opinion, the most amazing feature of the present session is the great number of financial and industrial leaders that have come flocking to Washington to get their names in the pot; that is, to qualify for assistance from the Reconstruction Finance Corporation. These are the selfsame fellows who prophesied that business would immediately pick up on adjournment of the last session of Congress; who declared the country would be better off if Congress should take a 10-year vacation; who advised against calling a special session last summer for coping with the economic situation; and who always have raised cain when the Government tried to give the farmers a lift.

I supported the Reconstruction Finance Corporation in the hope that big business had learned its lesson and now realizes that it is imperative to maintain the buying power of farmers and industrial workers at a relatively high level. Really, I believe I have detected a change of heart in some of my colleagues who represent big business districts.

Mr. PEAVEY. Mr. Speaker, just a few weeks ago we relieved the countries of Europe by granting them a moratorium on their war debts. That was done at the suggestion of the President. Now we have before us a plan to relieve the bankers of the United States. It is another plan of the President's. This measure will pass and become the law of the land. So long as we are in the relieving business, the President should next present to us a plan for the relief of the millions of unemployed and hungry in this country. But I am very apprehensive of the President taking such a step.

The question before us, however, at the moment, is the creation of the $2,000,000,000 Reconstruction Finance Corporation. This corporation will have a capital stock of $500,000,000 to be subscribed by the Treasury of the United States. It will be managed by a board of seven directors, which will include the Secretaries of the Treasury and Agriculture, the Governor of the Federal Reserve Board, and four men to be appointed by the President.

Authority is given this corporation to sell $1,500,000,000 worth of bonds, the money realized therefrom to be used to rehabilitate banks of all kinds. These institutions in turn will pass the money on to industry, agriculture, and commerce, but more particularly to the railroads.

It is a plan of the President's, the primary purpose of which is to relieve the banks and provide loans for the railroads.

These banks need relief because of the activities of those who own and operate them. They are afraid to reap the whirlwind they have sown by stupid and reckless loans made for speculation. Their institutions are financial nightmares, haunting them constantly. So the President thinks they should be helped. The specter of hunger and cold hanging

over the millions of unemployed is as naught to the sufferings of these few financial leaders in the eyes of the President and his supporters.

The plan is predicated on the theory that the people should enrich the holders of stocks and bonds of the big banks and railroads of the country to save them from bankruptcy and obtain for them some degree of prosperity that they might out of the great generosity of their hearts pass down to the country banks and people generally some small measure of the benefits so received.

It is the old, old plea of the big business reactionists of the Nation. They say to Congress, through the terms of this bill, "You load our banquet table with riches and we will extend to the common people the privilege of picking up the crumbs."

Mr. Speaker, I am sure the people of my district will support me when I say we do not want big business rejuvenated at the expense of the Government of the United States, nor do we want relief in the form of crumbs from the rich man's table.

This bill gives an outright dole to the financial and political leaders who imposed upon the people the Esch-Cummins law, the Mellon tax bills to relieve the rich, and the Hawley-Smoot tariff bill that was going to show us the corner around which prosperity was hiding. We have yet to find that corner, although the Hawley-Smoot tariff bill has been in effect for almost two years.

These very leaders by their selfish schemes brought us into our present deplorable condition, and we are going to help them do the same thing over again upon the enactment of this bill.

Five hundred of these leaders, according to the last fiscal report of the Secretary of the Treasury, had an income larger than all the wheat and cotton farmers combined.

Mr. Speaker, I believe if the Government is to loan $2,000,000,000 of its credit in restoring an alleged prosperity to America, we should begin at the bottom. We should provide jobs for working men, we should extend the Federal farm loans, we should make agriculture self-sustaining, we should put a billion dollars or more in needed public buildings and a like sum into the construction of inland waterways and other internal improvements.

That is the way to create a real prosperity. Relieve all of the people, and business and commerce will be automatically rejuvenated. Begin at the base of our national life—the people.

To try at this time to "bootstrap" the bank and railroad stocks of the country back into public favor is to put the stamp of approval upon inflated stocks and bonds, which the stock brokers do not want and the sucker public will no longer buy. Uncle Sam is to be the goat.

Progressives will vote against this bill because it gives the Government no assurance of adequate security for the credit extended, although the Government promises to pay the principal and interest on the bonds which will be sold to the public; and because the only class of people who will benefit by the operation of the Reconstruction Finance Corporation are those financial leaders who have dragged the country into the muck and mire of present conditions.

I would like right here to call your attention to the legislation which was before us last year, in the form of a relief bill for the drought-stricken farmers of Arkansas. You will recall not one penny was loaned to the hungriest, neediest farmer, unless the Government was given security in the form of a first mortgage on his property. The Secretary of Agriculture handled the funds appropriated for the purpose of helping these stricken people, and you will all remember the pitiful stories coming from that section of the country of farmers driving miles to meet the Government officials to secure loans with which to buy seed, only to be turned away because they did not have security to give the Government.

For 10 years past reactionary business and political leaders in Wisconsin and the Nation have been accusing the Progressives of trying to put the Government into business, but Gov. Phil La Follette or Senator BOB or Senator NORRIS never proposed any plan that would put the Government into business to anything like the degree that this bill does.

The same men and newspapers supporting this $2,000,000,000 loan for the big banks and railroads are the ones who keep before us continually the idea that the present conditions are due to the World War, or that they are of divine origin; that it is like the eclipse of the sun, the floods, the wind, and the hail; the people must simply suffer in silence and endure it.

Never was a greater blasphemy heaped upon God Almighty than this. When one considers that this idea is being forced upon the American people by those who foisted upon Congress and the country the Esch-Cummins law, the Mellon tax bills, the Hawley-Smoot tariff bill, and many lesser pieces of legislation to exploit the common people, such propaganda is an insult to every thinking American man and woman.

To blame God for present conditions, the result of this 10-year program of industrial and financial exploitation and greed, is a sacrilege against the divine power that, since the days of the Galilean Prophet, has succored the poor and distressed.

Never has God been more generous to the people of America in climate, in crops, in every blessing in His power to bestow than during the past two years. We have produced so much that our grainaries, storehouses, and vaults are filled to overflowing. While for the first time in the history of our country we have millions starving or recipients of public charity.

No; God is not to blame. Only a religious and political charlatan believes that.

We are in our present state of distress and want because of the relentless acts of the political, industrial, and financial leaders in this country who have used their power and influence to enrich themselves, and I, for one, do not propose to help them get more.

I shall vote against the adoption of this bill.

Mr. CHAVEZ. Mr. Speaker, if it were not for the fact that legislation now under consideration is of vital importance to the country, I would not take the time of the committee with any remarks. However, I would be derelict in my duties and to the oath I took the opening day of the session if I did not make a few observations concerning my amendment.

This is presumed to be emergency legislation to take care of the depressing conditions of the country. The very title of the act—"Reconstruction Finance Corporation act"—speaks for itself; and either that title is a misnomer or the amendment I have presented is relevant and in order.

A corporation is being created; an amount of stock is being authorized; and section 5 specifies the purposes of the loans: "To aid in financing agriculture, commerce, and industries," etc., under terms and conditions as the corporation may determine.

If it is necessary, and I deem it so, to make loans to banks, building and loan associations, insurance companies, agricultural-credit corporations, livestock-credit corporations, and others, by what line of reasoning could it be said the agricultural activities mentioned in my amendment should not be considered. I submit that the amendment in this particular instance would help to accomplish and carry out the purposes of the bill.

The protection of agricultural projects in the West and drainage projects of the South is absolutely necessary. Those activities are the very life of those sections of the country wherein they exist. Irrigation projects mean as much to us of the West as do industries to the East. Projects of such a nature have developed communities which otherwise would not have existed. I venture to say that former citizens of every congressional district of the East have gone into the West, and in cooperation with citizens of those localities, with utmost care, enterprise, and energy, have made the West what it is to-day.

But we are faced with the same conditions that affect the rest of the country; notwithstanding that the bonds of irrigation and conservation districts are amply secured, it is

impossible to sell them, due to the present situation of the bond market. Hence the projects are hampered by want of funds with which to carry on. While the country was prosperous, they had no difficulty in negotiating for and securing ample means to proceed with the work. However, if they are to continue, immediate assistance is necessary. For what are they asking? All they request is that they be allowed to present their needs to the corporation; they will make a proper showing; they are not asking that one cent be allocated for this purpose; and it may not be necessary to go to the corporation. This very legislation may bring about that degree of confidence that we all talk about and hope for so that the projects can be financed without aid from the corporation.

The same necessity for help to the reclamation projects of the West exists in the drainage projects of the South. Do you fully appreciate and realize the tremendous task and energy involved in the reclaiming of their lands through drainage by the people of the Southern States, making possible thriving communities throughout the entire South? Very little help has been obtained, I am informed, in carrying out great private enterprises in the Southern States.

Home-owning citizens, both in the West and in the South, will be sold out unless immediate relief is brought about. I do not know of one single reason why my amendment should not be pertinent, and I ask you, in all sincerity, to help us out.

I thank you.

ORDER OF BUSINESS

The SPEAKER. The gentleman from Illinois announced that on Monday, if the House adjourns to-day to meet Monday, the first matter to be considered would be what is known as the Linthicum bill, authorizing the payment of expenses at the conference in Geneva.

The Chair thinks that statement should be modified to the extent of stating that the Consent Calendar will be called. It is a very short calendar, and after that suspension of the rules will be in order. Undoubtedly the Linthicum bill will be considered following that.

EXTENSION OF REMARKS—DEMOCRATIC TARIFF INCONSISTENCY—ANSWER TO REMARKS OF MY COLLEAGUE, MR. COCHRAN OF MISSOURI

Mr. HOPKINS. Mr. Speaker, in the House of Representatives, on January 9, I called attention to the fact that while my Democratic colleagues from Missouri had spent 18 months criticizing the rates in the present tariff bill, calling them "iniquitous," "exorbitant," "outrageously" high, yet not one of them had made any visible attempt to secure a reduction of these rates that they criticized. This in spite of the fact that the Democratic Party is now in control of this House.

I had expected some one of my colleagues to take the floor during the debate and answer my arguments. While this did not happen, I did find in the Appendix to the RECORD on January 13 an article written by my genial, able, and hard-working friend and colleague JOHN J. COCHRAN, of St. Louis, in reply to my speech. I feel sure that my friend must have written his article hurriedly and without due thought and research, for this article does not reflect his usual thoroughness and definiteness.

In substance, Mr. COCHRAN answered my statement and explained the failure of my Democratic colleagues to try to put into the law the changes they have recommended for the past year and a half by the following argument:

1. While a great majority of this House, including at least "200 Members now on the Democratic side," favor a general revision of the tariff downward, yet it was not practical for a Missouri Congressman to offer a bill because it would cost too much to print the bill.

(Mr. COCHRAN points out that it would cost about $1,000 to print a new tariff bill making changes in each of the 20,000 items in the bill.)

The gentleman from Missouri [Mr. COCHRAN] also states in his speech that the 1930 tariff act "has destroyed our foreign trade" and "is the outstanding cause" of the depression. As I stated in the beginning, I am sure Mr. COCHRAN wrote his answer hurriedly, for otherwise he would never have made such contradictory statements. If the present tariff bill, which is one of the lowest in the past 70 years in the history of this country, if this has caused the depression and destroyed our foreign trade as argued by my colleague—which I wholeheartedly refuse to admit—but if my colleague believes this to be the fact, then surely the fact that it would cost $1,000 to print a bill to restore our foreign trade and relieve the depression would not be a good reason for not offering such a bill.

I submit to the judgment of my colleagues if this tariff act is as bad as my Democratic colleagues say it is, then the cost of printing a bill, even though $2,000, is not a sound argument to be used against making such an attempt.

But my colleague, the gentleman from Missouri, overlooked that he or any other of my colleagues who are in favor of reducing the tariff rates could have prepared amendments to this bill and offered them on the floor of this House without 1 cent of cost to himself or this country. Amendments lowering any rate could have been offered here. Should these amendments have been declared not germane by the Democratic speaker or chairman, they could still have offered them in committee or have appeared before the Tariff Commission asking for these reductions. But my original statement still stands. Not one of my 11 Democratic colleagues attempted to use any of these four methods to reduce these rates that they criticize.

Mr. COCHRAN asks me why I did not offer such amendments. This answer is easy. I did not do this because I am in favor of giving protection to American labor and American agriculture against the importation of cheap and pauper-made foreign products. A principle that has protected this country during more than 60 years out of the last 70 years of our great growth is one that should not be discarded at this time.

So, with due respect to my good friend, Mr. COCHRAN of Missouri, my question to my Democratic colleagues, "Why rail against the tariff rates and then do nothing to correct them?" has not yet been answered, at least not by my colleagues from Missouri. In the absence of their statements, possibly they subscribe to the statement made by their leader in this House, Mr. RAINEY, who so often embarrasses his party by speaking out without first consulting the policy committee. On January 9, the gentleman from Illinois, Mr. RAINEY, stated:

Lower the tariff drastically? You [the Republicans] will not do it and we do not dare to do it * * *. We do not want this market flooded with the products of cheap labor in other countries.

Then I ask my colleagues, if you "dare not" reduce these rates, why do you berate the principle of protection and criticize the tariff so vociferously at election time and then do nothing when you control this House?

ADJOURNMENT OVER

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet Monday next.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. SWICK, for two days, on account of important official business.

Mr. THOMASON (at the request of Mr. WILLIAMS of Texas), indefinitely, on account of sickness.

Mr. MURPHY (at the request of Mr. MOORE, of Ohio), for to-day, on account of illness.

REPORTS FROM COMMITTEE ON CLAIMS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLACK. The Claims Committee, at its last meeting, authorized me to report bills reported in prior sessions by the Committee on Claims. Therefore I ask Members who

have such bills to get in touch with me and let me know whether they want them reported.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2379. An act permitting admission to bail in extradition proceedings; to the Committee on the Judiciary.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned until Monday, January 18, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Saturday, January 16, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Income-tax rates.

COMMITTEE ON RULES

(10 a. m.)

Changes in Private and Consent Calendar rules.

Mr. RAINEY submitted the following tentative list of committee hearings scheduled for Monday, January 18, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Income-tax rates.

COMMITTEE ON AGRICULTURE

(10 a. m.)

Commodity short selling.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

General inquiry into the American merchant marine, the United States Shipping Board, and Merchant Fleet Corporation affairs.

COMMITTEE ON ROADS

(10 a. m.)

National aid to roads of $125,000,000 per annum (bill H. R. 4716); also authorization for forest roads.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

377. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers of the Army, in which he recommends legislation for the relief of the heirs of Mr. Burton S. Adams, formerly a civilian employee of the War Department, who lost his life in the performance of his duty, the United States Employees' Compensation Commission having declined to allow a claim presented under the employees' compensation act in the case; to the Committee on Claims.

378. A letter from the Secretary of War, transmitting a draft of a bill to authorize naval and Marine Corps service of Army officers to be included in computing dates of retirement; to the Committee on Military Affairs.

379. A letter from the Secretary of the Treasury, transmitting a draft of legislation which provides that the Secretary of the Treasury be authorized to negotiate with the owners of the property south of and adjoining the Federal building sites at Plattsburg, N. Y.; to the Committee on Public Buildings and Grounds.

380. A letter from the Secretary of War, transmitting a report stating that in the War Department there is an accumulation of documents and files which are of no use in the current business and have no value or historical interest; to the Committee on Disposition of Useless Executive Papers.

381. A letter from the Secretary of War, transmitting the river and harbor act, approved July 3, 1930, authorizing and directing the Secretary of War to cause a preliminary examination and survey to be made of the Moussam River at Kennebunkport, Me. On investigation it is ascertained that Kennebunkport is located on the Kennebunk River and not on the Moussam River. A report on the improvement of the Kennebunk River at Kennebunkport has been submitted by the Chief of Engineers to the chairman of the Committee on Rivers and Harbors; to the Committee on Rivers and Harbors.

382. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on Kalamazoo River, Mich. (H. Doc. No. 224); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

383. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Bayou Petit Anse, Bayou Tigre, and Bayou Carlin, La. (H. Doc. No. 225); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

384. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on Beaver Bay River, Minn. (H. Doc. No. 226); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

385. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on Brule River, Wis. (H. Doc. No. 227); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

386. A letter from the Secretary of War, transmitting a report, dated January 13, 1932, from the Chief of Engineers, United States Army, on survey of Salmon River, Alaska (H. Doc. No. 228); to the Committee on Foreign Commerce and ordered to be printed, with illustration.

387. A letter from Loyd B. Wilson, president of the Chesapeake & Potomac Telephone Co., transmitting a report of the Chesapeake & Potomac Telephone Co., for the year 1931; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on the Public Lands. H. R. 6657. A bill to authorize the purchase of an electric generating, transmission, and distribution system in the Mount Rainier National Park, and for other purposes; without amendment (Rept. No. 97). Referred to the Committee of the Whole House on the state of the Union.

Mr. MICHENER: Committee on the Judiciary. H. R. 374. A bill exempting building and loan associations from being adjudged involuntary bankrupts; with amendment (Rept. No. 98). Referred to the House Calendar.

Mr. KEMP: Committee on the Territories. H. R. 6487. A bill to authorize the incorporated town of Petersburg, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of improving and enlarging the capacity of the municipal light and power plant and the improvement of the water and sewer systems, and for the purpose of retiring or purchasing bonds heretofore issued by the town of Petersburg; without amendment (Rept. No. 99). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 799. A bill to extend the benefits of the employees' compensation act of September 7, 1916, to Willie Louise Johnson; without amendment (Rept. No. 66). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 808. A bill to extend the benefits of the employees' compensation act of September 7, 1916, to Howard Lewter; with amendment (Rept. No. 67). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1034. A bill for the relief of Morris Dietrich; without amendment (Rept. No. 68). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1130. A bill for the relief of estate of Katherine Heinrich (Charles Grieser and others, executors); without amendment (Rept. No. 69). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1202. A bill for the relief of Lehde & Schoenhut; without amendment (Rept. No. 70). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1231. A bill for the relief of Grina Bros.; without amendment (Rept. No. 71). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1350. A bill for the relief of A. L. Hedding; without amendment (Rept. No. 72). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1525. A bill for the relief of Bruce Bros. Grain Co.; without amendment (Rept. No. 73). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1554. A bill for the relief of G. Carroll Ross; without amendment (Rept. No. 74). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1928. A bill for the relief of Thomas H. Deal; without amendment (Rept. No. 75). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 1962. A bill for the relief of Noble Jay Hall; without amendment (Rept. No. 76). Referred to the Committee on the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2086. A bill for the relief of Francis Engler; without amendment (Rept. No. 77). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2595. A bill for the relief of Frank W. Childress; without amendment (Rept. No. 78). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2606. A bill for the relief of Edward Christianson; without amendment (Rept. No. 79). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2704. A bill for the relief of Charles Lamkin; without amendment (Rept. No. 80). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 2809. A bill for the relief of the Charles Le Roy estate; without amendment (Rept. No. 81). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3030. A bill for the relief of Elizabeth T. Cloud; with amendment (Rept. No. 82). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3536. A bill for the relief of Viola Wright; without amendment (Rept. No. 83). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3633. A bill for the relief of Ada T. Finley; without amendment (Rept. No. 84). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3953. A bill for the relief of the First State Bank & Trust Co., of Mission, Tex.; without amendment (Rept. No. 85). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3992. A bill for the relief of Anna A. Hall; without amendment (Rept. No. 86). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4056. A bill for the relief of Emma Shelly; with amendment (Rept. No. 87). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4270. A bill for the relief of Carroll K. Moran; without amendment (Rept. No. 88). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4329. A bill for the relief of Alton J. Platner; without amendment (Rept. No. 89). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4481. A bill for the relief of Catherine C. Schilling; without amendment (Rept. No. 90). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4488. A bill authorizing the Treasurer of the United States to pay Hattie McKelvey $1,786; without amendment (Rept. No. 91). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4826. A bill for the relief of Henry A. Richmond; without amendment (Rept. No. 92). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5007. A bill for the relief of Marie E. McGrath; without amendment (Rept. No. 93). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5057. A bill for the relief of Edward F. Gruver Co.; without amendment (Rept. No. 94). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 5284. A bill for the relief of Capt. Guy L. Hartman; with amendment (Rept. No. 95). Referred to the Committee of the Whole House.

Mr. McSWAIN: Committee on Military Affairs. S. 2684. An act for the relief of F. P. Case; without amendment (Rept. No. 96). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 3237) granting a pension to Sarah Wilson; Commitee on Pensions discharged, and referred to the Committee on Invalid Pensions.

Joint resolution (H. J. Res. 202) granting permission to Richard E. Elvins, captain, Medical Corps, United States Army, to accept a decoration bestowed upon him by the Spanish Government; Committee on Military Affairs discharged, and referred to the Committee on Foreign Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTON: A bill (H. R. 7786) to authorize an emergency appropriation for special study of and demonstration work in rural sanitation; to the Committee on Interstate and Foreign Commerce.

By Mr. HESS: A bill (H. R. 7787) authorizing the pay of warrant officers on the retired list for transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who served as commissioned or warrant officers during the World War; to the Committee on Naval Affairs.

By Mr. CRISP: A bill (H. R. 7788) authorizing the granting by the Secretary of War of a right of way to the Georgia Highway Department; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 7789) to provide for deportation of aliens who shall enter into collusive marriage with a citizen of the United States for the purpose of gaining admission to the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7790) to provide for the issuance of certificates of residence to aliens lawfully in the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7791) to provide for a selective system of immigration; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7792) to provide punishment for unlawfully entering the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 7793) to secure the departure of certain aliens from the United States; to the Committee on Immigration and Naturalization.

By Mr. WHITLEY: A bill (H. R. 7794) to amend the act entitled "An act to amend the World War veterans' act, 1924, as amended," approved July 3, 1930; to the Committee on World War Veterans' Legislation.

By Mr. TAYLOR of Colorado: A bill (H. R. 7795) to establish a free guide service for the Capitol Building; to the Committee on Accounts.

Also, a bill (H. R. 7796) to repeal provisions of the stock raising homestead law, in so far as they relate to Colorado; to the Committee on the Public Lands.

By Mr. SWANK: A bill (H. R. 7797) to abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof, and for other purposes; to the Committee on Agriculture.

By Mr. LEWIS: A bill (H. R. 7798) to authorize the Secretary of War to permit the withdrawal of water from the Government conduit between Great Falls, Md., and the District of Columbia for fire-fighting purposes; to the Committee on Military Affairs.

Also, a bill (H. R. 7799) to authorize the Chief of Engineers of the Army to enter into agreements with local governments adjacent to the District of Columbia for the use of water for purposes of fire fighting only; to the Committee on Military Affairs.

By Mr. GOLDSBOROUGH: A bill (H. R. 7800) to stabilize the purchasing power of money; to the Committee on Banking and Currency.

By Mr. DICKSTEIN (by request of State Department): A bill (H. R. 7801) to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; to the Committee on Immigration and Naturalization.

Also (by request of State Department), a bill (H. R. 7802) to amend section 15 of the immigration act of 1924 so as to include within the provisions of this section those aliens enumerated in section 3 (1) of the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. WOODRUM: A bill (H. R. 7803) to confer jurisdiction upon the Court of Claims of the United States or the district courts of the United States to hear, adjudicate, and enter judgment on the claim of William W. McElrath against the United States for compensation for the use or manufacture of an invention of William W. McElrath covered by letters patent issued by the Patent Office of the United States, October 21, 1919, and the reissue thereof on the 19th day of February, 1924; and for his contribution to the art to which said invention and letters patent relate; to the Committee on War Claims.

By Mr. JENKINS: A bill (H. R. 7804) to amend section 24 of the immigration act of 1917; to the Committee on Immigration and Naturalization.

By Mr. POLK: A bill (H. R. 7805) to amend section 4 of the legislative, executive, and judicial appropriation act, passed and approved March 4, 1925, relating to the compensation of Members and Delegates to Congress; to the Committee on Appropriations.

By Mr. CABLE: A bill (H. R. 7806) to establish a Federal guaranty and insurance corporation to protect bank depositors; to the Committee on Banking and Currency.

By Mr. HORR: A bill (H. R. 7807) to authorize the Secretary of the Navy to proceed with the construction of a barracks and mess-hall building at the United States Navy Yard, Puget Sound, Wash.; to the Committee on Naval Affairs.

By Mr. CONNERY: A bill (H. R. 7808) to provide for the incorporation of credit unions within the District of Columbia; to the Committee on the District of Columbia.

By Mr. CHAPMAN: A bill (H. R. 7809) to equalize the disability allowances for World War veterans with the pensions for Spanish-American War veterans, and to provide allowances for widows and minor children of World War veterans with non-service-connected disabilities; to the Committee on World War Veterans' Legislation.

By Mr. SIROVICH: Resolution (H. Res. 109) to create a civil-service board of appeals; to the Committee on the Civil Service.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 208) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. BECK: Joint resolution (H. J. Res. 209) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. SABATH: Joint resolution (H. J. Res. 210) proposing an amendment to the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

By Mr. CELLER: Joint resolution (H. J. Res. 211) for the removal of the causes of irritation and resentment on the part of the medical profession concerning the prescribing of medicinal liquors; to the Committee on the Judiciary.

By Mr. O'CONNOR: Joint resolution (H. J. Res. 212) proposing an amendment to the eighteenth amendment of the Constitution of the United States; to the Committee on the Judiciary.

By Mr. BRITTEN: Joint resolution (H. J. Res. 213) proposing an amendment to the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 7810) granting a pension to William B. Stine; to the Committee on Pensions.

By Mr. AYRES: A bill (H. R. 7811) granting an increase of pension to Maggie E. Offill; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 7812) granting a pension to John Henry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7813) granting an increase of pension to Kate E. Walk; to the Committee on Invalid Pensions.

By Mr. BLACK: A bill (H. R. 7814) granting a pension to Hugh Brennan; to the Committee on Pensions.

Also, a bill (H. R. 7815) to reimburse Andrew H. Mills and William M. Mills, copartners carrying on business under the firm name and style of Mills Bros., owners of the steamship *Squantum*, for damage to said vessel; to the Committee on Claims.

Also, a bill (H. R. 7816) for the relief of George S. Van Schaick as superintendent of insurance of the State of New York and as liquidator of Equitable Casualty & Surety Co., in liquidation; to the Committee on Claims.

Also, a bill (H. R. 7817) for the relief of George S. Van Schaick as superintendent of insurance of the State of New York and as liquidator of Equitable Casualty & Surety Co., in liquidation; to the Committee on Claims.

Also, a bill (H. R. 7818) for the relief of George S. Van Schaick as superintendent of insurance of the State of New York and as liquidator of Equitable Casualty & Surety Co., in liquidation; to the Committee on Claims.

By Mr. BOEHNE: A bill (H. R. 7819) granting a pension to Josie Siessly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7820) granting a pension to Leroy Hollon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7821) granting an increase of pension to Eunice T. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7822) granting a pension to George Ann Evans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7823) granting an increase of pension to Eudora Kightly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7824) for the relief of Martin E. Crowe; to the Committee on Military Affairs.

Also, a bill (H. R. 7825) granting an increase of pension to Susan A. Rice; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7826) granting an increase of pension to Nancy A. Clark; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 7827) for the relief of James J. Scully; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 7828) granting a pension to Susan Light; to the Committee on Invalid Pensions.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 7829) for the relief of John Grannis; to the Committee on Military Affairs.

By Mr. CHAPMAN: A bill (H. R. 7830) for the relief of Homer N. Horine; to the Committee on Military Affairs.

Also, a bill (H. R. 7831) for the relief of the legal representatives of James H. Holaday; to the Committee on War Claims.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 7832) granting an increase of pension to Sarah Platt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7833) granting an increase of pension to Nellie A. Pearce; to the Committee on Invalid Pensions.

By Mr. CROWE: A bill (H. R. 7834) granting a pension to Crawford Johnson; to the Committee on Pensions.

Also, a bill (H. R. 7835) granting an increase of pension to Nancy J. Littell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7836) granting an increase of pension to Rachel A. Coats; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7837) granting a pension to Clem A. Endris; to the Committee on Pensions.

By Mr. DAVENPORT: A bill (H. R. 7838) granting an increase of pension to Jennie Beaver; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 7839) granting a pension to Eleanor A. Warren; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 7840) granting a pension to William F. Hall; to the Committee on Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 7841) for the relief of George E. Titter; to the Committee on Claims.

Also, a bill (H. R. 7842) for the relief of Mallery Toy; to the Committee on Claims.

Also, a bill (H. R. 7843) for the relief of Cecil Lodge, No. 125, Ancient Free and Accepted Masons; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H. R. 7844) granting a pension to Bluford E. Johnson; to the Committee on Pensions.

By Mr. HAINES: A bill (H. R. 7845), for the relief of Powell & Goldstein (Inc.); to the Committee on Claims.

By Mr. HARLAN: A bill (H. R. 7846) granting a pension to John B. Dean; to the Committee on Pensions.

Also, a bill (H. R. 7847) granting an increase of pension to Samuel L. Fiste; to the Committee on Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 7848) granting an increase of pension to Josie Zerkle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7849) granting an increase of pension to Catharine DeBussey; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 7850) granting an increase of pension to Salar L. Davis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7851) for the relief of Joseph M. Burr; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 7852) granting a pension to Minnie B. Leonard; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H. R. 7853) granting a pension to Clara A. Johnson; to the Committee on Invalid Pensions.

By Mr. LEA: A bill (H. R. 7854) granting an increase of pension to Mary A. Bayles; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 7855) granting a pension to Mary Hillegass; to the Committee on Invalid Pensions.

By Mr. LOZIER: A bill (H. R. 7856) granting a pension to Leah Kesterson; to the Committee on Invalid Pensions.

By Mr. LUCE: A bill (H. R. 7857) granting a pension to Mrs. Samuel H. Durgin; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 7858) to correct the military record of Walter L. Richardson; to the Committee on Military Affairs.

Also, a bill (H. R. 7859) to correct the military record of Rock White; to the Committee on Military Affairs.

By Mr. MURPHY: A bill (H. R. 7860) granting an increase of pension to Homer D. Truax; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7861) granting an increase of pension to Kate Potter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7862) granting an increase of pension to Samantha B. McConaughy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7863) granting a pension to Mary M. Callen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7864) granting a pension to Emma Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7865) granting a pension to Viannie M. Walters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7866) for the relief of James Harriman; to the Committee on Claims.

Also, a bill (H. R. 7867) granting an increase of pension to Mary E. Barton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7868) granting an increase of pension to Mary J. Morrow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7869) granting an increase of pension to Hattie A. Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7870) granting a pension to Bessie Humphrey; to the Committee on Pensions.

Also, a bill (H. R. 7871) granting an increase of pension to Mary E. Fish; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7872) granting an increase of pension to Ella J. Vermillion; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7873) granting an increase of pension to Mary J. Hewitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7874) granting an increase of pension to Susannah Duvall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7875) granting an increase of pension to Rosanna Bell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7876) granting an increase of pension to Mary S. Fankhouser; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7877) granting a pension to Louisa Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7878) granting an increase of pension to Sadie Ward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7879) granting an increase of pension to Malinda Gillaspie; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7880) granting an increase of pension to Callie A. Gibson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7881) to extend the benefits of the employees' compensation act of September 7, 1916, to Page B. Myler, a former rural carrier out of East Liverpool, Ohio; to the Committee on Claims.

Also, a bill (H. R. 7882) granting an increase of pension to Margaret Lloyd; to the Committee on Invalid Pensions.

By Mr. O'CONNOR: A bill (H. R. 7883) for the relief of John Z. Lowe, former collector of internal revenue for the second district of New York; to the Committee on Claims.

Also, a bill (H. R. 7884) for the relief of James G. Hardy & Co.; to the Committee on Claims.

By Mr. PARKER of Georgia: A bill (H. R. 7885) for the relief of John B. McLamb; to the Committee on World War Veterans' Legislation.

By Mr. RAGON: A bill (H. R. 7886) for the relief of Mabel Williams; to the Committee on Claims.

Also, a bill (H. R. 7887) for the relief of Henry Lee Billings; to the Committee on Claims.

By Mr. STALKER: A bill (H. R. 7888) for the relief of John McCann; to the Committee on Military Affairs.

By Mr. THATCHER: A bill (H. R. 7889) for the relief of William H. Castleman; to the Committee on Military Affairs.

By Mr. WELSH of Pennsylvania: A bill (H. R. 7890) for the relief of W. M. Hutchings; to the Committee on Military Affairs.

By Mr. WHITE: A bill (H. R. 7891) for the relief of Ben C. Osborn; to the Committee on Claims.

By Mr. WOLVERTON: A bill (H. R. 7892) for the relief of Robert L. Sheppy; to the Committee on Military Affairs.

Also, a bill (H. R. 7893) for the relief of John Norman Westcott; to the Committee on Naval Affairs.

By Mr. AUF DER HEIDE: A resolution (H. Res. 108) to pay Margaret Albrecht, mother of Lillian M. Albrecht, six months' compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said Lillian M. Albrecht; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

424. By Mr. BACHMANN: Petition of Fairview Woman's Christian Temperance Union, Rev. Gordon Withers, Rev. J. A. Wright, Walter Lough, Worley Powell, Alfred Knosely, Gay Basnett, and Walter Toothman, urging maintenance and enforcement of the eighteenth amendment; to the Committee on the Judiciary.

425. By Mr. BACON: Petition of the Central Trades and Labor Council of Greater New York and Vicinity, urging the enactment of Senate bill 2415 and House bill 5597, sponsored by it, for the modification of the Volstead Act at this session of Congress; to the Committee on the Judiciary.

426. By Mr. BOHN: Petition of members of Elmer J. Perkins Post, No. 304, the American Legion, for a tariff on copper and all its by-products; to the Committee on Interstate and Foreign Commerce.

427. By Mr. BOYLAN: Petition signed by J. B. Dodson and 48 Government employees of Oswego, N. Y., protesting against the proposed bills to reduce the salaries of Government employees; to the Committee on the Civil Service.

428. Also, petition signed by John Lewis and other employees of the custodian service, Philadelphia, Pa., favoring the passage of House bill 4517 to reclassify salaries of employees in the custodian service of the Treasury and Post Office Departments of the United States; to the Committee on the Civil Service.

429. By Mr. CULLEN: Petition of the New York State Bankers Association, indorsing the memorial of the American Bankers Association calling upon Congress to bring about a curtailment of governmental expenditures in every possible way, to the end that public confidence in the high credit of Government may remain unimpaired; to the Committee on Appropriations.

430. By Mr. DRIVER: Petition of Dud Cason Post, No. 24, American Legion, Blytheville, Ark., asking for full payment of adjusted compensation plus interest; to the Committee on World War Veterans' Legislation.

431. By Mr. ENGLEBRIGHT: Petition of California Grape Control Board (Ltd.), San Francisco, Calif., favoring the continuation of the Federal Farm Board; to the Committee on Agriculture.

432. Also, petition of American Society of Civil Engineers, San Diego, Calif., section, praying for adequate appropriation in the Interior bill for mapping purposes; to the Committee on Appropriations.

433. Also, petition of California Oil & Gas Association, Los Angeles, Calif., asking for a tariff on the importation of foreign crude oil and refined products; to the Committee on Ways and Means.

434. Also, petition of board of directors, California State Chamber of Commerce, concerning the stabilization of silver; to the Committee on Banking and Currency.

435. Also, petition adopted by the California State Association of Journeymen Barbers, Santa Barbara, Calif., favoring action to create a temperance in the use of intoxicating liquors; to the Committee on the Judiciary.

436. By Mr. GARBER: Petition of the Legislature of the State of Wisconsin, requesting Congress to take proper steps to eliminate all abuses now existing in the Federal land-bank system and to extend to farmers sufficient time to meet their obligations; to the Committee on Banking and Currency.

437. Also, petition of the Illinois conference on unemployment, urging certain action by Congress to relieve the existing depression and unemployment; to the Committee on Ways and Means.

438. Also, petition of the Molasses Products Corporation, Albany, N. Y., and Moore & Munger, New York, urging support of House bill 28 to maintain year-round open navigation of the Hudson River, making the port of Albany accessible for trans-Atlantic and other vessels; to the Committee on Interstate and Foreign Commerce.

439. Also, petition of the Long Bell Lumber Sales Corporation, Kansas City, Mo., urging support of Senate bill 35 and House bill 5090; to the Committee on Banking and Currency.

440. Also, petition of the Long Bell Lumber Sales Corporation, Kansas City, Mo., urging support of House bill 6585 to give protection to lumber and other industries from competition of products of convict, forced, or indentured labor; to the Committee on Ways and Means.

441. By Mr. HOGG of West Virginia: Petition of the West Virginia department of the Reserve Officers Association, requesting appropriation of sufficient funds to maintain the Army and Navy at their adequate strength; to the Committee on Appropriations.

442. Also, petition of the West Virginia department of the Reserve Officers Association, requesting the passage of the new Army pay bill; to the Committee on Military Affairs.

443. By Mr. LONERGAN: Petition of the National Society of the Colonial Dames of America, by Mrs. Charles M. Andrews, president, Connecticut Society, asking adoption of Senate bill 570 and House bill 4509; to the Committee on the District of Columbia.

444. By Mr. MURPHY: Petition of George M. Pogue, president, general health district, St. Clairsville, Ohio, and four other members of the board, asking for the passage of Senator ROBINSON'S bill, S. 1234; to the Committee on Agriculture.

445. By Mr. RICH: Petition of the Charles C. Young Manufacturing Co., of Jersey Shore, Pa., protesting against tax on motor cars and accessories; to the Committee on Ways and Means.

446. By Mr. ROMJUE: Resolution of Goad-Ballinger Post, No. 69, American Legion, Springfield, Mo., opposing any change in the present laws dealing with the hospitalization of veterans; to the Committee on World War Veterans' Legislation.

447. By Mr. RUDD: Petition of the People's National Bank, of Brooklyn, N. Y., opposing the passage of House bill 4524 increasing the individual deposit limit in the Postal Savings System from $2,500 to $5,000; to the Committee on Banking and Currency.

448. Also, petition of Brooklyn Motor Vehicle Dealers' Association, Brooklyn, N. Y., opposing the proposed excise tax on automobiles, trucks, tires, accessories, parts, and gasoline; to the Committee on Ways and Means.

449. Also, petition of the Central Union Label Council of Greater New York, favoring the pasage of Senate bill 2415 and House bill 5597 amending the Volsted Act; to the Committee on the Judiciary.

450. By Mr. SHOTT: Petition of the West Virginia Department of the Reserve Officers of the United States, in convention at Huntington, W. Va., October 17, 1931, to appropriate funds sufficient to maintain the Army and Navy at their adequate strength, and to keep abreast of other nations in the construction of a navy, and to train 26,000 reserve officers each year; to the Committee on Appropriations.

451. Also, petition of the West Virginia Department of Reserve Officers of the United States, in convention at Huntington, W. Va., October 17, 1931, to pass the new Army pay bill; to the Committee on Military Affairs.

452. By Mr. SMITH of West Virginia: Petition of J. J. Kennedy and 700 other citizens of the town of South Charleston, W. Va., protesting against the proposal to convert the naval ordnance plant of that town into buildings suitable for and to be used as a Federal prison, and urging the sale of said plant to private industry to be used as a manufacturing plant; to the Committee on Naval Affairs.

453. Also, resolution of the women's Bible class of the Kanawha Presbyterian Church, Charleston, W. Va., urging the enforcement of the national prohibition law and opposing any measure providing for its modification, resubmission, or repeal; to the Committee on the Judiciary.

454. By Mr. SNOW: Petition of H. H. MacIlroy and many other citizens of Bridgewater, Me., urging that action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

455. Also, petition of O. L. Stadig and many other citizens of St. Francis, Me., urging that some action be taken by Congress to place highway trucks and bus lines under regulations; to the Committee on Interstate and Foreign Commerce.

456. By Mr. THOMASON: Resolution of Lone Star Wool-Mohair Cooperative Association, for encouragement of more complete organization of ranchmen into cooperative associations; to the Committee on Agriculture.

457. By the SPEAKER: Petition of John T. McGirl, notifying Congress of the allowance to the United States Government in the Southern Pacific case; to the Committee on the Judiciary.

458. Also, resolution by Victory Post, No. 4, American Legion, A. J. Kearney, adjutant, relative to deplorable situation in the city of Honolulu, Territory of Hawaii; to the Committee on the Judiciary.

SENATE

SATURDAY, JANUARY 16, 1932

(Legislative day of Friday, January 15, 1932)

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

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	Dale	Jones	Shortridge
Austin	Davis	Kean	Smith
Bailey	Dickinson	Kendrick	Smoot
Barkley	Dill	Keyes	Steiwer
Bingham	Fess	King	Swanson
Black	Fletcher	La Follette	Thomas, Idaho
Blaine	Frazier	Logan	Thomas, Okla.
Borah	George	McGill	Trammell
Bratton	Glass	McKellar	Tydings
Brookhart	Gore	McNary	Vandenberg
Bulkley	Hale	Metcalf	Wagner
Bulow	Harris	Morrison	Walcott
Byrnes	Harrison	Moses	Walsh, Mass.
Capper	Hastings	Norbeck	Walsh, Mont.
Caraway	Hatfield	Norris	Waterman
Carey	Hawes	Nye	Watson
Connally	Hayden	Oddie	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Howell	Reed	
Costigan	Hull	Robinson, Ind.	
Couzens	Johnson	Sheppard	

Mr. BLACK. I desire to announce the necessary absence on official business of my colleague the junior Senator from Alabama [Mr. BANKHEAD]. I ask that this announcement may stand for the day as to all quorum calls.

Mr. McNARY. I wish to announce the necessary absence of the senior Senator from Minnesota [Mr. SHIPSTEAD] on account of illness.

Mr. HASTINGS. I announce the necessary absence of my colleague the junior Senator from Delaware [Mr. TOWNSEND] and ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a memorial of sundry citizens of Golden in Jefferson County, Colo., remonstrating against the passage of legislation for the closing of barber shops on Sunday in the District of Columbia, or any other compulsory legislation relating to the observance of Sunday, which was referred to the Committee on the District of Columbia.

Mr. BLAINE presented resolutions adopted by the Wisconsin State Council of Carpenters, favoring the appointment of a joint committee of Congress to investigate the Federal Radio Commission's allocation of channels, wave lengths, and radio facilities, to inquire into the administration and interpretations of the radio laws of the United States by the Federal Radio Commission, and to recommend appropriate legislation whereby organized labor will receive its proper share of the radio channels, wave lengths, and facilities, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a petition of sundry citizens of Emporia, Kans., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented the petition of the Woman's Christian Temperance Union of Palco, Kans., praying for the maintenance of the national prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

PROPOSED FEDERAL SALES TAX

Mr. COPELAND presented a memorial of sundry citizens and business firms of Norwich, N. Y., remonstrating against the imposition of a Federal sales tax, which was referred to the Committee on Finance and ordered to be printed in the RECORD without the signatures after the first, as follows:

We, the undersigned, after study and consideration of the recent development of State taxes, which development has been in tax upon sales of merchandise at retail, oppose such taxes as undesirable from the point of view of administration, as unfair in both their direct and indirect effects upon business enterprises, and as contrary to the interest of the public in sound principles of taxation. We are opposed to a Federal sales tax as also being unsound in principle.

BROWN & TUCKER,
Dealers in Pontiacs and G-M Trucks,
Norwich, N. Y.,
AND OTHERS.

REPORTS OF COMMITTEES

Mr. HARRIS. Mr. President, I report back favorably without amendment from the Committee on Immigration the bill (S. 268) to amend subdivision (c) of section 4 of the immigration act of 1924, as amended. A similar bill was passed by the Senate last year by a two-thirds vote.

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

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 402) for the relief of Nelson King, reported it without amendment and submitted a report (No. 106) thereon.

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (S. 1030) for the relief of John A. Pierce, reported it with amendments and submitted a report (No. 107) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 477. An act for the relief of Walter J. Bryson Paving Co. (Rept. No. 108); and

S. 1302. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower (Rept. No. 109).

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

S. 259. An act authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N. J. (Rept. No. 113);

S. 659. An act for the relief of William J. Ryan, chaplain, United States Army (Rept. No. 114);

S. 2531. An act for the relief of the Union Shipping & Trading Co. (Ltd.) (Rept. No. 110);

S. 2535. An act for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanch-