

347. By Mr. BACHMANN: Petition of Mrs. A. A. Pickering, president, West Virginia Woman's Christian Temperance Union, Rowlesburg, W. Va., urging that any measure for resubmission of the eighteenth amendment, or any measure to modify the Volstead Act, be opposed; to the Committee on the Judiciary.

348. By Mr. BOYLAN: Resolution adopted by the New York State Association of Real Estate Boards, unanimously indorsing the Federal home loan discount bank bill; to the Committee on Banking and Currency.

349. Also, letter from the Heating and Piping Contractors Association, of New York City, favoring House bill 4680, to provide for contractors on public-building projects to name their subcontractors; to the Committee on Expenditures in the Executive Departments.

350. By Mr. CONNERY: Memorial of the Great Chiefs Council of the Improved Order of Red Men, of Massachusetts, protesting the permanent berthing of the *Constitution* in any port except that of Boston, Mass.; to the Committee on Naval Affairs.

351. By Mr. CULLEN: Resolutions adopted by the United Victims of Ginger Paralysis Association, at Oklahoma City and Wichita, Kans., urging the Congress to investigate and expose the entire infamy of ginger paralysis so that justice may be done under the law for the wrecked and ruined lives of thousands of innocent victims of ginger paralysis; to the Committee on the Judiciary.

352. Also, resolution of the assembly, State of Wisconsin, the senate concurring, that the Congress of the United States be requested 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.

353. Also, petition of the conference of western governors, urging Congress to levy a duty of at least 6 cents per pound as against copper imported in refined ingot forms; at least 5 cents per pound as against copper imported in the form of blisters, regulus, scrap, old, composition, or in concentrates containing more than 30 per cent of copper; at least 4 cents per pound as against copper imported in the form of ores or in concentrates containing less than 30 per cent of copper; to the Committee on Ways and Means.

354. By Mr. EATON of New Jersey: Resolution of the mayor and borough council of the borough of Cartaret, N. J., opposing any tariff on copper; to the Committee on Ways and Means.

355. Also, resolution of members of the Montclair Real Estate Board, Montclair, N. J., indorsing appropriate legislation to establish a system of home-loan-discount banking; to the Committee on Banking and Currency.

356. By Mr. FITZPATRICK: Petition of Branch No. 348, Ladies' Auxiliary of Branch No. 387, National Association of Letter Carriers, urging defeat of any legislation pertaining to any decrease in the salaries of letter carriers; to the Committee on the Post Office and Post Roads.

357. By Mr. GARBER: Petition of Ray McLain, president National Guard Association, Oklahoma City, Okla., urging adequate appropriations for the National Guard and protesting against any proposed reduction; to the Committee on Appropriations.

358. Also, petition of the Hudson River Navigation Corporation, New York, urging support of House bill 28 providing for the construction of a revenue cutter to assist in keeping the Hudson River open during the winter months; to the Committee on Interstate and Foreign Commerce.

359. By Mr. GOODWIN: Petition of the Farmers Cooperative Creamery Co., of Mora, Minn., asking for leniency or a partial moratorium in the collection of amounts due upon mortgages to the Federal land banks by the farmers; for lower interest rates on mortgages upon farms to a point where the farmers' burdens can be carried, the pledge of the members of that cooperative to strict economy, and to meet their obligations to the limit of their ability to pay; to the Committee on Banking and Currency.

360. Also, petition of the Braham Commercial Club, Braham, Minn., in opposition to legislation retroactive in character and effect on proposed increase of taxes, and urging

economy in appropriations so that Federal taxes may be reduced; to the Committee on Ways and Means.

361. By Mr. HALL of Mississippi: Petition of J. P. Clendenin and others of Hattiesburg, Miss., members of the Railroad Employees' Pension Association, urging the passage of the national pension law; to the Committee on Labor.

362. Also, telegram received from Ray P. Hiner, adjutant, stating that the Charles A. Baudy Post, American Legion, Biloxi, Miss., favors an immediate cash payment of the remainder of adjusted compensation to ex-service men as embodied in House bill No. 1; to the Committee on World War Veterans' Legislation.

363. By Mr. JOHNSON of Texas: Petition of Fort Stockton Chamber of Commerce, Fort Stockton, Tex., favoring a tariff on oil; to the Committee on Ways and Means.

364. Also, petition of Arthur R. Henderson, of Vancourt, Tex., opposing repeal of the Federal marketing act; to the Committee on Agriculture.

365. By Mr. HALL of Mississippi: Letter from Mrs. Joseph Rucker Lamar, chairman of the headquarters committee of the National Society of the Colonial Dames of America to the Members of Congress, asking for the adoption of House bill 4509, which bill has for its purpose the exemption of the house originally built by George Beall from taxation; to the Committee on the District of Columbia.

366. By Mr. MURPHY: Petition of Chris W. Heil and 31 other persons residing at Martins Ferry, Ohio, asking that a tariff on oil be enacted; to the Committee on Ways and Means.

367. By Mr. O'CONNOR: Resolutions of the New York Academy of Medicine, urging amendments to Volstead Act; to the Committee on the Judiciary.

368. By Mr. PERSON: Petition of 52 citizens of Detroit, Mich., favoring the enactment of legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

369. Also, resolution of city commission of Ferndale, Mich., recommending the enactment of House bill 5090, Seventy-second Congress, first session, to create Federal home-loan-discount banks; to the Committee on Banking and Currency.

370. By Mr. RUDD: Petition of International Beauty & Barbers Supply Dealers Association, of New York City, favoring the passage of House bill 5495 to amend section 217 of the penal laws of the United States; to the Committee on the Judiciary.

371. By Mr. SEIBERLING: Petition of Goodyear Industrial Assembly, Goodyear Tire & Rubber Co., Akron, Ohio, in behalf of 6-hour working day; to the Committee on Labor.

372. By Mr. SEGER: Petition of the Federal Bar Association, of New York, New Jersey, and Connecticut, urging the passage of the bill to create an additional permanent judgeship in the district of New Jersey; to the Committee on the Judiciary.

373. By Mr. SINCLAIR: Petition of Minot Association of Commerce and Charles Ordway and 39 others of Bucyrus, N. Dak., and vicinity, protesting against increased taxes on automobiles, accessories, and parts; to the Committee on Ways and Means.

374. By Mr. SWANK: Petition of Alice M. David, president Federation Woman's Christian Temperance Union, Oklahoma City, Okla., opposing repeal of prohibition laws; to the Committee on the Judiciary.

375. By Mr. SWEENEY: Petition emphatically protesting against the removal of Station C from Hudson and Thirtieth Streets to Washington and Christopher Streets, New York City; to the Committee on the Post Office and Post Roads.

## SENATE

WEDNESDAY, JANUARY 13, 1932

(Legislative day of Thursday, January 7, 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	Cutting	Jones	Robinson, Ind.
Austin	Dale	Kean	Schall
Bailey	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shortridge
Barkley	Dill	King	Smith
Bingham	Fess	La Follette	Steinwer
Black	Fletcher	Logan	Thomas, Idaho
Blaine	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Townsend
Bratton	Glenn	McNary	Trammell
Brookhart	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Morrison	Vandenberg
Bulow	Hale	Moses	Wagner
Byrnes	Harris	Neely	Walcott
Capper	Harrison	Norbeck	Walsh, Mass.
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hawes	Nye	Waterman
Connally	Hayden	Oddie	Watson
Coolidge	Hebert	Patterson	Wheeler
Copeland	Howell	Pittman	White
Costigan	Hull	Reed	
Couzens	Johnson	Robinson, Ark.	

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.

Mr. LA FOLLETTE. I was requested to announce the unavoidable absence on account of illness of the senior Senator from Minnesota [Mr. SHIPSTEAD].

Mr. TOWNSEND. I desire to announce the necessary absence of the senior Senator from Delaware [Mr. HASTINGS]. I ask that this announcement may stand for the day.

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

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Woman's Civic League of Pasadena, Calif., favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Wisconsin State Council of Carpenters, at Racine, Wis., favoring an investigation of the Federal Radio Commission and also the making of provision for increased broadcasting facilities for organized labor, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a communication from the West Texas Chamber of Commerce, of Stamford, Tex., favoring the Federal control of interstate gas lines, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate resolutions adopted by the Merchant Tailors' Society of the City of New York, N. Y., protesting against proposed increases in rates on certain classes of commercial mail matter, which were referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate resolutions adopted by the Georgetown Citizens' Association of the District of Columbia, protesting against proposed reductions in the salaries of Federal employees, which were referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the Georgetown Citizens' Association of the District of Columbia, expressing its disapproval of the principles contained in the report of the Select Committee on Fiscal Relations of the District of Columbia (of the House of Representatives) on the ground that many inequities are involved therein, that the evident intent of the legislation is to abrogate or repeal the provisions of the organic act for the District of Columbia relative to the cost of maintaining the National Capital, and urging, before any action is taken thereon, that full and open hearings be held in order that the citizens and organizations of the District of Columbia may have an opportunity to substantiate their claims relative to the proposed tax program for the District, which were referred to the Committee on the District of Columbia.

Mr. ROBINSON of Indiana presented a petition of sundry citizens of Sharpville, Ind., praying for the maintenance

of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by the Northport (N. Y.) Rotary Club, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

#### PAYMENT OF ADJUSTED-COMPENSATION CERTIFICATES

Mr. COPELAND. Mr. President, I ask that a communication addressed to me from the Veterans of Foreign Wars at Catskill in my State may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the communication was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CATSKILL, N. Y., January 6, 1932.

HON. ROYAL S. COPELAND,

United States Senator,

Washington, D. C.

DEAR SIR: At a regular meeting held at Catskill, N. Y., on December 15, Sullivan-Teator Post, No. 770, Veterans of Foreign Wars (Inc.), adopted the following resolution:

"It is hereby resolved, That Sullivan-Teator Post, No. 770, Veterans of Foreign Wars (Inc.) of the United States of America, is in favor of the payment to all veterans and persons entitled thereto of the whole amount due on adjusted-compensation certificates, and that a copy of this resolution be sent to HARCOURT J. PRATT, Member of Congress; ROYAL S. COPELAND, United States Senator; and ROBERT F. WAGNER, United States Senator."

Would you be so kind as to use your support in behalf of our organization and other posts, who have adopted a similar resolution for the purpose of having full payments made on the adjusted-compensation certificates issued to veterans who served in the late World War?

Thanking you for your cooperation and interest in our behalf, we are

Respectfully yours,

SULLIVAN-TEATOR POST, No. 770,

VETERANS OF FOREIGN WARS (INC.),

DEWEY TIPPINS, Commander.

#### SHORT SELLING

Mr. CAPPER. Mr. President, I have a resolution, Senate Resolution 93, pending before the Committee on Banking and Currency which provides for an investigation of short selling and other practices on the stock exchanges of the country, with a view of determining whether Federal legislation to regulate the exchanges is necessary and in the public interest.

There is a general feeling throughout the country, in which I share, that purely speculative short selling as permitted on the exchanges is responsible in large measure for the severity and prolongation of the depression; that the practices of the exchanges are inimical to the public interest.

The practice of permitting brokers to lend the securities of their customers to the short sellers for the express purpose of depressing the market value of those securities I regard as particularly vicious. My information is that this is a common and recognized practice. To my mind this practice amounts to a breach of trust and should be prohibited. I also have a measure pending in the same committee to attain this end. I realize that this committee is carrying a heavy load this session; but I do hope that early action can be taken on these measures in the interest of the general welfare.

Mr. President, I ask unanimous consent that Senate Resolution 93 be printed in the RECORD, and also certain editorials from the Kansas City Star and other leading newspapers commenting pro and con on the subject matter of the resolution.

There being no objection, the resolution, Senate Resolution 93, submitted by Mr. CAPPER on the 15th ultimo, and the editorials referred to were ordered to be printed in the RECORD, as follows:

#### Senate Resolution 93

Whereas a high percentage of the commerce among the several States and with foreign nations is carried on by corporations whose stocks, bonds, and/or other securities are listed and/or dealt in upon stock exchanges, such as the New York Stock Exchange, which are voluntary associations governed only by regulations made by their members whose profits come chiefly from commissions on sales and purchases on such stock exchanges; and

Whereas the market value of the stocks, bonds, and/or other securities so listed and/or dealt in has an important, close,



and direct relation to and effect upon the whole business of this country, and use is made of the Postal Service and of the various instrumentalities of commerce among the several States and with foreign nations in the purchase and sale of such stocks, bonds, and/or other securities on such stock exchanges and in the circulation of information with respect thereto; and

Whereas in the fall of 1929 a tremendous break in the market value of such stocks, bonds, and other securities inaugurated a widespread depression in this country, which has since continued and which has caused, and is causing, immense demoralization, stagnation, unemployment, loss and suffering of all kinds of commerce and among people in every walk of life; and

Whereas according to accredited statistics, notwithstanding the previous declines in security values during the period already covered by the depression, there occurred (a) in the months of March, April, and May, 1931, a progressive decrease which aggregated \$14,520,780,805 in the market value of the common and preferred stocks listed on the New York Stock Exchange alone, and (b) in the single month of September, 1931, there occurred a decrease of \$12,259,988,669 in the market value of the common and preferred stocks and of \$4,207,526,124 in the market value of the bonds listed on the New York Stock Exchange alone, and during said month of September total failures were the highest and bank failures the second highest for all time, and the foundations of our financial structure seemed threatened; and

Whereas according to a public address made by Mr. Richard Whitney, president of the New York Stock Exchange, the short sales of the stocks listed on that exchange reached a peak of 5,589,700 shares on May 25, 1931, and again reached a peak of 4,480,000 shares on September 11, 1931; and

Whereas it is charged, and there is reason to believe, that the unnecessary short selling of securities on the various stock exchanges has contributed to the prolongation and intensification of the depression, in which view such important organizations as the Chamber of Commerce of the United States and the American Bankers Association, through their appropriate committees, have expressed concurrence; and

Whereas in view of the foregoing facts it is essential that there should be a full investigation of all matters pertaining to the short selling of securities on the various stock exchanges, followed by the adoption of such regulatory measures as may be found to be warranted: Therefore be it

**Resolved**, That the Committee on Banking and Currency of the Senate, or any duly authorized subcommittee thereof, is hereby authorized and directed to investigate and ascertain fully and in detail, (1) the short selling of stocks, bonds, and/or other securities which has occurred on the various stock exchanges, or by or through the members or stockholders thereof and the brokers and traders thereon, during the years 1929, 1930, and 1931, (2) the borrowing and lending of stocks, bonds, and/or other securities that has taken place for that purpose, (3) what persons, firms, associations, or corporations have participated in such short selling, borrowing, and/or lending, and in what securities and what amounts, either alone or in conjunction with others, (4) the practices, rules, regulations, and course of conduct of such exchanges, members, brokers, and traders with respect to such short selling, borrowing, and lending, and (5) the causes and methods of such short selling, borrowing, and lending, and the effect of such short selling on security values, on commodity values, and on the various businesses of the country. The committee shall report to the Senate as soon as practicable the results of such investigation and shall include in its report such recommendations for remedial legislation as it deems to be necessary from the facts ascertained by such investigation.

The Secretary of the Treasury, the Comptroller of the Currency, the Federal Reserve Board, and the Federal Trade Commission are hereby requested to place at the service of the committee, or any duly authorized subcommittee thereof, such data and records, and to procure from time to time such information within their control, and to detail such assistants in connection with such investigation, as the committee or subcommittee may from time to time request.

As used in this resolution—(1) the term "stock exchange" means any place, board, or market, however created, organized, or conducted, where stocks, bonds, and/or other securities of corporations are bought and sold or offered for purchase and sale by owners or customers in person, or by or through stockholders or members of any such place, board, or market, or brokers or traders acting on their behalf, and (2) the term "short selling" means any sale of a share of stock, bond, and/or other security in consummation of which there is delivered by or on behalf of the seller any stock, bond, and/or security not bona fide owned by such seller at the time of making such sale.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions and recesses of the Seventy-second and succeeding Congresses; to employ such experts and accountants, and clerical, stenographic, and other assistants; to require by subpoena 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 to 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 \$——, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

[From the Kansas City (Mo.) Times]

#### NEEDED FACTS ON SHORT SELLING

Senator CAPPER, of Kansas, is confident of a Senate investigation of short selling which will reveal the identity of bear operators on the market and "their daily holdings, as well as the name of the stocks involved." This, it will be noted, is fuller information than recently was made public by the president of the New York exchange, who sought to minimize the influence of the practice by showing that the volume of short selling had averaged only 5 per cent of daily market transactions. The point has been made that while the average might be low the short selling of any one stock or group of securities might be so large as to determine the course of the whole market. There is cited the example of United States Steel, a "market leader," in which there recently was a short interest of 24 per cent on a single day.

A rather generally skeptical attitude on short selling will not be dissipated until a disinterested inquiry establishes the point as to whether there is not mischievous manipulation of market prices that is detrimental to the interests of security holders and to business sentiment. That would go for unwarranted activity on the long as on the short side. The one at times may be as pernicious as the other. Reported "pool operations" on this or that strategic security or commodity too often arouse suspicion and tend to undermine public confidence in the market. In the absence of all the facts no arbitrary position on short selling or related practices would be justified. Few, if any, members of the public are in position to say whether short selling, as ordinarily indulged, is legitimate and necessary or otherwise. A competently directed inquiry could bring out the needed information. That is the point at issue just now.

[From the Kansas City (Mo.) Star]

#### SHORT SELLING AND BEAR RAIDING

The average person will have difficulty catching the nice distinction between "bear raiding" and short selling which is made by the president of the New York Stock Exchange. The president, Richard Whitney, explains that the two practices commonly are identified in the public mind, but says they are different. "Every man who has sold short is a potential buyer of securities," it is said, and the practice thus becomes a "source of great stability to a market," but the person who sells short in large volume with the hope of depressing the price "is abusing the legitimate practice of short selling," an abuse which the exchange condemns and seeks to prevent.

But it is difficult to establish the motive in such a case. Obviously, the seller is not going to reveal the hope that is in his mind, a hope for the only possible market movement by which he can profit. He is concerned only with a market decline, and, for his purposes, the bigger the better. Naturally, the term "bear raiding" is disliked. But the short seller of securities, whether in large or small volume, sells something he does not possess and does not expect to possess, except at a lower figure. Regardless of his deliberate purpose and whether or not he is a member of a group, his action, so far as he is concerned, is designed to have but one effect, to depress the market. That may still be short selling and not bear raiding. But a crabapple is just as sour by any other name.

[From the Plainfield (N. J.) Courier News]

#### SHOULD BAR SHORT SELLING

The stock market, which means primarily the New York Stock Exchange, is maintained for buying and selling securities.

But under the rules of the stock exchange it is possible for a speculator to sell stocks which he does not own.

This is short selling. In a time of depression and uncertainty it can be and is one of the greatest influences in forcing shares below the level their earnings and reasonable prospects warrant.

This does a great deal of harm. It reduces the value of collateral which men engaged in legitimate business have pledged with banks. It runs counter to all the efforts which are being made to restore confidence, to promote revival of business, to encourage new undertakings and the spirit of enterprise.

Those who sell stocks short are usually shrewd professional speculators. They are in close touch with market conditions and are quick to sense the opportunity to cause a break. They borrow stocks from brokers to make deliveries, and when the public has been forced or frightened into selling "cover" their short sales and gather in profits.

If short selling helped to check the course of a big stock-market "boom," it might have its value. But that is not the time when the short sellers operate. They hover about the market like vultures, and when a bad situation develops jump in with a flood of short sales and make it far worse.

On September 21 the governors of the New York Stock Exchange forbade short selling, using these words: "Short selling during the present emergency would tend to bring about a condition of demoralization in which prices would not fairly reflect values."

But within 48 hours the ban was lifted. Why? Was it because the brokers wanted to get the commissions on short sales?

You can't sell a piece of real estate that doesn't belong to you without committing a crime. Why should selling stocks that the seller does not own be other than a crime?



If the New York Stock Exchange does not take some decisive action soon, it will hear from the Nation in no uncertain tones. The exchange is supposed to be an aid to business, not a threat.

Short selling is an evil, an injury to the country, an effort to make profits by breaking down confidence in the value of securities. It should not, and we believe will not, be permitted to continue unchecked in these times of stress.

[From the Wheeling (W. Va.) Register]

#### WALL STREET PROBE

Searching inquiry into short selling with the purpose of identifying the leading bear operators in the stock and commodity markets is almost certain to be instituted by Congress, according to reports from Washington. It is said that Wall Street is even resigned to a legislative investigation with possible restrictive measures designed to discourage or stop short selling. But the prospect of an inquiry which will expose the identity and full activities of the individual traders who have sold the markets short must come as a real shock to America's national gambling resort. It is hinted that the plan to extend the investigation to such sweeping scope will be vigorously resisted, but the present Congress is not one likely to be intimidated. And there is little question of the power of a properly constituted congressional committee to enforce its demands in this matter.

The American people—not a mere majority of them but en masse—will unquestionably agree with the necessity for checking the depression profiteers who have been inflicting incalculable loss and injury on the business and industry of the country. And their names should be broadcast just as their destructive practices should be brought to an end, except in those few cases of legitimate protective transactions.

Senator ARTHUR CAPPER, of Kansas, declares that the short-selling gamblers of the Chicago Board of Trade have done more to ruin and depress American agriculture than any other influence. And when a man with a big-business complex, such as President Hoover's, says the same thing in effect of Wall Street in connection with the banking and industrial situation, little doubt is left on the pressing importance of this question.

Mammon has been served too long at the expense of a suffering public. It is time to put the welfare of 125,000,000 citizens above the skin games of the stock-market plunderers.

[From the St. Joseph (Mo.) News-Press]

#### HALTING THE MARKET RAIDERS

We are opposed to any extension of governmental interference in legitimate business, but can the "bear raids" on security values in the New York Stock Exchange be considered legitimate business? The term "gambling" has been applied to the practice, and not unjustly. And when the "shorts" undertake to depress prices below actual values, they are gambling with depression and distress and the effect of it all is to retard business recovery. So we are disposed to applaud Senator CAPPER, of Kansas, and to wish him well in his efforts to curb the abuse by law.

For a while, a few months ago, there was reason to hope that the stock exchange and its various adjuncts and dependencies would save Congress the trouble by putting their own house in order. A brokerage house issued a statement to the effect that, in times like these, short selling in the form of raids is "immoral and unwarranted." It was convinced that selling of this type should be prohibited, if not by a stock-exchange ruling then by a refusal of brokerage houses to lend their customers' securities unless expressly ordered to do so. "We shall not lend the stock of our customers," the statement added, "to anyone whose purpose it is to sell that stock short and so depress the value of our customers' property."

A very wholesome sentiment, but not popular in the Wall Street jungle. Other brokerage houses, unwilling to forego temporary profits, refused to catch step and the reform movement died aborning.

Whatever may be the merits or demerits of short selling in normal times, at a time like this it should be drastically restrained. The stock market is the Nation's principal barometer of business. As fast as business has put up its head in recent week the "shorts" have knocked it over. Raids carried on by a few powerful professional operators in Wall Street are retarding the return of normal conditions by keeping the stock market aflutter and the Nation uneasy.

So Congress should take a hand. If the law can stop a game of craps in a back alley, a game that injures no one save the players themselves, it should be able to stop the greedy gang of gamblers whose manipulations injury 124,000,000 people.

[From the St. Louis Star]

#### MORE ABOUT SHORT SELLING

All the theoretical defenses of short selling made by President Whitney, of the New York Stock Exchange, and other defenders of the practice don't offset the practical action of one old-established brokerage house which has announced that it will no longer loan stocks to short sellers without specific authority from the owners of the stocks. What moral right has any brokerage house to loan a stock it does not own, to be sold by the borrower, when that stock has been entrusted to its care?

It is undoubtedly true that short selling, with the resulting obligation to buy back in order to "cover" a short sale, provides a readier market for stocks and causes artificial upturns in a falling market. But it is also responsible for the flood of rumors and bear propaganda used to beat security values downward. Thus, it weakens the very market it helps create. Mr. Whitney thinks the abuses of short selling should be controlled, and its values retained. What specific plan has he to eliminate the hammering of values which is its chief abuse? And how much short selling would there be if the persons who borrow, sell, and deliver stocks they do not own had to borrow them from the owner instead of from the owner's broker?

[From the Christian Science Monitor]

#### SHORT SELLING

Short selling has come into the limelight again. The facts that various defenses of this proceeding have not silenced criticism, that the French Bourse has placed strict limitations on it, that a committee of the United States Chamber of Commerce urges regulation of it, that various Congressmen are planning restrictive legislation, that a prominent New York brokerage firm refuses to lend to shorts, and that Mr. Richard Whitney, president of the New York Stock Exchange, last week thought it necessary to issue a justification of the practice—these developments indubitably bring up the need for weighing the value of such an economic device.

Mr. Whitney's defense does not seem holeproof. He lists only two uses of the short sale: It is a brake on price inflation; it is a cushion to halt or soften declines. Time has amply proved that short selling is effective in doing neither. In the long bull market culminating in September, 1929, the short seller was about as efficient in curbing inflation as a cotton string would be in holding back a ship under sail. In the subsequent bear market of over two years, during which prices have crashed below intrinsic values to the detriment of the country, the much-defended short seller has been conspicuous by his ineptitude so far as being of benefit to the price structure. On the contrary, he has held to the selling side at a time when his activity could result only in a destruction of confidence and values. Even the stock exchange, which approves the short sale, had to suspend the practice for two days following Great Britain's abandonment of the gold standard, and during the period stocks rose substantially.

The breakdown of confidence evidenced in the flight from "securities" is a logical result of the unlimited right to sell what one does not own but which can be borrowed. To argue that there should be a free, natural, and open market, and that the law of supply and demand should not be interfered with, is a specious plea. Selling short creates an artificial supply, which, lacking an increased demand, causes a fall in prices. This artificial increase in the supply of securities often creates a dangerous interference with a natural market.

The demand for the restriction of the scope of short selling is growing. Its evils are apparent. If the exchange governors do not produce a remedy, Congress will. The house which refuses to lend its stock to short sellers is an example which may point the way to reform. Let the seller beware!

[From Topeka Capital]

#### CONGRESS INQUIRING INTO SHORT SELLING

In spite of defensive pamphlets, circulars, and books widely circulated to bolster up faith in Wall Street gambling, Congress is set on going into the matter to determine how much merit there actually is in the plea that an exchange can not be a market place with any restrictions upon the right to buy and sell. The particular issue is on the practice of wide-open short selling, both on security and commodity exchanges.

Freedom of the market is a taking phrase, but Congress will look into it in relation to the effect of freedom to anybody to offer for sale what he does not own or possess. Would a market be free for practical purposes if mere betting on prices, which the bulk of short-selling comes to, were outlawed?

If everybody with something to sell is admitted to the market and everybody with means to buy, what more is required to constitute a free market? Why is it necessary to admit persons who swell the supply by merely betting on the price?

There are students of the market in a given commodity or security who base their action on superior advices concerning actual supply and demand, and they bet large sums on their special information. But there are hundreds of thousands of persons induced by come-on wire houses every day to bet with no information whatever, one of the evils growing out of the betting system in the organization of exchanges.

The expert short seller, basing his action on careful study of demand and supply, includes in such investigation only actual supply and demand, not fictitious. If so, why is that not the legitimate market? The American wheat crop has in some single years been sold twenty times over, or every three weeks through the year. That would make the crop several times over as large as it is. But in calculating supply the shrewd short seller does not figure the crop at more than is actually harvested. He does not include fictitious supply. One of the questions before Congress in inquiring into short selling as a pure gambling game is why, if gamblers themselves in estimating supply limit their investigation into the actual production, fictitious supply created only of hot-air



gambling should be included as actual supply by managers of exchanges.

The fictitious has far outrun the reality in the development of gambling on market exchanges. The question of B. C. Forbes, of Forbes Magazine, to President Whitney, of the stock exchange, why the bond market has run all these years with no short selling, and with more stable prices than the stock market, or the grain market, is entitled to a more satisfactory answer than the defenders of unlimited short selling have yet made to it.

[From the South Bend (Ind.) Tribune]

#### SHORT-SELLING ISSUE

The stock market's gyrations in the last six months have provided Congress with another topic for debate. United States Senator ARTHUR CAPPER, of Kansas, contends that "this Congress can not overlook the duty to determine a Federal policy" on short selling. The commodity markets probably will be included in the investigation and discussion, for short selling is a factor in them, too.

The issue has not been materially altered by developments in the stock and commodity markets during the depression. What has happened, particularly in the stock market, is not necessarily condemnatory of short selling. That device has benefited the country in the past. During the depression short selling has been an effective depressant, but those who argue for its abolition on that ground do not give sufficient thought to the possibility that it will be a stimulant in the future.

More stringent regulation of short selling in economic emergencies, as this business depression, seems desirable. That could be accomplished without resort to drastic legislation. Stock and commodity trading technic is subject to regulation by officers and directors of the important exchanges. The traders themselves can curb harmful practices. They have had opportunities to correct short selling conditions during the depression and have failed to use them. By those failures they have weakened their own position in defense of short selling. In effect they have invited more legislative interference.

[From the Buffalo (N. Y.) News]

#### INFORMATION WILL HELP

A resolution to investigate short selling in stock and other markets has been introduced by Senator CAPPER, of Kansas, and apparently it has prospects of nearly unanimous support.

The inquiry, if fairly conducted, should have the effect, at least, of making both the Senators and the public more familiar with the process of short selling, the methods of financing it, and its general effect. In an investigation by the State some years ago the defenders of the practice appear to have had the better of the argument, and it is upheld by many business men who have most intimate knowledge of stock-market operations.

A Senate investigation should not take the form of an attempted prosecution of something condemned in advance, but should undertake to bring out the facts on both sides. By this course existing prejudice against short-selling operations may be removed if they can be shown to be legitimate and helpful to business in general. On the other hand, if the weight of evidence and of informed opinion shows short selling to be harmful, some accurate knowledge will be quite essential in framing corrective legislation. Mere guessing measures, devised for some temporary political effect, are almost certain to work mischief, even when they seek a commendable purpose.

[From the Joliet (Ill.) Herald-News]

#### QUESTIONS ON SHORT SELLING

Assuming the defensive with a congressional investigation of short selling in prospect, the president of the New York Stock Exchange, Richard Whitney, ventures upon a full justification of the practice. In an address at Syracuse, N. Y., Mr. Whitney finds short selling "an economic necessity in a free and open market." He cites figures to show that the volume of short selling on the exchange has been so small recently that it could not possibly have determined the course of security prices. The layman hardly is in position to cite any figures to the contrary. He can understand, too, why an exchange official should be inclined to enter a wholesale defense of the practice. It helps to create business for the market and the brokers, and back of it is a long tradition.

But the mind of the average layman is filled with questions. It is probable that he will insist upon an answer, that Congress will insist upon it, without, it is hoped, wasting a lot of time with the issue. Senator CAPPER believes that Congress is bound to go into the matter because of the current skepticism as to the necessity of short selling and a popular belief that it has been a potent factor in the beating down of market securities, thereby contributing to a prolongation of business uncertainty. Those are questions that ought, if possible, to be answered. Again, it ought to be explained why exchange authorities themselves have sought, at various times in recent months, to restrict short selling. If the practice is necessary and sound, why any restriction? Further, is not the exchange president ignoring the rather broad and obvious distinction that the person who sells short (what he does not possess) can have only the purpose, interest, and hope of a lower market, whereas the person who simply liquidates a security that he does possess merely is fearful that the market may be lower?

The public is interested in Mr. Whitney's view, but, quite naturally, it would like to hear the other side of the issue. A thorough, competently directed, and disinterested inquiry could afford the hearing. Surely no exchange official or other reasonable person could object to that.

[From the Williamsport (Pa.) Gazette-Bulletin]

#### TO STOP STOCK GAMBLING

A searching inquiry into short selling and bear raiding on the stock and grain exchanges is predicted by Senator CAPPER, of Kansas, who has introduced four bills designed to put a crimp in market gambling.

One bill would place the stock exchanges under a degree of regulation by the Federal Trade Commission. Another levies a flat 25 per cent tax on all short sales on the stock exchanges, while a third levies a similar tax on short sales on the grain exchanges. The Kansas Senator has also reintroduced a measure to regulate trading in futures on the grain exchanges.

In brief, the Capper measures declare trading in stocks is invested with a public interest and should be given full publicity through reports to the Federal Trade Commission; also, that ownership and interest in all stocks sold on margin should be made public.

Senator CAPPER has been fighting grain gambling on the grain exchanges for years, believing that the losses on the exchanges are, in the long run, paid by the growers and consumers of grain; also, that next to meeting the cost of the World War, the greatest single cause of the depression was the stock-gambling craze that followed the war and ran to unprecedented extremes, culminating in the market crash of October, 1929.

It will be interesting to see how Congress will react to this legislation, proposed for the protection of the public from the evils of short selling and other stock and grain market practices which have invited nation-wide criticism.

[From the Jackson (Miss.) News]

#### MEASURES OF MERIT

Senator ARTHUR CAPPER, of Kansas, has a bill pending in Congress to prevent the short selling of commodities by the Chicago Board of Trade.

A similar measure is pending to prevent the short selling of stocks by the New York Stock Exchange.

Both are measures of merit, especially the first-named.

If a person sells short bank shares he does not own he is ushered into the penitentiary.

If a person sells short several bushels of wheat or corn he does not own and is successful in the deal he buys himself a palace, a flock of automobiles, and goes joy riding.

There is no logic in this—no reason why one offender should wear stripes and the other be clad in purple and fine linen.

Selling the market short is gambling, pure and simple, regardless of the respectability of the person engaging therein. Furthermore, in the long run, he is certain to lose. The odds against him are even greater than in poker, roulette, faro, craps, keno, chuck-a-luck, or any other professional game.

One of the greatest jobs ahead of Congress is cleaning up the nests of gamblers who have directly brought about existing economic conditions.

A verse in Ephesians seems to appropriately describe the victims of these financial pirates: " \* \* \* children, tossed to and fro, and carried about with every wind of doctrine (erroneous statements) by slight of men and cunning craftiness, whereby they lay in wait to deceive."

[From the Buffalo Times]

#### A SHORT-SELLING SYMPTOM

Until the New York stock market suspends short trading, the Buffalo Times has thrown Wall Street market news off the front page.

We refuse to be a party to the paralyzing of American business by unprincipled bear raiders who pound stock quotations down for their own benefit.

The stock market was no barometer of business in 1929. Business was sick then, and the market didn't know it.

We refuse to believe that it knows any more in 1931. Business may be sick, but it can't be as sick as the stock quotations.

The howling dervishes of Wall Street are scaring the country to death. Thousands of American business men read what the market is doing, go out and cancel a couple of orders, and fire the assistant bookkeeper.

If the stock exchange doesn't put its own house in order, it will probably have Senator JIM WATSON and Congress on its neck.

We favor the exchange doing its own job. We would hate to see Congress taking a hand in the mess.

Meanwhile, this newspaper will not be a party to the stock market's panicking the country.

Those who must know what is happening on the market can thumb their way back to the financial pages.

The market can crawl down cellar and pull the cellar in after it, but until further notice stock news is off the front page of the Buffalo Times.

[From the Washington Herald]

The apprehension which pervades Wall Street is in some measure due, I rather suspect, to the prospect that congressional



probers may spread before the public a full record of the short selling indulged in by gentlemen occupying very high places.

I understand that Washington has already called for and received from the stock exchange governors complete data covering short sales and names of short sellers. Revelations of the extent of short selling by certain individuals doubtless would create a first-class sensation. And it is extremely doubtful that the public would regard these short sales with the same commendation as has been voiced by the stock exchange officials.

The writer still believes that the stock exchange should bow to the public's will to the extent of experimenting with a ban on short selling during these panicky days in Wall Street. If the consequences were palpably more hurtful than helpful, then carefully restricted short selling could be again permitted. That course I urged, upon President Whitney last week, but he was unable to see merit, and could see only danger, in the proposal.

The writer would share the financial world's uneasiness were short selling totally prohibited by statute. The delicate short-selling problem could be handled better and needed action taken more promptly by the stock-exchange governors themselves had they adequate understanding of the public's attitude and the will to respond thereto.

[From the Topeka Capital]

#### HOW CONSTRUCTIVE IS GAMBLING?

An address by the president of the New York Stock Exchange is being circulated defending short selling, both of securities and commodities. Defenders of short selling may be granted sincerity, but when they declare, as in this case, that it is only what is done in every business every day, and undertake to illustrate how it is done every day, their illustrations fall short of being convincing. In this speech the writer says that short selling is no more than what the contractor does, for example, who bids for a building contract, offering to find and provide the materials, although he does not own them. And so in other lines of business.

It is becoming a serious question whether overemphasis in this country on gambling and security owning and the vast machinery devoted to these interests as well as the enormous publicity devoted to exploiting them if carried to such lengths as seem likely will not undermine constructive work. In 1929 legitimate constructive business was starved of capital because of the requirements of gambling. All the machinery of finance is more profoundly concerned in paying dividends to owners of securities than in enabling the farmer, for instance, to live in producing the world's daily bread. The overemphasis on relatively minor things does injustice to major things.

Following this idea there is a difference ultimately between the contractor and the short-sales gambler, either in securities or commodities, in the fact that, when the short seller completes the transaction he does nothing. But when the contractor gets the contract, he builds a factory, or a business structure, or a school, or a home. His work is constructive. We don't know how much gambling, in drawing on capital, had to do with the collapse of the building business, but it was a likely factor.

The process itself of selling in enormous quantities things the seller does not own, for no purpose but to drive down the price, often does much damage, as even some stock speculators are now admitting, in a business depression. It is worth while to consider what the process is.

In the grain pit or the stock pit the seller does not go out to sell at a price. He holds up his hand and offers to sell a million bushels of wheat at 80 cents or a thousand shares of stock at \$50. There is no sale. Nobody takes up the offer. He then lowers his price to 79 cents for wheat or \$49 for stock and keeps selling the price down until it is met by some buyer. Meantime he has driven down the price, created a new price for real things—not because he has anything to sell but because no other gambler is ready to buy. This is exactly the reverse of any kind of bidding by owners with something to sell.

Aside from these features of selling short there is the fact that more commodities are sold than are in existence. The building contractor will not bid on a contract when he doesn't know where he can get the materials, but the commodity gamblers offer to sell more wheat, for example, than exists. There is no phantom supply of building materials created out of the air by gamblers.

[From the Grafton (W. Va.) Sentinel]

#### LEGALIZED GAMBLING

Senator CAPPER, calling upon the Government to "step in and stop the vicious and menacing gambling in stocks and commodities which goes on in our great markets," announces he will introduce at the next session of Congress a bill designed "to regulate both grain and security exchanges and curb short selling and all forms of vicious market gambling, whether up or down."

The Kansan uses some strong language in his denunciation of this "legalized gambling." For example:

"The country's great exchanges, as they have been conducted, are chiefly large centers for a colossal gambling game. \* \* \* For years the gamblers have dominated and monopolized these exchanges that are supposed to reflect the true condition of supply and demand. \* \* \* The leading commodity and stock exchanges we now have in the United States are not markets so much as they are 'rackets,' and the injury that the gambling does that is permitted to go on in them and the loss thereby inflicted annually on business and industry in the United States is beyond all calculation."

If the Senator can by legislation correct these abuses; if he can, in addition, prevent the building up of fictitious values and the demoralizing influence upon individual labor and enterprise which are the inevitable fruit of easy money in the market, he merits the support of every man in Congress. If he can, in short, rescue market trading from frenzied gambling and restore it to a status of sane investment, he will rank among the great benefactors of the age.

[From the Malone (N. Y.) Telegram]

#### WORTH LOOKING INTO

A thoroughgoing investigation into all phases of short selling in the security and commodity markets, with a view to a legislative program that will correct any evils found, will be accomplished by the present Congress, in the opinion of Senator CAPPER, of Kansas.

Short selling was recently defended by President Whitney, of the New York Stock Exchange. There are many persons well informed about financial matters who do not agree with Mr. Whitney. They hold that in the existing unsettled and depressed state of security markets short selling has done much harm, being an active force in making a bad situation worse.

It is now relatively easy to dislodge and force on the market holdings whose owners are hard pressed. Then the bears "cover." In the meantime a new "market" value has been set which does not reflect the real long-term value of the securities.

A congressional inquiry may help in forcing remedy of such evils.

[From the Lexington (Ky.) Leader]

#### REGULATION OF THE STOCK EXCHANGE

Congress will be called upon to consider a number of pieces of legislation designed to put the stock exchange under some sort of regulation. Senator Watson, for one, has insisted that action will have to be taken to prevent a recurrence of the events which battered down prices on the securities market and carried even the soundest stocks down to the bottom, to price levels far below their real worth.

While it is true that short selling and bear raids merely effected a transfer of millions of shares of stock, while all the shares sold were bought and are now in the possession of their owners, it is impossible to deny that the collapse of stock-market prices involved thousands of people in ruin and has had a profound effect upon the psychology of the country deepening and prolonging the depression.

There are those, including the President, who insist that short selling is not an unmitigated evil, that a certain amount of freedom on the market must be maintained, and that the exchanges serve a highly useful and vital purpose in the business life of the Nation.

But there are not many now who do not believe that fresh and more rigid rules regulating the exchanges should be formulated, preferably by members of the exchanges themselves. If this is not done it is certain that the Federal Government will take a hand. Congress seems to have made up its mind to act, and legislation will be offered and debated at the coming session looking toward Government control in some form if traders themselves do not find a way to correct the manifest and admitted abuses which have grown up.

A Lexington man of affairs, in a letter to Senator Watson commending him for the interest he is taking in the problem, calls attention to the fact that the bear raids on the stock exchange, which began in October, 1929, inflicted on 11 great corporations losses aggregating \$50,000,000,000. That is to say, the shares of stock of these corporations fell from the high market of 1929 in that degree, and stand to-day so far below their real worth that those who sell them at such prices are virtually giving them away.

These losses were, in part, paper losses. But they were also real losses for those who had to part with their shares at prices which in the next two or three years will appear incredibly low.

The market has been manipulated. Violence has been done to every rule of reason and even common honesty. Raid after raid has been staged. Short selling has demoralized prices of standard stocks and of gilt-edged industrial and real-estate bonds.

The exchanges should not be tied up with Government red tape, but if they do not make rules which will remedy the grave abuses complained of Congress will undoubtedly establish some sort of regulation over them in the interest of the people as a whole.

[From the Mason City (Iowa) Globe-Gazette]

#### A VIEW OF SHORT SELLING

Interference with the operation of the law of supply and demand is usually disastrous—as we have seen in the case of wheat and cotton, as Britain found out in rubber and Brazil in coffee. No matter how the artificial restraint on prices is applied, the market continues to rise or fall in accordance with the available supply. In some cases the attempted interference seems actually to aggravate the normal fluctuation.

This well-proved law of economics, no doubt, will be appealed to by New York brokers who are opposing the growing movement for prohibiting short selling on the stock market. In a market like the present, with a big bear interest, short selling does indubitably make a lot of business for brokers, who get as much



commission for a transaction on the short as on the long side. So they are naturally in favor, for the most part, of letting things alone. Business is bad enough as it is—that's their natural attitude.

But it should be emphasized that short selling—selling something one doesn't own to force the price down, so that it may be bought later with a profit—is in itself an interference with the law of supply and demand. It is a means of artificially depressing the market, and it can do a lot of harm in the periods in which, for various reasons, the operations of normal economic laws are repressed. Half the business men of the United States read the stock reports daily to keep their fingers on the pulse of business. It is the one great daily barometer of conditions. And when by the selfish activities of short sellers they are given the impression that everything is getting worse day after day, confidence and recovery are much retarded. Eventually the bears, of course, will have to get out of the market or be trapped by the final triumph of the real law of supply and demand. But for months past they have been poisoning the minds of the country's business by creating an artificial distress which is not warranted by any facts in the business picture.

The stock exchange, itself, acknowledges indirectly the evil influence which short selling can exert when opportunity is offered. It did so just the other day, when Britain suspended the gold standard, and drastic rules against short selling were temporarily put in force. A few days later the head of the exchange made public an elaborate argument to prove that short selling was a "cushioning" influence on the market—but the day that a cushion was really needed the stock exchange, as a practical and not theoretical matter, suspended short selling. Actions speak louder than words.

The machinery by which short sales are handled is the loan of stock which brokers hold for their owners—stocks bought for investors or held for margins. It would be relatively simple to forbid the loan of such stocks, or at least to insist that the broker have the consent of the real owner before he lends the stocks as ammunition for a bear drive. But probably absolute prohibition of the practice would be best. Then the seller would be an actual seller, seeking the best price he could get instead of the lowest. And the real law of supply and demand would operate untrammelled.

[From the Poughkeepsie (N. Y.) Eagle News]

#### SENATOR CAPPER'S RESOLUTION

The Capper resolution ought to serve as a warning to those who guide the destinies of the Nation's exchanges. The reason for the demand for statutory action is that those who ought to have regulated short selling properly have failed to do so. By neglecting their obvious responsibilities they have created a situation in which public prejudices, based on incomplete information and inadequate experience, are being turned against processes essential to the conduct of business. The stock exchange and the commodities exchanges ought to lose no time in obviating the necessity for legislation which will be bad for themselves and harmful in the long run to the country.

[From the American Labor Banner]

#### CLOSE THE EXCHANGE

Now the stock exchange. It is objected that to close that outfit would create more unemployment. True, and that must not be. Let there be a 30-day closing, as a trial period, with continued employment.

Would that destroy the market for legitimate sales of values in stocks?

The brokers would remain. The gambling would stop—the feverish, desperate hunt for the bottom of the tub of muck and misery that is now going on and that has been going on for months, to the accompaniment of the operation of market pools and every despicable kind of market rigging and juggling.

Do not interfere with the opportunity to buy and sell, but close the so-called exchange, where those who buy because they want to own are in a trifling minority, and where those who must sell to get money are subjected to as neat a trimming as was ever meted out to desperate and needy persons.

Nobody suffered for want of the stock exchange when it was closed to help win the war to make the world safe for democracy. Nobody will suffer if it is closed for a month to help keep life in democracy, for which the world isn't much safer than it was.

#### AGRICULTURAL RELIEF

Mr. THOMAS of Idaho. Mr. President, I present a letter from Mr. Joseph Kaschmitter, of Cottonwood, Idaho, secretary of the Cottonwood Grain Growers (Inc.), inclosing a copy of resolutions adopted by the Cottonwood Local of the North Pacific Grain Growers (Inc.) at its annual meeting on June 15, 1931. I ask that the letter and resolutions be printed in the RECORD and referred to the Committee on Agriculture and Forestry.

There being no objection, the letter and resolutions were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

COTTONWOOD, IDAHO, December 11, 1931.

HON. JOHN THOMAS,

United States Senate.

DEAR SENATOR THOMAS: We are taking the privilege of writing to you and trust you will bear with us while we try to touch on a few matters of importance to the American farmer and the Nation as a whole.

According to press dispatches of some time ago the American Farm Bureau Federation is sponsoring the equalization fee and the National Grange is advocating the debenture plan and it was precisely on these two plans that we based a resolution which was prepared by us and unanimously adopted by the Cottonwood local branch of the North Pacific Grain Growers (Inc.), Spokane, Wash., at its annual meeting on June 13 and later adopted by the stockholders of the Spokane regional at their annual meeting on June 15.

For your convenience am inclosing a copy of our resolution as adopted by the Spokane regional, and we kindly ask you to read and carefully consider same.

Economic conditions in this country to-day are something awful; the situation has become unbearable, and it is utterly impossible for the American farmer to continue under present conditions; it has become a question of life or death for American agriculture, and it is absolutely necessary that something be done as soon as possible to obtain relief. We wish to repeat, in preparing and introducing our resolution, we did not start a new movement, but rather we based our resolution on what many farmers and farm organizations throughout the United States have advocated and sponsored for years.

We feel that our only salvation lies in the enactment of the equalization fee, the debenture plan, or a similar form of legislation which would enable us farmers in this community and the Pacific Northwest in general to obtain about \$1 per bushel for wheat consumed in the United States, the exportable surplus to be sold for whatever price the world market offers.

Please permit us to illustrate, if possible, in an attempt to make this point clear. For instance: Wheat here has been as low as 25 cents per bushel, or 75 cents less than in our resolution we ask for wheat consumed in this country.

Let us assume that every fifth bushel represents an exportable surplus. This means that 4 of each 5 bushels is consumed in the United States at a price of \$1 per bushel to the Pacific Northwest grower, or a total of \$4 for the 4 bushels. Adding to this the fifth bushel, or exportable surplus, at 25 cents, gives us a total of \$4.25 for the 5 bushels, or an average of 85 cents per bushel to the grower for wheat produced in this section of the United States. By deducting 15 cents per bushel from the basic price of \$1 (per bushel) on wheat consumed in this country we would have four times 15 cents, or 60 cents, to be added or applied to the 25 cents, which would bring the price on exportable surplus also up to 85 cents.

God knows that we are not asking an unreasonable price, for at 85 cents per bushel the Pacific Northwest farmer would not become wealthy; but it would enable him to at least make a living, which is almost impossible under present conditions.

As we understand the equalization fee, it would work out about on such lines as we have just attempted to give.

If, however, instead of one-fifth, the exportable surplus should prove to be one-fourth, or even a greater portion of the total production, then, of course, these figures would vary somewhat and a slightly higher basic price may be necessary, because we should have an average of about 80 or 85 cents per bushel for our entire production.

Whether the legislation enacted be an equalization fee, the debenture plan, or some similar form is, in our opinion, not of such great importance; what we want and absolutely must have is results.

What is of importance, however, is that the farmers and farm organizations unite and agree on some definite plan and give that plan their undivided support.

Various plans have been and are now being advanced to reduce and control production, but with all due regard and respect and in all kindness to the sponsors and friends of these plans we beg to say that, in our opinion, it is very hard to control production to any great extent, for the simple reason that we have no control over the elements and because even to do this it would be necessary to organize and bind the farmers to a definite agreement.

Furthermore, we feel that such a plan would work out on about the same lines as our prohibition law; there would be too much "bootlegging" unless a strict penalty were provided for in the event of violation of the agreement or contract, and if the penalty is provided for, then, in our opinion, the farmer will not sign the contract.

Then we must bear in mind that our taxes, interest, and other overhead expenses must be paid, and if we should reduce production to any great extent, then we must have a correspondingly higher price for that which we do produce and market with probably a higher price to the consumer as a result.

If, on the other hand, we continue to produce as heretofore and attempt to do away with the surplus by feeding the same to hogs or other livestock, then we will simply shift the overproduction from wheat to livestock; the hog and cattle market will be glutted and we will receive nothing for them.

Therefore let us demand relief legislation in the form of the equalization fee, the debenture, or a similar plan.

Let the farmers of America demand their just dues; let us organize and support some plan which promises to give relief;



let us demand passage of either the equalization fee, the debenture plan, or a combination of the two plans; let us raise and strengthen the tariff accordingly so as to keep foreign wheat out of this country, and thus let us get on a different basic market than the present low world market. It is difficult to understand why our wheat market should be based on a low world market and why, in other words, we American farmers should be obliged to pay the freight to Liverpool on all the wheat we market when three-fourths or four-fifths of our production is consumed in our own country. No other industry would ever dream of doing business along such lines. Why, then, should agriculture, the basic industry, continue to do so?

By giving relief to agriculture we will stimulate and help other industries and relieve the unemployment situation; in short, we will help everyone.

We have written to 10 United States Senators from various agricultural States; have mailed to them letters very similar to the one we are writing to you, inclosed in each letter a copy of our resolution as adopted by the Spokane regional, and urgently asked each of these 10 men to do their utmost to have enacted into law such legislation as the resolution calls for.

Received encouraging replies from these Senators, and we sincerely trust that you also may do your utmost to obtain the relief of which the country is in such great need, for as we have already stated, by helping the farmer we will also be helping other industry and thereby relieve the unemployment situation and thus help everyone.

Thanking you for your kind attention and hoping to hear from you in regard to these matters, we are,

Very truly and sincerely yours,

JOSEPH KASCHMITTER,

C. C. FREI,

JOSEPH UHLENKOTT,

*Authors of Resolution and Circular Letter.*

COTTONWOOD GRAIN GROWERS (INC.),

JOSEPH KASCHMITTER, *Secretary.*

COTTONWOOD ELEVATOR CO.,

By JOHN F. HUXOLL, *President.*

J. F. JENNY, *Secretary.*

V. G. LUSTIG, *Vice President.*

JOSEPH UHLENKOTT, *Director.*

To the stockholders of the North Pacific Grain Growers (Inc.),  
Spokane, Wash.:

The Cottonwood, Idaho, branch of the North Pacific Grain Growers (Inc.) submits to you for careful consideration the following:

Whereas American agriculture finds itself in a most deplorable condition; and

Whereas we feel that a desperate effort should be made to obtain relief from a condition which is constantly becoming more and more unendurable: Therefore

We respectfully ask that the Spokane regional inaugurate a movement, solicit the support and cooperation of the other regionals throughout the country, and, together with them and the national headquarters of the Federal Farm Board, strive earnestly to have enacted into law at the earliest possible time the McNary-Haugen bill, the debenture plan, or a similar form of legislation which would enable the American farmer to meet his obligations and in time pay off some of his indebtedness. As a means to that end we ask that the Spokane regional communicate with and (or) meet with other regionals and map out a plan of action on the basis that the Pacific Northwest farmer should receive at least \$1 per bushel for wheat consumed in the United States, and on the exportable surplus would take whatever price the world market offers.

We also ask that the secretaries of the different regionals send out to the locals in their respective districts forms of petition to be signed by farmers throughout the country, such petitions asking Congress to enact such legislation, thereby granting to agriculture the relief of which it is so greatly in need, and thus placing agriculture on a parity with other industries.

Agriculture is the basic industry of our country, and with agriculture bankrupt all other industrial activity positively must cease and labor be thrown out of employment.

Therefore, since the welfare and interests of agriculture and labor are so closely connected and interwoven, we also ask that the support of labor and labor leaders be solicited to the cause, so that prosperity at the earliest possible moment may be given to the people.

The above resolution was unanimously adopted by the Cottonwood local of the North Pacific Grain Growers (Inc.) at its annual meeting on Saturday, June 13, 1931.

ADOLPH HINKELMAN, *President.*

FELIX MARTEEN, *Secretary-Treasurer.*

(This resolution was also adopted by the stockholders of the North Pacific Grain Growers (Inc.) (the Spokane regional branch of the Federal Farm Board) at their annual meeting on June 15, 1931.)

#### PRESIDENT HOOVER'S ECONOMIC PROGRAM

Mr. THOMAS of Idaho. Mr. President, I also present a copy of a resolution adopted by the National Wool Growers' Association of Salt Lake City, Utah, on January 11, 1932, which I ask may be printed in the RECORD and lie on the table.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas a world-wide business depression of unusual intensity has existed now for more than two years. Its causes are obscure, but its effects are so obvious as to demand that every government exert its immediate efforts to the enactment of all sound legislation which might be a factor in hastening a return of normal conditions. President Hoover has outlined a program to Congress of constructive legislation which, if speedily enacted into law, should prove of vast benefit to this country by establishing confidence and releasing capital to meet existing emergencies. Among the President's more important recommendations is approval of interallied debt moratorium, creation of Reconstruction Finance Corporation, promoting additional capital for Federal land banks, creation of a Home Discount Corporation, and liberalization of discount facilities of Federal reserve banks.

We note with pleasure the dispatch with which Congress has approved the foreign-debt moratorium, and we most respectfully urge upon Congress that it proceed to the enactment of the balance of the President's economic program with the same dispatch and high-minded and nonpolitical resolution that characterized its action in regard to the debt moratorium.

#### MEMORIAL TO THE COMTE AND ADMIRAL DE GRASSE

Mr. WAGNER. Mr. President, I ask to have printed in the RECORD and referred to the Committee on the Library a resolution adopted by the Sons of the Revolution of the State of New York at the annual meeting of the society held on Friday, December 14, 1931, indorsing the plan for the erection in the city of Washington of a suitable memorial to the Comte and Admiral de Grasse.

There being no objection, the resolution was referred to the Committee on the Library and ordered to be printed in the RECORD, as follows:

Whereas the recent Yorktown sesquicentennial celebration has just begun to call fitting public attention to the debt of the United States toward the Comte and Admiral de Grasse to whom Gen. George Washington wrote the day after the capitulation at Yorktown: "The surrender of York, which has brought so much glory and advantages to the allies, and the honor of which belongs to Your Excellency"; and

Whereas the illustrious leader of the American Revolution renewedly wrote to the Comte and Admiral de Grasse: "Your timely intervention has given to America, independence and liberty"; and

Whereas in 150 years since the splendid victory at Yorktown the United States have nowhere erected to de Grasse monument or memorial of gratitude and have merely recorded his name upon the Yorktown monument; and

Whereas it is being proposed, and with the approval of leading patriotic societies, that in Washington, D. C., an avenue shall be named after the Comte and Admiral de Grasse; and it is further proposed that there be erected, if possible, upon that avenue a fitting memorial to the Comte and Admiral de Grasse, of whom the late Ambassador Myron T. Herrick declared that "on the skill, courage, and devotion of that officer depended the fate of our war of independence"; and

Whereas there was introduced during the second session of the Seventy-first Congress, on May 24, 1930, by the Hon. Roy G. Fitzgerald, of Ohio, in the House of Representatives, a resolution known as House Joint Resolution 347, authorizing an appropriation of \$50,000 for the erection in the city of Washington, D. C., of such a memorial to the Comte de Grasse and also for "A suitable public plot, place, square, circle, boulevard, or street to receive the name de Grasse": Therefore be it

*Resolved, by the Sons of the Revolution in the State of New York, at its annual meeting, 1931.* That the society hereby expresses its approval of the efforts that are making to testify of the national gratitude of the United States for the brilliant services to this country of the Comte and Admiral de Grasse and calls upon the Congress of the United States to erect in the city of Washington, D. C., this proposed de Grasse memorial.

#### AMERICAN CONSERVATION WEEK

Mr. WAGNER. Mr. President, I also request that a resolution adopted by the Educational Conservation Society memorializing Congress to pass Senate Concurrent Resolution 6 and House Concurrent Resolution 10, relating to American conservation week, may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Public Lands and Surveys and ordered to be printed in the RECORD, as follows:

Resolution memorializing Congress to pass the Wagner-Colton (S. Con. Res. 6; H. Con. Res. 10) American conservation week resolution

Whereas there has been introduced and is now pending before the Congress of the United States, introduced in the Senate by Senator ROBERT F. WAGNER, as Senate Concurrent Resolution No. 6, and introduced in the House of Representatives by Congressman



DON B. COLTON, as House Concurrent Resolution No. 10, that certain bill now commonly known as the American conservation week resolution, calling upon the President of the United States to issue each year a proclamation designating the first week in April as American conservation week and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places with ceremonies appropriate to the occasion; and

Whereas the American conservation week resolution was considered by the Senate Committee on Public Lands and Surveys and unanimously reported in the Seventy-first Congress, second session; and

Whereas the American conservation week resolution passed the United States Senate May 29, 1930, but did not come to a vote in the House; and

Whereas the above resolution was sponsored, championed, and supported by the Educational Conservation Society and its American conservation week committee with the assistance of State and National cooperating organizations; and

Whereas the American conservation week committee, consisting of State conservation departments, commissions, State game and fish departments, boards, and commissions, came to be organized originally in order to secure the passage of such a resolution and provide for the observance of such an occasion; and

Whereas schools, churches, museums, and parks, as well as State and National organizations throughout the Nation, have given their whole-hearted approval and indorsement to the American conservation week movement; and

Whereas in this way the people of the United States have expressed their whole-hearted approval and indorsement to this movement: Now, therefore, be it

*Resolved by the Educational Conservation Society, acting in behalf of the American conservation week committee, That the Congress of the United States be memorialized to enact such bill into law and such action be taken before the adjournment of Congress now sitting.*

#### PROPOSED INVESTIGATION OF FEDERAL FARM BOARD

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 42) directing the Committee on Agriculture and Forestry to make an investigation of the activities and operations of the Federal Farm Board, reported it with amendments, submitted a report (No. 84) thereon, and moved that the resolution be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which was agreed to.

#### REPORTS OF THE INDIAN AFFAIRS COMMITTEE

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

S. 2406. An act for the relief of Harvey K. Meyer, and for other purposes (Rept. No. 85);

S. 2408. An act to repeal the act of Congress approved May 31, 1924 (43 Stat. L. 247), entitled "An act to authorize the setting aside of certain tribal land within the Quinaielt Indian Reservation in Washington for lighthouse purposes" (Rept. No. 86); and

S. 2553. An act to reserve certain land on the public domain in Utah for addition to the Skull Valley Indian Reservation (Rept. No. 87).

#### BILLS INTRODUCED

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

By Mr. BORAH:

A bill (S. 2940) granting a pension to Milton Brinegar (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 2942) for the relief of John Potteiger; to the Committee on Claims.

A 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; to the Committee on Military Affairs.

By Mr. HARRIS:

A bill (S. 2944) authorizing and directing the Secretary of War to appoint Master Sergt. Elmer Edward Wilson a warrant officer of the Regular Army; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 2945) authorizing the appointment and retirement as a captain, United States Army, of J. C. Lewis; to the Committee on Military Affairs.

A bill (S. 2946) granting a pension to Joseph B. King;

A bill (S. 2947) granting a pension to Albert R. Meeker; and

A bill (S. 2948) granting an increase of pension to Cad W. Savage (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 2949) relating to the adjustment of claims growing out of cancellation of contracts in the interests of the United States (with an accompanying paper); to the Committee on the Judiciary.

By Mr. HEBERT:

A bill (S. 2950) authorizing the packing of oleomargarine and adulterated butter in tin and other suitable packages; to the Committee on Agriculture and Forestry.

By Mr. SHORTRIDGE:

A bill (S. 2951) for the relief of Alvah Holmes Mitchell; to the Committee on Claims.

A bill (S. 2952) for the relief of Milo Reese; to the Committee on Military Affairs.

A bill (S. 2953) granting a pension to Charles H. Johns; to the Committee on Pensions.

By Mr. GLENN:

A bill (S. 2954) for the relief of Continental Illinois Bank & Trust Co., Harris Trust & Savings Bank, and the Hibernian Banking Association, all of Chicago, Ill.; to the Committee on Claims.

By Mr. WALSH of Massachusetts:

A bill (S. 2955) to amend the World War veterans' act, 1924, as amended; to the Committee on Finance.

A bill (S. 2957) for the relief of Albert Calef Gardner; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 2958) to amend the charter of the Firemen's Insurance Co., of Washington and Georgetown, in the District of Columbia; to the Committee on the District of Columbia.

By Mr. WATSON:

A bill (S. 2959) to create Federal home loan banks, to provide for the supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. SCHALL:

A bill (S. 2960) for the relief of the estate of Anton W. Fischer; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 2961) granting a pension to Mathew S. Holt; to the Committee on Pensions.

By Mr. HAWES:

A bill (S. 2962) for the relief of the estate of John Barry, deceased;

A bill (S. 2963) for the relief of the Mississippi Valley Trust Co., of St. Louis, Mo.;

A bill (S. 2964) for the relief of the Mercantile Bank & Trust Co., formerly Mercantile Trust Co., of St. Louis, Mo.; and

A bill (S. 2965) for the relief of the Jefferson-Gravois Trust Co., St. Louis, Mo.; to the Committee on Claims.

A bill (S. 2966) to authorize the erection of an addition to the United States Veterans' Administration hospital at Jefferson Barracks, Mo.; to the Committee on Finance.

A bill (S. 2967) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; to the Committee on Commerce.

A bill (S. 2968) granting an increase of pension to Thomas A. Heard (with accompanying papers);

A bill (S. 2969) granting an increase of pension to Walter M. Hawkins (with accompanying papers);

A bill (S. 2970) granting an increase of pension to Eliza Rogers (with accompanying papers);

A bill (S. 2971) granting an increase of pension to Susan A. Jones (with accompanying papers);

A bill (S. 2972) granting an increase of pension to Rose B. Hile (with accompanying papers); and

A bill (S. 2973) granting an increase of pension to Salina P. James (with accompanying papers); to the Committee on Pensions.



By Mr. BYRNES:

A bill (S. 2974) for the relief of G. T. Fleming;

A bill (S. 2975) for the relief of C. J. Holliday; and

A bill (S. 2976) for the relief of J. B. Trotter; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2977) for the relief of Harold Bentsen;

A bill (S. 2978) for the relief of Ingvald A. Knudsen; and

A bill (S. 2979) for the relief of Roger O'Hanlon and James Murray; to the Committee on Claims.

A bill (S. 2980) for the adjudication and determination of the claims arising under the extension by the Commissioner of Patents of the patent granted to Frederick G. Ransford and Peter Low as assignees of Marcus P. Norton, No. 25036, August 9, 1859; to the Committee on Post Offices and Post Roads.

By Mr. WHITE:

A bill (S. 2981) to provide more adequately for the maintenance and repatriation of American seamen; to the Committee on Commerce.

#### ARCHITECTURAL SERVICES IN THE DESIGNING AND PLANNING OF PUBLIC BUILDINGS

Mr. WALSH of Massachusetts. Mr. President, at the request of the American Institute of Architects I desire to introduce a bill to direct the Secretary of the Treasury to contract for architectural and engineering services in the designing and planning of public buildings. In connection with the measure I have a statement prepared by the American Institute of Architects. I ask that the bill and the statement may be printed in the *RECORD* and both referred to the Committee on Public Buildings and Grounds.

There being no objection, the bill (S. 2956) to direct the Secretary of the Treasury to contract for architectural and engineering services in the designing and planning of public buildings, was read twice by its title, referred to the Committee on Public Buildings and Grounds, and ordered to be printed in the *RECORD*, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to employ by contract, and at the established rates of compensation, outside professional or technical service of competent persons, firms, or corporations for the architectural and engineering designing and planning of such Federal buildings as are now or may in the future be placed under the jurisdiction of his department without reference to the classification act of 1923, as amended, or to section 3709 of the Revised Statutes of the United States.

Sec. 2. That such employment shall be based at all times on the highest grounds of proven professional ability in order that our Federal architecture may truly represent our national genius and keep pace with the rapid development of the arts of architecture and engineering. Architects or engineers shall not be employed without prior submission to the Secretary of the Treasury of satisfactory evidence of their qualifications and experience.

Sec. 3. That wherever circumstances warrant, such services shall be contracted for by the employment of the ablest architects and engineers resident in the general sections of the country wherein such Federal buildings are to be erected.

Sec. 4. At the discretion of the Secretary of the Treasury, the employment of outside architects or engineers may be omitted in connection with public buildings of a total cost for building and site of not more than \$50,000.

Sec. 5. That all such individuals, firms, or corporations shall render their services subject to the approval and under the direction of the Supervising Architect of the Treasury, whose duty it shall be to act for the Government in all matters regarding sites, the allotment and subdivision of space, the control of technical detail, the letting of contracts, and the supervision of the erection of said Federal buildings.

Sec. 6. Nothing in this act shall be construed to affect the duties of the Supervising Architect of the Treasury in regard to maintenance, alterations, repair, or supervision of either existing or proposed public buildings.

Sec. 7. That the cost of compensation for outside professional or technical services shall be charged to the appropriation for the construction of the building for which such services are rendered.

Sec. 8. All acts or parts of acts inconsistent with the terms of this act are hereby repealed.

The accompanying statement was referred to the Committee on Public Buildings and Grounds and ordered to be printed in the *RECORD*, as follows:

#### STATEMENT BY COMMITTEE ON PUBLIC WORKS OF THE AMERICAN INSTITUTE OF ARCHITECTS

The American Institute of Architects, acting in collaboration with all of the major factors of the building industry, is sponsoring legislation designed to decentralize the Office of the Supervis-

ing Architect of the Treasury. A bill providing for the employment of architects and engineers outside of the Treasury Department, and resident in the different sections of the country where Federal buildings are to be erected, has been introduced into the Seventy-second Congress.

The purpose of this bill is to bring to the service of the Government the ablest professional ability in the Nation. The country is entitled to these services, and the employment of skilled architects and engineers outside of the Federal bureau will inevitably result in the creation of a more vital architecture appropriate to the regions in which Federal buildings are to be erected.

It can not be denied that to restrict the designing of our Federal buildings to a single department, no matter how efficient, must inevitably narrow and stereotype the expression of our architectural ideals. Moreover, we share the belief of a large body of public opinion that the rapid growth of governmental bureaucracy, which we have witnessed during the past few years, should be checked. We oppose the further encroachment of the Government into the field of private initiative. The Government of the United States is no more qualified to design our buildings than to paint our pictures or write our books.

This bill would leave the Office of the Supervising Architect of the Treasury to function solely as a supervising bureau, guarding the interests of the Government in all the practical necessities of its building operations, and retaining its control in regard to the maintenance, alterations, repair, and supervision of all public buildings.

In any emergency such as this speed as well as efficiency must result from the prompt allocation of various projects to architects resident in the general sections in which public buildings are to be built. Moreover, the employment of architects outside the Treasury Department must bring to the service of the Government the abilities of men familiar, not only with local conditions and customs, with climatic factors influencing design, and with regional methods of construction but of men thoroughly conversant with the use of appropriate and economical materials. Thus the practical results of the passage of this bill would be to insure not only vitality of design truly reflecting our national genius but a more diverse use of our national resources and a distinct saving in our building budget.

The validity of these arguments has been recognized by the Office of the Supervising Architect of the Treasury in the contracts already made with architects outside the department. These employments have been made under a permissive clause in the Keyes-Elliott appropriation bills, under which the Federal building program of the Treasury Department is going forward. When these appropriations are exhausted the discretionary power granted the Secretary of the Treasury for the employment of outside architects will lapse. It thus becomes important for the entire building industry and the taxpayers to secure the passage of this legislation now.

The responsibility of the Government for the encouragement of good architecture is without parallel. Its Federal buildings are symbols of its greatness. The elimination from the services of the Government of the knowledge, gifts, and inspiration of all architects, except those confined within the Treasury Building, would reduce our architectural dimensions to those of a single architect's office and limit us to the architectural control of one man, whereas the Government should have at its disposal every bit of architectural ability that the Nation possesses. Architecture is the most far-reaching and ubiquitous of all the arts. By our architecture our civilization will be judged. Building is one of the most important activities in the country, and the beneficial, practical results of this bill will be felt in every quarry, mill, and manufacturing plant of the country.

#### INVESTIGATION OF CONDITIONS IN HONOLULU AND HAWAII

Mr. McKELLAR submitted the following resolution (S. Res. 137), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

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 subpoena 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 RECOGNITION OF RUSSIA (S. DOC. NO. 49)

Mr. BORAH. Mr. President, I have in my hand a pamphlet prepared by Edwin D. Dickinson, professor of law at the University of Michigan, on the subject of recognition, dealing particularly with the situation with reference to Russia. I ask that it may be printed as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

#### THE SILVER QUESTION

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an editorial from the Montana Standard, Butte, Mont., of the 5th instant, entitled "Free Coinage of Silver," and also an editorial from the Wallace (Idaho) Press-Times, of the 6th instant, entitled "A Constructive Move."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Butte (Mont.) Standard of January 5, 1932]

#### FREE COINAGE OF SILVER

With the announcement of Senator WHEELER's plan for revision of our monetary system as an aid to economic rehabilitation by the reestablishment of silver, we may say with new assurance that history repeats itself. It will be 36 years ago this summer that the Nation last contemplated the silver question as part of its monetary program. At the election of 1896 the silver issue was killed, and in 1900 most of the country's "gold bugs" believed they had entombed it. But to-day, with new problems and new blow-holes in our financial system, the question of "free and unlimited coinage of silver in ratio to gold at 16 ounces to 1" has been exhumed and revived. Senator WHEELER, in bringing the silver question in this fashion before the United States Senate, has the approval and support of very many people who believe, as he says, that free coinage of the white metal will solve some of our major economic problems.

Whether we may go the full length with Senator WHEELER in the results he so eloquently predicts will follow unlimited coinage of silver is beside the point. His bill in the Senate may at least have the result of forcing the administration to move in behalf of silver. For more than a year the White House has been besieged with petitions that some concerted action be taken in behalf of the white metal. This pressure is far from representing alone the communities interested in the mining of silver. The desire for remedial action is far deeper than that. The gold standard is entirely too small a foundation rock to accommodate the financial systems of all the nations now seeking to stand on it. The standing room is at such a premium that many economic systems can not endure the pressure.

A year ago there was world-wide demand for an international agreement for the rehabilitation of silver. It was understood then that the administration at Washington was procrastinating on the silver question because some foreign governments interested in silver had served warning that a silver discussion would surely involve the debt question. The debt question has come up anyhow and is a live issue in every national capital. Why an attack upon the silver problem should be longer delayed is a puzzle to many thoughtful people.

Perhaps Senator WHEELER's measure in the Senate will help to bring this question to a point of issue. Perhaps, also, there is a middle ground between silver at 16 to 1 and silver at 70 to 1, a point it reached last summer when it was agreed throughout the world that the debasement of the metal had paralyzed a large part of international commerce and trade, besides impoverishing half the world's people.

[From the Wallace (Idaho) Press Times, January 6, 1932]

#### A CONSTRUCTIVE MOVE

A constructive step of the first magnitude has been made by the introduction by Senator WHEELER (Democrat, Montana) of a bill to remonetize silver.

A companion bill has been introduced in the House by Representative EVANS (Democrat, Montana), thus completing the legislative initiative.

The introduction of these bills sweeps away all the chaff of propaganda and the straw men of international agreements and conferences which have filled the air.

The issue is now clearly drawn. The fight for silver as an equal adjunct with gold in the cause of bimetalism is on.

The cause of silver—meaning its restoration to the statutory parity with gold—is the cause of humanity, nationally and internationally. The interest of the silver miners is the most negligible of all concerned. Amid the discordance and bewilderment in high places, the tremendous loss and damage which has occurred, the suffering and misery of the people, the restoration of silver and thereby the reestablishment of bimetalism stands out not only as a bright particular star of hope but the only procedure which guarantees relief from the present intolerable conditions.

All citizens who are weary of foolishness and failure, all those who have not only their own best interests but those of the country at heart, should fall into line in support of the speedy enactment of this wise legislation.

If you would end the present debacle of misfortune (and the zero hour has not yet been reached) telegraph, telephone, or write your Senators and Representatives to support these bills. The restoration of silver will not be easy. Powerful influences will be matched against it; they are already in evidence:

First, is the administration led by President Hoover.

Second, is the Treasury Department, led by Secretary Mellon and Under Secretary Ogden Mills.

Third, is the powerful banking house of J. P. Morgan & Co., of London, Paris, and New York, at the head of the international clique of bankers.

These latter are almost solely responsible for the present disastrous situation of the United States and a large part of the Continent of Europe. They have undertaken to run the world financially and have failed—dismally.

It is time to shake off their strangle hold and end the era of ruin and disintegration. The case for silver is made.

The single gold standard has utterly failed. Twenty-four nations have now abandoned it. Bimetalism is the only hope of the country and the world.

#### ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

The Senate resumed the consideration of 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.

Mr. BLACK. Mr. President, I send to the desk a memorial from the Legislature of the State of Wisconsin memorializing Congress to enact appropriate legislation to cure present abuses in the Federal land bank system and ask that it be read.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

#### STATE OF WISCONSIN.

Joint resolution memorializing Congress to enact appropriate legislation to cure present abuses in the Federal land-bank system

Whereas when times were prosperous many farmers throughout this State and the Nation borrowed money from the Federal land bank system; and

Whereas because of the depression there now exists such a shrinkage in farm values and such low prices prevail for agricultural products that the vast majority of these farmers are at the mercy of their creditors and are faced with the loss of their homes and farms; and

Whereas there has grown up in the Federal land bank system many abuses, including the policy of refusing to allow any reduction in the loans to farmers who have borrowed conservatively and then foreclosing the mortgages, driving these farmers from their homes, in order that they may be sold to others at prices far below the amount of the mortgage, with high sales commissions to the agents; and

Whereas the greater number of these farmers might save their homes if permitted to have their mortgages reduced to the figure for which these same homes are later sold; and

Whereas the Federal Government has seen fit to reduce foreign debts and grant moratoriums to foreign creditors: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Congress of the United States be requested 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.

Resolved further, That properly attested copies of this resolution be sent to all members of both houses of the Congress of the United States.



*Resolved further, That the chief clerk of the assembly is instructed to procure the printing of 500 extra copies of this resolution.*

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. The question is on the amendment proposed by the Senator from Alabama [Mr. BLACK].

Mr. BLACK. Mr. President, it is not my purpose to delay the Senate for more than five minutes, but on account of some statements that have been made as to the effect of this amendment I consider it very important that a correction should be placed in the RECORD.

In the first place, I am going to modify my amendment in one respect to meet suggestions some Senators have raised. Some have said that if my amendment should be adopted it would be construed by the land banks to limit the use of moneys in their possession for the purposes of granting extensions to \$25,000,000. While I do not think such a construction would be justified or authorized, I wish to add at the end of my amendment this sentence:

The stipulation contained herein is not intended to and shall not be construed to limit the use or application of any of the moneys of the bank for the purpose of the extension herein authorized.

The VICE PRESIDENT. The Senator from Alabama modifies his amendment, and the question is on agreeing to the amendment as modified.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield.

Mr. BORAH. Will the Senator again read the suggested modification of his amendment? It has not as yet been printed, as I understand.

Mr. BLACK. The proposed modification seeks to add at the end of the amendment which I offered on yesterday this language:

The stipulation contained herein is not intended to and shall not be construed to limit the use or application of any of the moneys of the bank for the purpose of the extension herein authorized.

If that be not clear, I should be glad for any Senator who has any question about it to take the suggestion and examine it, the object being specially to set aside a fund of \$25,000,000 to carry out the purposes with reference to extensions, and the modification being intended to instruct the board in administering the law that they are not hereby authorized to reach the conclusion that if more than \$25,000,000 is needed they are prohibited from the use of any other funds for the purpose. I repeat, I should be glad to have any Senators who are interested in the proposition to examine this proposal while I say just a few words on the amendment and try to clear up some of the misconceptions that may have been created. I shall not only be glad but shall appreciate an investigation of the modification I have proposed of my amendment by Senators who are interested in the proposal. I should like to wait for a few moments before offering it until it shall have been examined by other Senators. Then, if they agree that, if adopted, it would accomplish the object sought, I shall ask to modify my amendment by the addition of the words which I have read.

Mr. CAREY. Mr. President, has the amendment of the Senator from Alabama been printed?

Mr. BLACK. The amendment has been printed—

Mr. CAREY. I should like to have a copy of it.

Mr. BLACK. But the modification which I have proposed to my amendment has not been printed because it was drawn up only a few moments ago.

Mr. President, some Senators have, perhaps unintentionally, left the inference with the Senate that this proposal would somewhat weaken the value of Federal land-bank

bonds. Some, it seems to me, have placed an undue emphasis upon the idea of the value of bonds and have underestimated the idea of extending relief to farmers who are caught in the present terrible depression. In so far as my own views are concerned, I am frank to say that as between the bondholders and those who have been injured by the present depression, those who are being driven from their homes, as stated by the memorial of the Wisconsin legislative body, I would decide in favor of those who are compelled to abandon their homes; but, as I see it, there is no conflict and there can possibly be no conflict.

I admit that those connected with the administration of the Federal land banks have taken the position that it is all-important to leave them absolutely unhampered, either by legislative statement or by legislative mandate, so that they may proceed as they see fit, in spite of the terrible hardships under which farmers are now suffering. However, Mr. President, in the first place, \$100,000,000 of Government money is to be added to the assets of the Federal land banks. That is to be given to them with the main objective of stabilizing the value of the bonds. I claim that Federal land bank bonds have not yet descended in value in proportion to other bonds in this country. There is nothing alarming in the statement which was made by Senators on yesterday that the Federal lands bank bonds have sunk to 80. What bonds can be mentioned that have maintained their previous equilibrium? There are none. Here, however, we propose, in the first place, to add \$100,000,000 of assets, unrestricted in the use to which the money is to be applied, for the purpose of improving the values of the Federal land-bank securities for the bondholders.

Now, Mr. President, going a step further, I desire to say this proposal would add \$25,000,000. The Senate committee amendment proposes to add the same \$25,000,000. My amendment does not add a single dollar of appropriation to that which the Senate committee has recommended. The only difference is in the matter of application. My amendment limits the use of the additional \$25,000,000 for the purpose of providing extensions which are authorized under the terms of the bill. It would take the place of funds which must be paid as interest on the bonds.

If these extensions shall not be granted, the bondholders will be injured, in my judgment, by reason of the fact that when to-day the farms of this country are sold no purchasers can be found for anything like a fair valuation of the properties. Many of them will be sold throughout the entire Nation at a value less than the mortgage. I have in my possession at the present time a letter from a citizen of the State of Arkansas who gives to me the figures as to the price at which his farm sold and its actual worth.

When the fees imposed by the sale, towering high, had been added to the amount of his mortgage, the property did not bring the value of the mortgage, and he is liable to-day for an excess judgment.

What benefit does that do to the bondholders. We know the land can not be sold to-day at any fair price. It is impossible, with the present value of the farm lands, to sell the properties, even if the land banks foreclose, for a sufficient amount to take care of the interest on the bonds. But here we provide that in deserving cases where an extension is granted this fund shall be used for the purpose of paying the bondholders; and yet the cry is heard in this Chamber that by providing for payment to the bondholders of the interest on their bonds they are going to be greatly injured and the value of their bonds will depreciate.

We do not take the position that the bondholders are reprobates, as was inferentially suggested by a Senator on the floor yesterday, nor do we take the position that the bondholders are of more value to this country than are the farmers who constitute the backbone of its citizenship. We do not believe that it is right or proper at this time when we are supplying funds to thaw out the frozen assets of the railroads, which have largely been financed by the Government since their very creation, at the same time to antagonize a \$25,000,000 appropriation to take care of extensions for the farmers, when those farmers have always in the



past stood up and paid their debts like good citizens of this Republic. It is not proposed to grant a general moratorium; we do not even suggest \$2,000,000,000 of Government bonds to lend the banks and to lend the railroads and to lend to various other financial institutions; but we do suggest that the Farm Land Board be told, "You have \$25,000,000 which you can utilize in paying the bondholders their interest and for extensions."

It is somewhat surprising that Senators from States where many of the farmers have found themselves at the present time so hemmed in that they can not pay a \$39 installment or a \$40 installment or a \$100 installment should hesitate about granting them extensions in order that the farmers may try to work out their own salvation on their own farms. I ask what logic will support a vote which says that the railroads and the banks are of such vital importance to the warp and woof of our commercial civilization that we must grant them \$2,000,000,000 worth of credit, and balk when it is proposed that \$25,000,000 shall be granted for the benefit of the farmers who feed and clothe the people of this Nation? Has the time come when our country has so far departed from its traditional belief that the farmers of this Nation in the final analysis constitute the background of a conservative citizenship that will maintain our traditions in times of peril and in times of danger that we must subordinate them to the railroads and to the banks?

Let there be no mistake as to the issue involved in this vote. Let it not be thought that the vote can be explained by statements that this is to preserve the bondholders and thus protect the farmers. The bondholders will not be injured by this amendment, but the farmers will be benefited and will be permitted to stay on their farms. In coming days, when, perchance, a different administration may bring about laws which will prevent their paying exorbitant prices exacted by trusts and monopolies created by tariff barons, many of them, under those circumstances, will be able to continue on their farms and pay their debts.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Massachusetts?

Mr. BLACK. I yield to the Senator.

Mr. WALSH of Massachusetts. I think all are agreed that extensions should be granted in case of loans that can not be met by distressed farmers; but I should like to inquire of the Senator whether or not any limit is fixed in his amendment for the extensions. May I have the Senator's views on that aspect of the question?

Mr. BLACK. That is a very pertinent inquiry; and I will say to the Senator that in the bill as it comes from the Senate committee a limit of five years is fixed.

Mr. WALSH of Massachusetts. Is that limitation of five years carried in the Senator's amendment?

Mr. BLACK. My amendment supports that in a way which I shall now explain to the Senator.

Mr. WALSH of Massachusetts. Very good; so that ultimately there will be no difference between the bill as reported by the committee and the amendment offered by the Senator if it should be adopted as to the 5-year limitation?

Mr. BLACK. There will not be a particle of difference. In other words, the bill as it came from the House and the bill as it came from the committee provides for a discretionary right on the part of the farm-land banks for 5-year extensions. The experience of Senators in the farming districts, however, has been such as to lead them to believe—whether justly or unjustly, I can not say—that the administration of the Federal farm-land banks has been a harsh one; that they have unnecessarily foreclosed mortgages.

There are some from my section who take the position that that was necessary because heretofore the law did not provide for extensions. In my own judgment, the law did heretofore authorize extensions, but this law provides for the authorization of extensions; and my amendment has this effect: Out of the \$125,000,000 authorized to be appropriated to the Federal land banks in order to improve their

standing, their financial rating, and to stabilize the value of their bonds and to authorize further extensions of credit, my amendment says that \$25,000,000 shall be impressed as a trust fund for the purpose of replacing the money which the banks would not obtain as a result of granting extensions.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama further yield to the Senator from Massachusetts?

Mr. BLACK. I yield to the Senator.

Mr. WALSH of Massachusetts. In other words, the Senator's amendment seeks to direct the board to a consideration of the advisability of extending these loans, and that the sentiment of the Congress is in favor of that?

Mr. BLACK. Absolutely.

Mr. WALSH of Massachusetts. So that the purpose of setting aside a given part of the fund is to indicate to the board that Congress is sympathetic with that policy of administration?

Mr. BLACK. That is correct.

Mr. ROBINSON of Arkansas and Mr. COSTIGAN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, this debate appears to have proceeded on the theory that the amendment of the Senator from Alabama injects into the bill the question of extensions. That is not correct. That has already been done by the amendment of the committee which appears on page 6, and is comprehended in lines 9 to 18.

Under the terms of the bill there is the implied right and power in the board to make extensions to any amount; but there is no express provision in the bill to set aside any portion of the fund appropriated for the purposes of extension.

Mr. BLACK. That is correct.

Mr. ROBINSON of Arkansas. All that the Senator's amendment does, as I conceive, is to make sure that a part of the large fund carried in the bill shall be devoted to the purposes of extensions and shall be, at least in part, to the benefit of those who are or may become delinquent in their payments. The increase in the bill from \$100,000,000 to \$125,000,000 was intended to accomplish the very same purpose.

Mr. BLACK. That is right.

Mr. ROBINSON of Arkansas. And the only difference that we have been discussing here for a day or two is whether we shall say expressly what we mean, or rest it on implication, as the committee amendment does.

Mr. BLACK. That is correct.

Mr. COSTIGAN and Mr. SHORTRIDGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Colorado.

Mr. COSTIGAN. My judgment is in agreement with that of the Senator from Alabama; but I rise to inquire whether the word "stipulation" in his further amendment is a happy one?

Mr. BLACK. As I stated to the Senate a few moments ago, I shall be glad to have the Senator, with others, go over this proposal of mine to modify the amendment; and when I have completed my remarks I shall then offer the amendment as modified. As yet I have not offered it.

Now, just one other line of discussion.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield to the Senator.

Mr. FLETCHER. On page 2 of the Senator's amendment, the last clause says:

The provisions of section 5 of this act, as amended, except the last sentence thereof, shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph.



Why make that exception? Why put in that provision?

Mr. BLACK. I may say to the Senator, with reference to that, that personally I should prefer not to make it, and at the present time perhaps it should not be made; but I did that at the suggestion of the members of the committee, and I was impressed at that time with the fact that if I offered the amendment in that form it would not receive serious opposition from the members of the committee. Personally, I do not think that exception should apply; and if a proposal is made to strike it out I shall be glad to accede to it.

Mr. FLETCHER. I see no reason at all for it.

Mr. NORRIS. Mr. President—

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

Mr. BLACK. I do.

Mr. NORRIS. I am interrupting the Senator for the purpose of ascertaining whether or not there are one or two errors in the Senator's amendment. I am in favor of the amendment, but I desire to have it in proper form.

The Senator's amendment which I hold in my hand says:

On page 6, line 18, after the word "extension" and the period, insert the following:

In the bill that I have there is no such word on line 18, but it is on line 19

Mr. BLACK. The Senator is correct.

Mr. NORRIS. Then it ought to be inserted on page 6, line 19.

Mr. BLACK. That is correct.

Mr. NORRIS. Now, I want to ask the Senator another question. Farther down in the amendment it says:

It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 5 of this act as amended.

As I have section 5, it has no provision of that kind.

Mr. BLACK. That was corrected on yesterday, and evidently has not been corrected in the committee print.

Mr. NORRIS. Just so it is corrected, all right.

Mr. BLACK. It is section 2.

Mr. NORRIS. That will make it all right. I was unaware that that correction had been made. I suppose the same thing will apply—

Mr. BLACK. May I also call the Senator's attention to the fact that there are two prints, and this amendment referring to line 18 is correct with reference to one of the prints, but it is line 19 in another print; and it will be necessary for me to ascertain which print is being used?

Mr. NORRIS. Then it is important to know from the Chair which print is being considered at the desk.

The VICE PRESIDENT. The Chair will state that line 18 is the correct line in the bill being considered at the desk.

Mr. NORRIS. Then my criticism does not apply. I did not know there were two prints of it.

Mr. SHORTRIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from California?

Mr. BLACK. I do.

Mr. SHORTRIDGE. Do I understand that as the bill was reported the board has the discretionary power to make these advances to the extent of \$25,000,000?

Mr. BLACK. That is correct.

Mr. SHORTRIDGE. The Senator's amendment proposes to make it in a sense mandatory on them to devote that sum for that purpose?

Mr. BLACK. It impresses \$25,000,000 with a trust, in effect, for that purpose.

Mr. SHORTRIDGE. And now the suggested amendment to the Senator's proposed amendment limits the amount that may be so devoted? Is that the effect of the Senator's added amendment?

Mr. BLACK. It has exactly the opposite effect. Some of the Senators thought my amendment might be construed to prohibit the board from using anything in addition to the \$25,000,000.

Mr. SHORTRIDGE. That is exactly what I wish to have understood.

Mr. BLACK. I did not want it to be so construed; and I have drawn up this tentative amendment with the request that those Senators who were interested in it look at it while I am making these remarks, and at the completion of my remarks I shall take it up with them and offer the amendment in the modified form.

Mr. SHORTRIDGE. In other words, the Senator wants to make it in effect mandatory upon the board to use at least \$25,000,000 for the purpose indicated?

Mr. BLACK. I want them to have an overpowering incentive not to thrust people off their property until it is absolutely necessary; and I consider that the incentive will be the fact that here is \$25,000,000 that they must use for that purpose and not for another purpose at this time.

Mr. SHORTRIDGE. To be used if necessary?

Mr. BLACK. That is correct.

Mr. SHORTRIDGE. But not to be limited to that amount?

Mr. BLACK. The Senator is correct.

Mr. SHORTRIDGE. Why limit it? If it becomes necessary to expend \$26,000,000 for the purpose in mind, why should not that be done?

Mr. BLACK. I am very frank to state to the Senator that in so far as I am concerned, if it took the entire \$125,000,000 to grant extensions properly at this time and thereby contribute to the peace, happiness, and contentment of people so that they would remain on their farms, I should prefer it; but I have offered this suggestion because I thought the Senate might accept this, but would not accept it if I attempted to impress that trust idea upon the entire amount.

Mr. SHORTRIDGE. I understand the Senator's position.

Mr. BLACK. I agree with the Senator thoroughly.

Mr. BLAINE. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Wisconsin?

Mr. BLACK. I do.

Mr. BLAINE. I desire to suggest to the Senator from Alabama that I fear his proposed modification of the amendment he has offered does not happily state the proposition as the Senator would want it to be stated. If I may suggest a change in language—

Mr. BLACK. Would it suit the Senator to discuss that matter now with the Senator from Colorado [Mr. COSTIGAN], who is likewise interested? Then, at the completion of my remarks, I can get together with the Senators, and we will amend the proposal in such a way as to carry out the idea.

Mr. BLAINE. If the Senator will permit me, for the information of the Senate—

Mr. BLACK. Yes.

Mr. BLAINE. And if I may have the attention of the Senator from Colorado [Mr. COSTIGAN], instead of the modification proposed by the Senator from Alabama, why not use this language?—

The provision for extensions—

Instead of the language "stipulation," for the reason that extensions are earmarked in the amendment; they are defined—

The provision for extensions contained herein is not intended to and shall not be construed to limit the use or application of any of the funds—

Not "moneys," because we are treating of funds—

of the banks otherwise available for the purpose of making extensions herein authorized.

The language I have just quoted makes it clear that we do not limit this authorization to the particular amount of \$25,000,000 stated in the proposed amendment, but that it shall not limit the use or application of any of the funds of the banks otherwise available for the purpose of making extensions herein authorized.

Mr. BLACK. That sounds very clear; and I will appreciate it if the Senator will show it to the Senator from Mississippi and the Senator from Colorado, and I shall later on offer a modification perhaps in that exact language.



I had just started to mention this one remaining point: I was very much impressed by the statement of the junior Senator from Utah [Mr. KING] with reference to the doubt in his mind as to the wisdom of further extension of credit in this country to our people. I am very frank to confess that I share with him this doubt. It has seemed to me that we are attempting in large measure, by an extension of public credit to various enterprises, to give immortal life to many industries and occupations that otherwise might fall under the war of competition.

It has likewise appeared to me that perhaps at least in many instances farmers would be better off if they did not negotiate large loans on their farms. It is with that idea in mind particularly that I am so anxious for the adoption of this particular amendment. I am far more interested in trying to preserve those industrious and energetic farmers who will, perhaps, if let alone, pay off this staggering load of debt than I am in saddling other farmers with another load of debt. So that the argument presented by the Senator from Utah, in my judgment, is a cogent reason why this amendment should be adopted and perhaps the reason why it should be further extended, even as intimated by the Senator from California.

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

Mr. BLACK. I yield.

Mr. LOGAN. I would like to understand the Senator's amendment. Is it the purpose of the amendment to make it compulsory to use \$25,000,000, if necessary, to grant extensions, and to leave it optional with the bank as to whether it will use the other \$100,000,000 for the same purpose?

Mr. BLACK. That is correct. Carrying just one step further the suggestion of the Senator from Utah, there are farmers all over the Nation who have assumed obligations. They are obligations which an honest man desires to pay. They are obligations which, if not paid and which, if not properly secured, will result in injury to people who have bought bonds with the bona fide belief that they would be protected.

I am interested in the protection of those who have invested their money in bonds for the purpose of making it possible for competition to exist as to the amount of interest the farmers have to pay, but I am more interested in aiding, if possible, these farmers who now find themselves crushed by the economic conditions under which they live, and unable at this time to meet small installments which may mean to them the very roofs over the heads of themselves and their children and the ground which they must till in order to contribute their part to the wealth of this Nation.

I am not unmindful of the fact that their plight is largely due to the rapid concentration of wealth, produced in large part by them and the other toilers of this country, in the hands of a specially privileged few. I am not unmindful of the fact that the paternalism of the tariff act has aided in the construction of huge monopolies and trusts, which have been enabled to take out of the pockets of the farmer, who works from early morning till late at night, increased profits out of any just proportion to their participation in the management of the affairs of this Nation. But at this time they find themselves crushed on all sides by high prices of the things they need, with their crops on their hands, unable, at the prices fixed by others, to purchase the very necessities of life.

Mr. President, two years ago 504 men made incomes, in the way of profits out of their business, sufficiently large to buy the total wheat and cotton crops of the farmers of this Nation, and I have wondered what would have occurred if, instead of their owning stocks and bonds or gold in this stupendous amount, there had been placed up in front of the business establishments of those 504 men all of the cotton and wheat produced by the toiling masses of this Nation, so that the public could have seen exactly the maldistribution of wealth brought about by unfair laws giving special privileges to the few.

Now, Mr. President, we are in this amendment drawing the issue so plain that he who runs may read. Let there be

no mistake. The condition can not be concealed behind a smokescreen of technicalities. It is simply this, in the final analysis: Do you believe that it is more important to the peace and the welfare and the happiness and contentment of the people of this Nation that you shall devote the entire \$125,000,000 to increasing the value of the bonds, or that it is more important to devote \$25,000,000 to granting extensions to honest and deserving men who otherwise will be driven from their farms, which are the last strongholds they have in this Nation of ours?

That is the issue, and that is the sole issue. Let the word be sent down by the party managers as you see fit, let the party lash be applied from the White House, if you please, the same place whence emanated the idea of providing \$2,000,000,000 to aid the railroads of this Nation, which have practically been a ward of this Government since the very time they were created.

When we present a proposition which would devote \$25,000,000 for the extension of credit to the farmer, as against \$2,000,000,000 to support a billion dollars' worth of bonds for the railroads and other business enterprises, let the country know that the Congress considers the railroads and the banks and the industrial enterprises more important than the farmer back on the little plot of ground, where he helps to feed and clothe the people of this Nation and of the world.

That is the issue. I submit it to the Senate. It is the age-old issue, and somewhere, somehow, some time the people are going to compel an answer.

Mr. BORAH. Mr. President, I desire to ask a question of those in charge of this bill, particularly the Senator from Oregon. What is the real objection to this amendment? I do not understand what the objection is based on. It does not seem to me in its present form to be subject to the objection that it will injure the system, as was supposed in the beginning. It does not grant any moratorium. It does not command anybody to do anything. It leaves everything to the discretion of the board. It simply gives an additional amount, and the Senate would express its desire as to how the money should be used. At the present time, as the amendment now stands, I do not see what the objection to it is.

Mr. STEIWER. Mr. President, I can only answer the Senator's question by stating to him and to the Senate the belief which was entertained by the committee during the time of the consideration of this measure.

The subcommittee had before it members of the Farm Loan Board and the presidents of four of the land banks. In addition to that, we called Mr. Griswold, a private banker of Baltimore, who, more than any other banker in this country, has been active in the sale of the land bank bonds to the investors of the country. He has been identified unofficially with the matter from the beginning, and we were told that he has been most helpful in inducing the conservative investors of the country to make investments in these bonds.

It was Mr. Griswold's statement, and the statement of all of the officials of the Federal Farm Loan Board and of all the bankers who were before us, without any exception at all, that the earmarking of any part of the appropriation would be hurtful, for the reason that it would immediately invite delinquency.

I am not sure that I subscribe in full to the objections made by these gentlemen, but the committee, after rather deliberate consideration, and with the fullest idea of being helpful to the borrowers—and the Senate should realize that we are just as sympathetic in that regard as are any Senators here—after rather deliberate consideration the committee reached the conclusion that we would render to the borrowers the maximum amount of good, without bringing any injury at all to the system, if we merely provided the money for the subscription to the capital stock and then created in the land banks a power by which they could legally grant extensions under definite contracts.

I am not going to debate the matter at any length. I am merely speaking now because of the question propounded to me by the Senator from Idaho. I will be quite content with



any disposition the Senate may make of this matter, and I think that is true of all the members of the committee. We feel, however, that it is wiser not to invite delinquency. We think that the rule ought to be that the borrower who can not pay, due to economic depression, ought to be protected against foreclosure, and that we should clothe the banks with the power to extend that protection, and that we should furnish the money to the banks to enable them to grant the leniency which seems to be required under the existing conditions in very many areas of the country.

We feel that it is equally true that the borrower who can pay ought to pay, that the two propositions go together, that one is a corollary of the other, that the borrower who can not pay due to economic difficulties ought not to be foreclosed and evicted from his property, but that the borrower who can pay ought to pay in order that the system may not be broken down and destroyed.

The committee thought that result could be best accomplished if we merely made the subscription to the capital stock, created in the bank the power to make extensions, and then left the whole matter to the officials of the banks to determine in accordance with their best judgment.

I would like to add, before I conclude my answer to the Senator's question, that none of us were disposed to accept the present status of affairs as being at all satisfactory. We in the committee reflected the same thoughts which have been expressed here, that the attitude of the banks, or at least of some of the banks, in their collection methods, has been harsh and oppressive, that their methods of trying to wring money from people who can not pay are wholly indefensible. We would like to end that era of oppression if we can. But we have not the power to declare a moratorium. Even though we adopt the amendment of the Senator from Alabama, the fact will still remain that the Congress of the United States will be obliged to leave the administration of this matter to the land banks, and merely earmarking the subscription is not going to improve the situation if the banks in any event shall arbitrarily refuse to do the right thing by their borrowers. Merely earmarking the money might be a gesture which would be acceptable for the moment to the borrowers, but in the long run it would not give them the kind of relief we want them to have.

We thought, therefore, that it would be better not to earmark the money, as would be done by the amendment offered by the Senator from Alabama, and that it would leave the institutions in stronger position with the investors of the country if the money were permitted to flow into the treasuries of the land banks to be used as general capital, and that legislation enacted in such a way would not invite more delinquency than already exists. This answer may not be entirely satisfactory to all Members of the Senate, but I believe it is a truthful portrayal of the attitude of the committee which considered the bill.

Mr. BORAH. I think it is a candid answer and ought to justify the Senator in voting for the amendment, because it really boils itself down to the single proposition of whether or not the Congress should express itself in sympathy with a liberal administration of the measure in order to save the farmers who are in a position where they may lose their farms.

I understand from the Senator in the way of an objection that it may invite delinquencies, that it may encourage farmers not to pay when they could pay.

Mr. STEIWER. Mr. President, will the Senator let me interrupt him again?

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

Mr. BORAH. I do.

Mr. STEIWER. I think it is not a question that it might invite delinquencies. We are told that the legislation pending before Congress has already invited a very considerable volume of delinquencies and that within the last 30 days the position of the banks with respect to delinquencies has grown materially worse.

Speaking now only for myself, I did not want to take the responsibility of phrasing the legislation in such a way that

it obviously, at least to my mind, would do an injury to the system when fully as great a relief can come to the borrowers by adhering to language substantially like that used by the committee in the bill as reported.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me at that point?

Mr. BORAH. Certainly.

Mr. ROBINSON of Arkansas. The Senator from Oregon is discussing a subject about which I had something to say a few minutes ago. The bill itself expressly authorizes extensions, and it places no limitation whatever on the power of the directors to make extensions, so that the suggestion which the Senator from Oregon has made applies to the committee report. I think it is undoubtedly true, when we say Congress is going to authorize extensions expressly, that delinquencies will increase; but I point out to the Senator from Oregon that this is accomplished by the amendment reported by the committee. The only difference over which the Senate has been wrestling for almost two days is whether the Senate shall say expressly what it has already said impliedly.

The bill came from the House with an authorization of \$100,000,000. It was announced in the press that as a result of consideration of the amendment of the Senator from Wyoming [Mr. CAREY], \$25,000,000 had been added to the bill for the purpose of enabling the board to take care of cases where extensions would be justified. The amendment of the Senator from Alabama [Mr. BLACK] provides that the \$25,000,000, impliedly to be used under the terms of the committee amendment for extensions, shall be used for that purpose. That is the only difference that has occasioned all this discussion. The Senate by incorporating the amendment of the Senator from Alabama expressly declares that the \$25,000,000 which has been added to the bill for the purpose of enabling the board to take care of extensions shall be used for that purpose.

Much has been said during the course of the debate with regard to the attitude of the board itself in connection with the extensions. The declaration has been made that foreclosures have been carried forward when they were not justified. I point out to Senators the fact that these banks, both Federal and joint stock, have a margin of only 1 per cent with which to absorb the profits and the losses of their enterprises, and that if any bank in the system, whether joint stock or Federal, grants extension to the amount that the collections are less than the maturities on the bonds, the banks become insolvent. Neither under this bill, if the amendment of the Senator from Alabama is agreed to, nor under the existing law can extensions be granted if the result of such extensions will be to reduce the returns or receipts of the banks below the amount required to meet their overhead and to pay the maturities on their obligation.

As I see it, the actual difference involved here is not a great one. It involves the question whether the board shall be left free to use the whole \$125,000,000 for the purposes of the bill or directed to use a minimum amount of that sum—\$25,000,000—or shall be required, if necessary, to use the full amount which has been already recommended by the committee to be employed for that purpose.

We all know that the committee in reporting the bill with \$125,000,000 in it did so with the thought in mind that perhaps as much as \$25,000,000 of that amount should be used for purposes of extension; that is, to enable the banks to make extensions. The banks would be glad to make extensions in cases where the loans will finally be paid, provided they are not put in the position of letting their own obligations go in default. In effect, the Senator from Alabama says: "It has been said impliedly that we want to use \$25,000,000 of this fund for a certain purpose, but the purpose has not been expressed. My amendment does express the purpose."

That is an analysis as thorough as my mind is able to make of the controversy about which so much has been said here. I do not think the board is subject to criticism for the failure to grant extensions. I do not think the directors of the banks are so subject as a general proposition, because



if they had granted extensions to the degree that extensions were desired the result probably would have been that the collections of the banks would have been insufficient to meet their maturities. Both the amendment of the committee and the modification of it as proposed by the amendment of the Senator from Alabama are intended to meet that situation, and ought not to diminish the confidence of the public in the bonds.

I thank the Senator from Idaho for yielding to me.

Mr. STEIWER. Mr. President, will the Senator from Idaho yield to me for just an observation before he continues?

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

Mr. BORAH. I do.

Mr. STEIWER. The statement made by the Senator from Arkansas is, I am sure, a very fair one, and I think an adequate presentation of the real difference over which this argument is proceeding. I would like, though, to say that in our efforts to arrive at phraseology which will do the maximum amount of good without bringing any injury to the system we think we have reached a rather happy result. Of that there is some proof in the daily quotations of the bid prices on the bonds of the Federal land-bank system.

In spite of the fact that Liberties and other Government issues have been depreciating in recent days, the bonds of the land-bank system, since the committee made its report to the general committee, have substantially held their own. I have before me the quotation values as of the 5th of January and the 13th of January. I find that although one or two issues have dropped a point, most of the different issues have gone up one or two points, showing a healthy condition and that the investing public so far has not been alarmed by the language which the committee used.

Mr. BLAINE. Mr. President, will the Senator from Idaho yield to me at that point?

Mr. BORAH. I yield.

Mr. BLAINE. May I inquire if, instead of the suggestion relating to extensions having an influence upon the market price of the bonds, it is the fact that Congress has set up a proposal of a \$125,000,000 subscription to the capital stock of the land bank, all of which \$125,000,000 may be used to pay interest on existing bonds and even the principal of those bonds? Is not that the thing that has sustained the bond market for Federal land-bank bonds?

Mr. STEIWER. I think that is undoubtedly true, but even so if in the bill to authorize subscriptions there was something incorporated that the investing public regarded as hurtful or bad, then we would have lost the benefit implied by subscription. All I attempt to say is that there is nothing in the phraseology adopted by the committee that has been hurtful with respect to those bonds.

Mr. ROBINSON of Arkansas. I go further than the Senator from Oregon goes. I think all he has said is true, and that he might say a good deal more. The putting of \$125,000,000 of new capital into these institutions for the purpose of enabling them to make new loans and to tide over old loans ought to increase very substantially the value of the bonds.

Mr. BARKLEY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. BARKLEY. It should not only increase the value of the bonds already outstanding but induce the purchase of more bonds to bring more money into the system.

Mr. ROBINSON of Arkansas. Yes; but frankly, bonds can not be sold until the market has been restored to approximately par, because, as I explained the other day, these institutions, both Federal and joint stock, obtain the funds with which to make loans from the sale of bonds, and they are limited to 1 per cent margin to comprehend their profits and their losses on loans. If they obtained money by the sale of bonds at 75 or 80 and then invested that money in loans upon which they could only make 1 per cent, the transactions would, of course, be unprofitable and,

if carried on in sufficient volume, would cause insolvency. There will be comparatively few new loans made until the bonds have increased in value very substantially and to the extent that the banks can afford to sell them on the market and invest the proceeds in loans.

I wonder if I have made myself clear.

Mr. BORAH. I think I understand the Senator from Arkansas, and I do not disagree with him at all.

Mr. President, perhaps it is unnecessary to continue the debate after the statement of the Senator from Oregon and the explanation which has come from both sides of the Chamber, but I do want to call attention to the language of section 5 as it was reported by the committee in connection with the language of the amendment which is offered by the Senator from Alabama. The language of section 5 is:

When in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment.

The amendment of the Senator from Alabama does not in any sense modify the fact that this entire matter is under the absolute control of the board.

I am not one of those who desire to criticize the board or to criticize the land banks for being harsh, although they have been harsh, in my judgment, but they were forced to be so by reason of conditions under which they were operating. The law which they had to execute, the conditions which they had to meet, and the very small margin upon which they had to play necessitated their doing precisely what they did; and I have not any desire to criticize them. Nevertheless, the farmers of the country were left in a very serious situation; and this bill is designed to assist the board in relieving that situation. It does not take any power from them; it does not undertake to grant any moratorium; it does not suggest any moratorium; it leaves the board to determine in each case what it thinks is the right thing to do. Then we supply the means by which they are enabled to do the work.

Mr. MORRISON. Mr. President—

Mr. BORAH. Just a moment. It may be, Mr. President, that this bill, as a whole taking all the amendments—the amendments which came from the committee and the amendment which has been offered by the Senator from Alabama [Mr. BLACK]—may have a tendency to encourage delinquencies, as has been suggested; but when a farmer has sacrificed practically everything in the world he has in order to save his ranch or his farm, it will not be surprising—if he thinks there is a little relief in the offing which will save him some of the sacrifices which he has been making in order to save his ranch or farm—he should take advantage of it; and I have not any objection to his doing so. I think there might well be delinquencies, and they might well increase by reason of the condition of the farmer. When one goes out through the country and sees the sacrifices which the farmers have made in order to retain the last piece of property which they have, and sees them using every means which they have had at hand to meet their situation, he need not be surprised at all if they undertake to escape some of the sacrifices which they have been making. I think they ought to do so; it will be better for the country for them to do so. There is nothing to be gained by having a system which drives the farmer down to the level of the peon, and that is what is happening in many instances in this country at the present time.

If the Black amendment or the amendment of the committee has a tendency to relieve that situation, that is exactly what we ought to do. We can not go beyond the board. We can express our views, we can express our desires, we can express our sympathy with a liberal interpretation of the law, but that is all we can do; and I do not see, Mr. President, why the Senate of the United States should not do so; I do not see why the House of Representatives should not do so. It is a situation which calls for a liberal construction; it is a situation which calls for the execution of the law with a design and desire and purpose to save many of the farmers of the country from bankruptcy.



Mr. WALSH of Montana. Mr. President, I have been entirely unable to appreciate the apprehension which appears to be aroused by this amendment. We are proposing to appropriate \$100,000,000 or \$125,000,000 to be utilized by the land banks, adding to their assets to that amount, and for what purpose? Why are we doing this? There must be some reason for it. Is it done to enable the land banks to take their own bonds, for which there is now no great demand upon the market? That is not really contemplated. It must be because they are unable to sell bonds on the market that we are providing for this, either because of the general disturbed condition of affairs or else because there have been so many delinquencies, so many defaults in the payment of the underlying mortgages, that it becomes necessary to grant extensions.

It is perfectly well understood that there have been so many defaults by reason of the general depressed condition, the low prices of agricultural products, and by reason of drought in certain sections of the country, that this fund must be provided in order to take care of that situation. It seems to me that whatever harm can be done by advertising the fact that it becomes necessary to grant extensions has been done by making any provision in the matter at all. We propose to provide a fund of \$125,000,000 for the land banks. Why? As a matter of course, because, for one reason, so many defaults have occurred that the land-bank system is going to break down unless extensions of time can be granted, and it is understood that a part of that fund, and perhaps a very large part of it, is going to be used to meet that situation of affairs.

What harm can be done by saying that a portion of this fund—\$25,000,000 of it—shall be devoted especially to meet that situation of affairs? We have already advertised that situation of affairs to the world by making the general appropriation. It seems to me that it is a refinement to say that after having done that, we are likely to depress the sale of the bonds by indicating that some of the funds must be utilized to meet the conditions which have arisen.

Mr. MORRISON. Mr. President—

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Montana yield to the Senator from North Carolina?

Mr. WALSH of Montana. I yield.

Mr. MORRISON. I should like to know if the Senator thinks there is any danger in the amendment of the Senator from Alabama affecting the perpetual application to the whole land-bank system of the measure as reported to the Senate? Under the general amendment contained in the bill the power given to the board will go on forever unless there should subsequently be a change made by Congress, and, in the course of time, the board might use many millions of dollars under the bill in granting extensions. By segregating this \$25,000,000 in the way the amendment of the Senator from Alabama [Mr. BLACK] proposes, would there be any danger of interfering with the power which the amendment reported by the Senate committee gives the board, without any limitation for all time, in the operation of the Federal land banks?

Mr. WALSH of Montana. I am not sure that I understand very clearly the idea which the Senator desires to convey.

Mr. MORRISON. I mean that the amendment reported by the committee gives the power to the land banks to grant extensions without limiting the amount they may use for that purpose.

Mr. WALSH of Montana. Exactly.

Mr. MORRISON. And that power extends from year to year, not merely as to a portion of the \$125,000,000 but any resources the land banks may have for all time may, within their discretion, be so used. That I think is a very wise thing to do. I have no objection in the world to the Black amendment segregating a particular part, unless it affects the amendment of the committee, which gives the board the power to use any of their resources for the purpose indicated.

Mr. WALSH of Montana. I do not think that the Black amendment detracts in any measure whatever from the general grant of power made by the committee amendment.

Mr. MORRISON. If it does not, I do not see any objection to adopting it.

Mr. BARKLEY. Mr. President, if the Senator from Montana will yield there, I should like to have the attention of the Senator from Alabama.

Mr. WALSH of Montana. I yield.

Mr. BARKLEY. It strikes me that if the amendment of the Senator from Alabama is to be adopted it ought to be adopted without the last sentence which he proposes to add this morning, because that really will operate as a limitation. While it may be open to dispute whether the original language earmarking the \$25,000,000 fund will be a limitation, yet, in addition to that, we say that we want everybody to understand that the \$100,000,000 is to be used for that purpose, too, if necessary. Of course, we all agree that it may be so used if necessary; but if we put the modification which the Senator has proposed in the law, that will go further toward offering an indication that the funds should be so used than the Senator's original amendment. I appeal to him to see whether if this amendment is to be adopted it ought not to be adopted as he originally offered it and not in the amended form.

Mr. BLACK. If the Senator will yield, I may say to him that one of the reasons I put it in was because the Senator yesterday afternoon raised the question that the amendment as then offered would limit the board to the use of \$25,000,000, and I said I did not think it would.

Mr. BARKLEY. I did not make that observation for the purpose of inviting any amendment that would attempt to go even further in earmarking the whole \$125,000,000 as a fund to be set aside for paying delinquencies. I think the Senator's original amendment, if it does any harm at all, will do less harm in the effect that it will have upon the investing public, which we must not lose sight of, because, after all, if we do not get from private sources some new money into the system the \$125,000,000 will not go very far toward reviving the land-bank system. I hope the Senator will consent to eliminate the proposed modification of his amendment.

Mr. WALSH of Montana. Mr. President, a further word I desire to say. The members of the Farm Board, I think, have been very much disturbed in the past—unnecessarily disturbed—by the fear that the talk about a moratorium has induced a great many people who were able to pay to postpone payment or to decline payment in the expectation that there was going to be a moratorium granted. I do not know about other States, but I am perfectly certain that no such situation has been operative upon the minds of very many borrowers in my State. Those who have asked for extensions or for forbearance upon the part of the land banks in the matter of foreclosure have been people who have been utterly unable to pay. I thought it was a myth that people were going to endeavor to escape payment because of the hope of a moratorium. I have not any fear that because \$100,000,000 are necessary in order to meet the cases that are meritorious and in which extensions ought to be granted, we are going to be flooded with applications from people who are really able to pay, but who would like to take advantage of the provision to escape payment and apply their resources, whatever they may be, to the discharge of other obligations.

Mr. President, if we are going to encounter so much dishonesty upon the part of the borrowers, the farmers of this country—and the farmers of this country have been borrowers from the land banks—we are going to encounter it when they know that there is a fund of \$100,000,000 or \$125,000,000 for whatever purpose the land banks may care to apply it, including the matter of meeting the situation occasioned by extensions. We are going to have it just exactly in as great volume as though we specifically provided that \$25,000,000 of this sum shall be set aside to meet contingencies that arise by reason of extensions which



might be granted. So the fear that this is going to occasion a flood of applications from people who ought not to have any extension is, to my mind, entirely unfounded.

Mr. VANDENBERG. Mr. President, I find a news pronouncement in the New York Times of this morning which, in my judgment, bears so much more fundamentally upon the fiscal and economic relief of America than anything which has yet been undertaken under legislative auspices that I venture to intrude for just a moment upon this discussion and to indicate the necessity for the interruption.

Mr. President, I find this statement in the New York Times as the opening paragraph in the article to which I advert. I quote:

The first move in what is believed to be a new and aggressive antideflation campaign was taken yesterday by the Federal Reserve Bank of New York.

May I interrupt the quotation long enough to say that in my humble judgment the only point at which an antideflation campaign can wholly succeed over a decentralized area is through the Federal reserve banking system, and that all of the other things which we are undertaking to do for agriculture and industry and commodity markets and economics generally in the final analysis are wholly collateral to what is done through our central reservoir of credit and currency—the Federal reserve bank itself. The only reason why I interrupt the consideration of the present amendment to speak for just a moment on the subject is that in the final paragraph of this article I find language as follows:

The newest move in the Federal reserve's efforts to combat the depression comes at a time when the governors of the various Federal reserve banks are in Washington conferring on matters of policy. It is possible that the action of the New York bank may be a first step in a general policy formulated at the Washington conference.

And I am taking this occasion to make it perfectly plain that at least one Senator upon this floor does not believe that the institution of collateral instrumentalities for sustaining credit in America is an adequate or a sufficient formula for the situation in which we find ourselves, important and splendid though these instrumentalities are in themselves.

We find ourselves not only in a situation requiring credit but we find ourselves in a situation requiring currency to replace from one to two billion dollars of currency that has been withdrawn from circulation and is in total hiding. Credit has to precede currency—that is obvious; but currency can follow credit from only one reservoir, and that is the reservoir of the Federal reserve banking system.

I have a profound feeling that the proposition embraced in proposals which I introduced on the first day of this session, and which was recently discussed by the senior Senator from Oklahoma [Mr. THOMAS], the proposition which was subsequently discussed by the senior Senator from Massachusetts [Mr. WALSH], and the proposition of a kindred nature which is being discussed so emphatically by ex-Senator Owen, of Oklahoma, who for a long time presided over the Committee on Banking and Currency of this body, in the final analysis go to the roots of our problem; and I want to use the exhibit which comes to us this morning in the New York Times, reporting upon the contemporary activity of the Federal reserve bank, to illuminate my point in just a word.

Mr. WALSH of Massachusetts. Mr. President—

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

Mr. VANDENBERG. I yield to the Senator.

Mr. WALSH of Massachusetts. I will state for the Senator's information that I have submitted to the Federal Reserve Board the bill which I introduced on this subject, and have asked their judgment as to the wisdom of Congress enacting the emergency rediscount power I proposed. Furthermore, I have communicated with the leaders of finance and industry throughout the country, and I expect to present to the Congress, later, their views. I am of the opinion that there is going to be a very extensive and favorable reaction to the proposal and the sentiments expressed by

the Senator from Michigan will be most helpful in getting favorable action.

Mr. VANDENBERG. Mr. President, I am glad the Senator has proceeded to undertake to mobilize opinion upon this subject, and I am glad that he has sought the reaction of those who are high in the Federal reserve system. I undertook a similar quest six months ago, because I have felt from last June that the fundamental answer to our difficulties is the creation of an emergency rediscount power in the Federal reserve system which will make the system sufficiently elastic and sufficiently adequate to meet emergency wherever it arises all over the country. Progress has been slow. Probably it ought to be slow because we must be sure that we preserve the complete integrity of the Federal reserve system. But the attitude should not be a static one. Therefore I welcome indications that the matter is coming to have the consideration it deserves.

But, Mr. President, let me proceed with the demonstration to which I referred in respect to the article which I am reading. I quote:

The action—

Referring to the action of the Federal Reserve Board—was widely interpreted—

Mr. FLETCHER. Mr. President, will the Senator tell us what that action was?

Mr. VANDENBERG. I am coming to it right now.

The action was widely interpreted as the prelude to a new effort by the Federal reserve authorities to combat the crushing deflation in security prices.

Here is the answer to the Senator's question:

It is believed that the central bank will shortly follow up with heavy purchases of United States Government bonds and a direct-action campaign among the banks urging them to avail themselves more fully of Federal reserve credit for the purpose of extending assistance to their customers and obviating continued forced sales of securities.

Mr. President, the irony of the situation! Banks are to be urged to avail themselves more fully of Federal reserve credit; yet, outside of the great central banking areas of the Nation, there is no available Federal reserve credit left.

Let me read further:

There are over \$8,000,000,000 of eligible assets in member banks of the country, he [Governor Harrison] pointed out, and the Federal reserve banks are in a position at this time, on the basis of their present gold supply, to expand Federal reserve credit to their members by some \$3,500,000,000, which could mathematically form the basis for an increase of as much as \$35,000,000,000 in bank credit.

If I may have the attention of the Senate at that point, this ratio, to begin with, is tremendously significant. It parallels and supports another ratio with which we are familiar. A dollar in money has the potentiality of \$10 in credit to do the work of the Nation. If \$2,000,000,000 of currency has gone into hiding, under the ratio \$20,000,000,000 worth of credit has gone out of the credit arsenals of the land; and we are only putting a patch on it when we put \$2,000,000,000 of credit at work again through a collateral corporation. The primary necessity, in addition to the credit, is the restoration of an adequate, normal supply of the tokens of exchange in our commerce, so that the natural flow of commerce can continue as indicated. We need the currency as well as the credit.

As I read from the article, there are supposed to be \$8,000,000,000 of eligible rediscount assets in the member banks of the Federal reserve system in the United States to-day. If that is so—and I have no reason to doubt it—they are largely concentrated in the large banking centers; and as a result, Mr. President, not only the original intimate value of the Federal reserve system but particularly and essentially its emergency value is confined to those same centers. My plea is that if we are to have a Federal reserve system worthy of the name, it must be equipped in decentralized style to serve all the solvent banking of America, and particularly the independent community banking of America; and at this moment it is that community banking upon which these farmers are most largely dependent for



their credit, and upon which a resurgence of decentralized trade is dependent up and down America. It is these decentralized community banks that have no eligible assets for further rediscount.

Is that any reflection upon their assets? Not at all. No, Mr. President. Since the Federal reserve definition of eligible paper was established, perhaps 15 years ago, the entire method of large commercial financing has totally changed. At that time the great corporations of the country were constantly creating commercial paper which fell within the rediscount definition. To-day they are financing themselves independently; and this great volume of credit supposed to be eligible for rediscount, thus in turn supposed to create the base for the circulation of Federal reserve notes, has contracted to a point where, in my humble judgment, it is to-day one of the major hazards and jeopardies that we confront. I am submitting that if we would go to the roots of the problem, the place to go is the central reservoir of credit and currency which we have created for these purposes, but around which we have carefully skated every time we have discussed a single credit relief measure upon the floor. For example, we removed from the Reconstruction Finance Corporation bill the eligibility of its securities for rediscount. I did not raise the point because time was the essence of our need in respect to that particular bill. But the deletion of the rediscount eligibility at that place only emphasizes the need to broaden it elsewhere.

I think we can do more for the restoration of economic stability—for the benefit of agriculture, which we are seeking to serve in this immediate bill, for the benefit of economics generally, which we have sought to serve in the reconstruction bill—by creating a sound, safe, emergency rediscount privilege in the Federal reserve bank, which in turn creates a new flow of decentralized credit up and down the country, which in turn creates the base for the issuance of perfectly sound money—precisely the same kind of money that is issued to-day on the same basis. We have created those assets which, in the final analysis, must be our reliance.

At this point another quotation from this news article is significant:

Before embarking on large-scale purchases of United States Government securities, however, the reserve has to supply itself with a liberal portfolio of commercial paper eligible as reserves against circulation, since under the terms of the Federal reserve act holdings of United States Government obligations are not eligible for use as reserves against Federal reserve notes.

In other words, the Federal reserve itself concedes its own need for additional rediscounts in order to meet its own view of our obvious national needs not only for credit but for a normal currency supply. The normal currency is \$5,000,000,000. It is now down to three billion and a fraction. It must come back. But the primary requisite is more rediscounts, both as a credit transaction and a currency transaction. Wherefore we again read in this article—

In some quarters Governor Harrison's remarks were interpreted as tantamount to an invitation to the banks to come to the Federal reserve for additional credit at this time.

Mr. President, I favor that invitation, and I particularly favor legislative action which will make an acceptance of the invitation possible over the whole area of the Nation where banks have closed too often not because they were insolvent but because they were not abnormally liquid.

I am not talking about an approach toward fiat money one inch. I am not talking about any superinflation by one ounce. I am talking about the same kind of sound money that exists to-day. I am talking about the same kind of sound credit that exists to-day. I am simply suggesting that if the assets that are now held in all of these banks up and down the land that are sound but which just happen not to qualify under the arbitrary strictures of a Federal reserve rediscount rule that was written 15 years ago—if that reservoir of credit, and then of currency, could be temporarily released as an emergency matter, we would have gone infinitely further by one single action than we can go in any other way.

I am begging the indulgence of the Senator from Alabama [Mr. BLACK] for interrupting the discussion of his amendment simply because I find that these high authorities in the great Federal reserve system are now in session at Washington; and I am hopeful that out of their session may come not only the precise policy which is described in the article from which I have read but a series of constructive, courageous recommendations for a broadening of this Federal reserve base so that it may adequately serve the whole Nation.

What I am saying is in full acknowledgment of the great service that has been rendered by the Federal reserve system and in full appreciation of the vital need that this system shall be preserved in all of its superb integrity. I would not take one stone from its foundation. I would not weaken a single beam in its structure. But, if possible, I would bring it into an even larger utility so that it may merit an even more profound place in the public confidence. I am persuaded that a temporary emergency rediscount privilege can be provided which will be completely safe, yet which will reach this broader objective. Included in this objective is the precise purpose upon which the New York Federal Reserve Bank apparently has embarked, according to this news article which I have read to the Senate.

I am not saying that all of our other credit expedients are not fine and worthy as charted in the legislation now on its way through the Congress. I favor all of them. This is an emergency, and it must be bravely met. It must be met with adequate credit facilities. It must be met with adequate currency facilities. It must be met not only by stopping deflation but also by recapturing our lost ground where this deflation has gone below a normal index. I favor all of these new instrumentalities. I support them. I applaud them. I am sure they will rebuild public confidence. They deserve this response. But I also am saying that in my judgment we have yet to take up the most important suggestion of all. It is just as much part of the presidential program as are these other things. It is the greatest steel beam of all. The President himself discussed it in general terms in his message of January 5, 1932, when he said:

The discount facilities of our Federal reserve banks are restricted by law more than that of the central banks in other countries. This restriction in times such as these limits the liquidity of the banks and tends to increase the forces of deflation, cripples the smaller businesses, stifles new enterprise, and thus limits employment. I recommend an enlargement of these discount privileges to take care of emergencies. To meet the needs of our situation it will not be necessary to go even as far as the current practice of foreign institutions of similar character. Such a measure has the support of most of the governors of the Federal reserve banks.

This is the theme which must be constructively developed for the sake of both credit and currency. In it lies the best opportunity for a decentralized resurgence of credit, then a decentralized resurgence of trade, then a decentralized resurgence of employment, and finally the better, happier, safer economic day.

Mr. HARRIS. Mr. President, on account of the great distress of the farmers of my State many of them are unable to pay the interest on their farm loans which are mortgaged to the farm loan banks. The first bill I introduced on the first day of this session was to give these farmers relief so as to save their homes.

In my opinion, Mr. President, the pending amendment, directing that \$25,000,000 should be applied to providing for extensions where borrowers are temporarily unable to make payments, has been sufficiently discussed, and I hope there may be no opposition to it. However, there is one word I wish to say in reply to the statement of the junior Senator from Oregon, to the effect that the adoption of the pending amendment would lead to delinquencies on the part of the farmers whose homes are mortgaged.

I want to read a letter from one of the very best men in the State of Georgia and who lives in one of the best agricultural sections, Judge W. L. Phillips, of Louisville, Ga., an able lawyer and a planter. He is a brother of Hon. John R.



Phillips, who was for several years a member of the Georgia Highway Commission. It would seem from his statement that it is not necessary to invite delinquencies. His letter was not written last year, or last month, but last week, and shows what the Farm Loan Board is doing at this time about foreclosing mortgages. This is what he said:

Just yesterday I stood at the courthouse door and watched about seven or eight good, honest, hard-working farmers lose the work of their lifetime. The Federal land bank selling them out at a time like this when no one can raise a dollar on anything. Good farms bought in by the land bank at 50 cents or a dollar an acre. No one to buy. What is the Government going to do with all this land? Are all we who own farms going to become serfs only? The question is an awful and solemn one. Unless the farmers prosper, the world must go to ruin. The Federal bank will go to the wall when the Government owns all the land and no one is either able or willing to pay rent for it.

Mr. President, I have received within the past three weeks a number of letters from farmers whose homes are mortgaged to the farm-loan bank and they are equally as distressing as this one about conditions in my State. The farmers in my section, like those in other sections, are the backbone of the country. I am proud of the fact that in my section there will not be found one farmer or anyone else who believes in communism, or who talks it, or who talks resentfully of the Government; but if we appropriate large sums of money to go to the railroads, the trust companies, and others, as was done in the bill committing the Government to assist the big interests of the country to the possible extent of \$2,000,000,000 and fail to appropriate money to afford relief to the farmers who are losing their homes, it will be a great injustice and the farmers will be made more dissatisfied with the Government's action than through anything that has been done by Congress in a quarter of a century.

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

Mr. HARRIS. I yield.

Mr. NORBECK. I agree with what the Senator from Georgia has said, but I just want to ask him whether the other letters which he receives indicate that the writers believe the Federal land banks are Government-owned banks, and that the Government is getting the land when foreclosures are made?

Mr. HARRIS. Some of the writers of these letters may not understand the difference as we do, but I know that by passing this legislation it will help the situation. The farm-land banks, of course, do not belong to the Government. The farmers are interested in having Congress pass legislation which will afford them some relief and assist them in saving their homes. They are not particularly interested in knowing whether the Government or individuals own the bonds. We all know that this appropriation by Congress will help the farmers and save their homes for them, and that is the important thing. There can be no general prosperity until the farmers are first prosperous.

Mr. NORBECK. Mr. President, one would believe from listening to the discussion that the pending measure is one to restore agriculture to its equality with industry and labor. No one denies that agriculture is broken down through the various handicaps that have been imposed on it. The law of supply and demand has been set aside for the benefit of others. The farmer finds himself slipping; his earnings are reduced and the value of his property is shrinking. He is short on cash, and many farmers find it difficult to make the payments to the land banks. But I do not believe any credit system will restore agricultural equality. This is simply a bill to deal with a farm-loan situation, or, rather, with a very small part of the farm-loan mortgage situation. A very small percentage of the farmers are borrowers from this system, only about 1 out of every 11; but even this makes a large group, 400,000 in all. We are also told that nine-tenths of 1 per cent have been foreclosed, or a little less than one out of each hundred borrowers. This would be less than one farmer in each thousand throughout the United States. Are we forgetting about the other 999, who also have their troubles and will be compelled to bear some additional burden?

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

Mr. NORBECK. I yield.

Mr. WHEELER. I think the psychological effect of the adoption of this amendment would be extremely good. Let me say to the Senator that in my State, while the Federal farm-land bank has not, to my knowledge, foreclosed any mortgages upon farmers who naturally want to stay on the farms, yet they have sent out notices, they have sent out their collection agents, threatening in each instance to foreclose the mortgage. The result is that all of those farmers out there in that drought-stricken area are frightened to death for fear the banks are going to foreclose the mortgages. They have written, not one letter but hundreds of them, both to me and to my colleague, simply saying that if the banks are going to foreclose, they might just as well leave the farms and quit.

We have taken the matter up with the land banks and have had assurances from them that they would not foreclose a mortgage where the farmer wants to stay on the farm. There was then put up to them a proposition inaugurated by the chamber of commerce in one town that they give deeds to their farms, letting the farmer stay on the property until he paid off the mortgage, and then they would give it back. The effect of that was extremely bad, because the farmers are not going to stay on the farms any longer out in my section; they are going to move off the farms wholesale unless some assurance is given them that they will be able to stay there and work out and pay the mortgages.

It seems to me that if this amendment is agreed to, the psychological effect will be extremely beneficial to the farmers out in my section—in Montana, at least. For that reason I am going to vote for the amendment.

I appreciate the fact that the farm-land banks are in a very bad situation. I think something has to be done to help them, and this bill probably will help them. But, of course, the bill is going to do something else. It is going to help the holders of the bonds of the banks. We should not make any mistake about it and pass this legislation under any misapprehension, because the one thing it is going to do is to help out those who are holding the bonds of these farm-land banks. Insurance companies and banks which own the bonds are going to be helped out.

Just the other day we passed a bill appropriating, in substance, \$2,000,000,000 for the purpose of helping out bondholders, helping out the banks, helping out the railroads, and helping out every great financial interest in this country.

Mr. NORBECK. Mr. President, let me suggest to the Senator from Montana that I am not opposing this bill. I introduced the bill in the Senate. I favor it. It was recommended by the committee of which I have the honor to be chairman.

Mr. WHEELER. I understand; but I was saying that I think the psychological effect of the adoption of the Black amendment will, if it does nothing else, be extremely beneficial to the farmers out in the Northwest. For that reason I am going to support the amendment, although I would say to the Senator that under the ordinary, normal conditions I would not do so. But I think the conditions out in my section at the present time are such that it is absolutely essential that something of this kind be done.

Mr. NORBECK. Mr. President, I quite agree with the Senator from Montana—and the Committee on Banking and Currency of the Senate increased the amount to be made available from \$100,000,000 to \$125,000,000. The criticism the Senator makes of the farm-land banks is that they are complying with the law. The law does not permit them to grant any extension. The bill as it comes from the committee would permit extensions. Instead of criticizing the board for obeying the law, let us change the law. If we pass the pending bill, we will have changed the law and gotten away from the very condition about which the Senator complains. It will be possible for the land banks to enter into agreements with farmers as to when and how they



are to pay, and the dunning letters will cease. The Senator from Montana and I are fully agreed on that matter.

The remarkable thing is that this Senate assumes that the Federal Government owns these farm-land banks when they are really owned by the farmers. They are owned by 4,000 farm-loan associations, each having an average of about 100 farmer members who are both borrowers and stockholders. If one farmer fails, the others must carry an additional burden. These farmers own over \$60,000,000 capital stock in this system, and there is a double-liability clause in the law by which they may be assessed an amount equal to their stock. This would make another \$60,000,000.

These are the owners of these cooperative banks, and we are ignoring them entirely. We assume to speak for them without considering them. We propose to grant extensions to certain delinquent borrowers at the expense of their neighbors.

The delinquent may have had misfortune or he may have been discouraged and signified his intention of giving up. In some cases even the neighbors have asked that foreclosure proceedings be started. I know that some of the land banks never foreclose except when a local association of farmer members asks that the foreclosure be made. And still we criticize the managing boards very vigorously.

The Committee on Banking and Currency is deeply concerned about saving this system, which has created a competitive condition in the farm mortgage market. It has been the means of lowering interest rates on farm mortgages in every agricultural State in the Union. It has not only been important to those who borrowed from the system but even those who were outside the system have received substantial though indirect benefits.

It is well known that the appropriation made by Congress is a small part of the total. These banks have borrowed more than a billion dollars that they have loaned to the farmers. They want to borrow more, but they can not unless their bonds are saleable. The appropriation authorized in this bill is not sufficient for substantial relief; it will just help some.

I repeat, the system can not function unless it is on a good business basis—unless it appeals to the investors, so that more bonds can be sold. It is the opinion of the managing board that if their books show too many delinquencies, investors will be afraid of the system. The bonds can most easily be sold when it is shown that the system is self-supporting and pays its own way. This proposed additional capital by the Government will make it easier for the system to function, providing an undue amount of extensions is not demanded and granted, in which case a very poor showing will be made on the books.

I do not believe the pending amendment will be helpful. I think it will lead to great demand for general extensions. It will be difficult for the land banks to collect, even from the farmers who are well situated.

We must not forget that a great majority of these borrowers are paid up to date. A very small percentage have been foreclosed, and this bill as pending provides a plan for extension to those who are worthy, and will be able to pay back later. It provides the fund for carrying out this plan. It will be especially helpful to areas that have suffered from crop failure, and extensions need not be granted in a wholesale way so as to break down the system.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Alabama [Mr. BLACK], as modified.

Mr. BLACK. Mr. President, I may state to the Senate that I promised some Members of the Senate to call for a quorum before the vote is taken. I therefore suggest the absence of a quorum. When a quorum is disclosed, I shall ask that the proposed amendment, as modified, be read.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Barkley	Borah	Bulow
Austin	Bingham	Bratton	Byrnes
Bailey	Black	Brookhart	Capper
Barbour	Blaine	Bulkley	Caraway

Carey	Harris	McNary	Steiwer
Connally	Harrison	Metcalf	Thomas, Idaho
Coolidge	Hatfield	Morrison	Thomas, Okla.
Copeland	Hawes	Moses	Townsend
Costigan	Hayden	Neely	Trammell
Couzens	Hebert	Norbeck	Tydings
Cutting	Howell	Norris	Vandenberg
Dale	Hull	Nye	Wagner
Davis	Johnson	Oddie	Walcott
Dickinson	Jones	Patterson	Walsh, Mass.
Dill	Kean	Pittman	Walsh, Mont.
Fess	Kendrick	Reed	Waterman
Fletcher	Keyes	Robinson, Ark.	Watson
Frazier	King	Robinson, Ind.	Wheeler
George	La Follette	Schall	White
Goldsbrough	Logan	Sheppard	
Gore	McGill	Shortridge	
Hale	McKellar	Smith	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present. The Senator from Alabama [Mr. BLACK] has modified his amendment, and the amendment as modified will be read for the information of the Senate.

The CHIEF CLERK. On page 6, line 18, after the word "extension" and the period, insert the following:

It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 2 of this act as amended. All amounts received by each such bank from such additional subscriptions shall be used exclusively for the purpose of supplying such bank with funds to use in its operations in place of the amounts of which such bank is deprived by reason of extensions made as provided in this paragraph. To enable the Secretary of the Treasury to pay for stock issued hereunder, there is hereby authorized to be appropriated the sum of \$25,000,000. The provisions of section 2 of this act as amended shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph. The provision for extensions contained herein is not intended to and shall not be construed to limit the use or application of any of the funds of the banks otherwise available for the purpose of making extensions herein authorized.

Mr. GORE. Mr. President, I shall not delay a vote more than a minute or two. It is not a pleasant task to be hanging out red signals morning, noon, and night, but I am afraid that some Senators and some borrowers perhaps have not been bearing down quite hard enough on that part of their devotions, "Lead us not into temptation." I think we are venturing into the quicksands, and we may go beyond our depth and beyond our capacity to retrace our steps.

This entire banking system is based upon bonds. No bonds, no bank. That truth is incontrovertible. If too generous an invitation or too cordial an invitation is extended to the borrowers to claim extensions, that invitation will be accepted. Already 24 per cent are delinquent. In the State of Alabama 30 per cent are now delinquent. In Mississippi and in South Carolina 40 per cent are now delinquent. Yet we are told that a hard-boiled, illiberal, and ungenerous policy has been pursued, not with respect to extensions, which would be illegal, but in regard to mere indulgence—carrying the borrower who is in heavy weather and unable to make his payments.

This amendment seeks to set aside and earmark \$25,000,000 for extensions and further indulgences. I fear it will aggravate our grief instead of relieving it, and that one year hence Senators will return to ask a relief fund of fifty, seventy-five, or even a hundred millions. I believe that the bill as reported would afford the needed and the merited relief without laying us liable to the burden or the danger with which this amendment may be fraught.

Mr. President, land-bank bonds have already fallen as low as 68 cents on the dollar. Four per cent bonds have fallen to 68. I speak of the bid and not the offer. I seriously question whether any of the banks will ever be able to sell another bond. The system can not survive as originally designed unless the bonds can be sold. I think the existence of the institution itself may be trembling in the balance at this hour.

Mr. STEIWER. Mr. President, will the Senator yield for just an observation?

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

Mr. GORE. Certainly.



Mr. STEIWER. I hesitate a little to permit the statement just made to go without explanation. The bid price quoted by the Senator, I think, was indeed the correct figure at one time.

Mr. GORE. It was 68 on 4 per cent bonds last September.

Mr. STEIWER. That was some time ago. At this time there is no bond reported with a bid price lower than 70, and, except for two issues, there is no bond with a bid price lower than 72. The range of bid prices runs from 72 to 94 as of date of yesterday's quotations. I thank the Senator.

Mr. GORE. That is 2 cents higher than I had stated. They have risen from 68 cents to 70 cents on the dollar as a result of the pending legislation. The bid of 94 related to 3-year bonds, one year of which has already expired. There has not been a bond sold or offered since November, 1930. I repeat that I seriously doubt, if this legislation be passed, if this amendment be adopted, if this policy be pursued, whether another bond of any of these land banks will ever be sold at par.

Forty per cent of the loans in Mississippi and South Carolina are delinquent now under what is designated as a rigid policy of enforcement of collection. Let it reach 50 per cent the country over and the bonds will decline to 50 cents on the dollar. I am unwilling to destroy the system. I sympathize with Senators, and I appeal to them not to enact legislation that will wreck the system itself. Let us not scuttle the ship merely because a storm is raging.

Mr. President, there are 5,000 loans in South Carolina, 2,000 of which are in default to-day. There are 158,000 farms in South Carolina. There are 21,000 loans in Alabama, 7,000 of which are in default. There are 258,000 farms in Alabama. There are 23,000 loans in Mississippi, my native State, and heaven knows I sympathize with their distress. There are 9,000 delinquencies in Mississippi to-day, perhaps more, because these figures are two months old. There are 312,000 farms in Mississippi.

I desire to challenge the statement made here that when these bonds were issued the United States was under any moral obligation to pay these bonds. It certainly was under no legal obligation to discharge the bonds. I deny that it was under any moral obligation to discharge or to pay the bonds. But, sir, if the United States or if the Congress of the United States invites the borrowers to become delinquent, if it encourages the borrowers to become delinquent, they may accept the invitation, and if they do, these bonds will go to default. I know Senators will then appear here pleading a moral right on the part of the bondholders and a moral obligation on the part of the Federal Government for payment of the bonds. I do not doubt that that day lies ahead of us, and when it comes what will we do? The borrowers own the banks and owe the bonds.

There are now 400,000 borrowers from the 12 land banks. There are 6,400,000 farmers in the United States. Those 6,400,000 farmers to-day are staggering beneath a mortgage indebtedness aggregating \$9,000,000,000. If this system breaks down, we will be asked to tax the 6,400,000 farmers, who are already overburdened with debt, to pay the indebtedness of the 400,000 farmers. We will be asked to tax 158,000 farmers of South Carolina to pay the indebtedness of 2,000 delinquent farmers there, or perhaps 5,000 borrowers. We will be asked to tax 312,000 farmers in Mississippi to pay off the indebtedness of 9,000 delinquents, or, say, 23,000 borrowers.

I shall not be willing when that day comes to add to the burden of 6,400,000 farmers already oppressed with their own indebtedness. I shall not be willing to tax them to pay off the indebtedness of the borrowers from these land banks. I shall not be willing to tax 6,400,000 farmers who are selling their cotton and their steers at 5 cents a pound, selling their oats at 15 cents, corn at 25 cents, and wheat at 35 cents a bushel, and extract from that beggarly price revenue to discharge the indebtedness of borrowers from these banks. Of course, those who can pay ought to pay; and if the borrowers do not pay, I know the United States will be appealed to, on high and lofty grounds of moral obligation, to liquidate the indebtedness of these farmers.

I do not wish that day to come, neither do I wish to see this system wrecked during the interval between this day and that.

The American farmer is the best risk. For this statement I have the authority of one of the largest industrial organizations in this country.

I wish to save the deserving borrower who can not save himself. I fear this amendment may crowd him out with the undeserving who can save themselves. I favor this legislation as an emergency measure, but I wish to safeguard it so that it will do more good than harm and not do more harm than good. I wish to save the deserving borrower without sacrificing either the land-bank system on the one hand or the American taxpayer on the other.

Mr. NORRIS. Mr. President, if any Senator had had any doubt as to how he should vote on this amendment, it seems to me it would have been at once cleared away had he listened to the questions propounded by the Senator from Idaho [Mr. BORAH] to the Senator from Oregon [Mr. STEIWER], together with the answers of the Senator from Oregon. Nobody has offered any objection, so far as I know, to this amendment except that, if adopted, it is going to result, as some believe, in an invitation to those who owe the farm land banks to ask for an extension of time for payment, and it is therefore feared that it will injure the system and that the bonds will depreciate more than they have already depreciated. Mr. President, to my mind the answer of the Senator from Oregon, given in his usual frank manner, was a complete refutation of that proposition.

This amendment, if adopted, will enable the land banks to operate while they grant extensions to those who are not able to pay. The money, \$25,000,000, will be used in lieu of the payments that would have been made if those delinquent farmers were able to pay. Suppose some farmer who would not have asked for it had this amendment not been agreed to does ask for time; there would be nothing serious about that. There is many a farmer making these payments who is doing so after subjecting himself and his family to all kinds of privations in order to make them. Perhaps some of them will relieve their own distress with the money they otherwise would have used to pay this indebtedness as it matures in installments.

What is the other result? Suppose we do not do it; suppose we do not extend the time and that we foreclose the mortgages. What effect will that have on this system that Congress has inaugurated under which these loans are made? Will it bring any money? No; it will take the money out of the banks, and instead of those banks being in the farm loan business they will be in the land business. They will have to buy these farms at mortgage sales; they will have to pay the cost of foreclosure; they will have to pay the taxes. None of those things will they have to do if an extension is made to the worthy applicant, who afterwards pays his debts. They will not get any money by the foreclosure of these delinquent mortgages; and, as I stated, they themselves will have to buy the land if they protect the mortgages. Otherwise, who would buy them? Who is going to buy this land if it is put up for sale and the men who are now living upon it lose it? There is not anybody to do so. The farm loan system will own all those lands instead, and at the same time will not be able to pay the interest on their bonds, because they will have to utilize what income they have in order to pay taxes upon the lands which they own and the improvements which in many cases will have to be made.

This is not a question of what we would like to be able to do; it is a question of what under the circumstances we ought to do. Nobody, so far as I know, is anxious to have this system fail; we all want it to succeed; and if it shall fail, it will fail not because of any wrongdoing on the part of the farmers who borrowed the money. That has not been true of the banking system; that was not true a day or two ago when we voted \$2,000,000,000 for the benefit of bankers who themselves, to a great degree, were responsible for the very condition in which they found themselves, and who, to a large degree, have been responsible for the present con-



dition of the farmers, who in many instances have produced abundant crops but are unable to sell them and get back the cost of production.

Mr. McKELLAR. Mr. President, will the Senator from Nebraska yield to me?

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

Mr. NORRIS. I yield to the Senator.

Mr. McKELLAR. As I look at the question, there is no provision of the bill that, if adopted, will do more than would this to strengthen the price of the bonds themselves, if one merely looks at it from the standpoint of the bondholders.

Mr. NORRIS. Yes, sir.

Mr. McKELLAR. There is no provision of the bill that will strengthen the value of the bonds themselves as would this provision, which would give the Federal Farm Board the right in the cases mentioned to make extensions.

Mr. NORRIS. And it will provide the money by which it may be done.

Mr. McKELLAR. Of course it will.

Mr. NORRIS. In other words, this money is going to be used, for the time being, in lieu of the money that the Farm Board would have had if there had been no delinquencies. I think that is the whole thing in a nutshell.

I would regret equally with the Senator from Oklahoma [Mr. GORE] to see this system fail; I regret just as much as anybody that this legislation is, in my judgment, necessary; nobody, so far as I know, feels differently about it; but we ought not, it seems to me, strain ourselves when we swallow this little dose which is necessary to relieve an unfortunate situation that has come upon agriculture, through no fault whatever of agriculture, when at the same time we are willing to gulp down with one swallow the proposition of levying taxes to the amount of \$2,000,000,000 upon our people in order to pay for wrongs that have been brought about by men who, in a great degree, are responsible for this very agricultural condition, and, in addition to that, pay the money to the very people who are thus responsible.

The VICE PRESIDENT. The question is on agreeing to the modified amendment proposed by the Senator from Alabama [Mr. BLACK]. [Putting the question.] The ayes seem to have it.

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

Mr. McNARY. The senior Senator from Minnesota [Mr. SHIPSTEAD] is necessarily absent on account of illness. I desire that this announcement may stand for the day.

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

Mr. NORRIS. I ask for the yeas and nays on the amendment, as modified.

Mr. STEIWER. Mr. President—

The yeas and nays were ordered.

Mr. STEIWER. Mr. President, I tried to attract the attention of the Chair before the order had been made.

I merely wanted to suggest to the Senator from Alabama, with respect to his amendment, that on page 2, in lines 5 and 6, he consider the advisability of eliminating the exception which commences after the word "amended." It occurs to those members of the committee with whom I have consulted about this matter that if the Senator's amendment is agreed to it might better be agreed to without that exception, so that section 2 would apply in its entirety.

Mr. BLACK. It has already been stricken out.

Mr. STEIWER. I thank the Senator. I did not know it was out.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Alabama, as modified, to the amendment of the committee. On that amendment the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BLACK (when Mr. BANKHEAD's name was called). My colleague the junior Senator from Alabama [Mr. BANKHEAD] is away on official business. If present, he would vote "yea."

Mr. BINGHAM (when his name was called). I have a pair with the junior Senator from Virginia [Mr. GLASS], who is detained on account of illness. He has told me that he is opposed to this amendment, and therefore I am free to vote. I vote "nay."

Mr. KING (when his name was called). I have a general pair with the senior Senator from Minnesota [Mr. SHIPSTEAD] and therefore withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. WALSH of Montana (when Mr. LEWIS's name was called). The Senator from Illinois [Mr. LEWIS] is unavoidably absent. If present, he would vote "yea."

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. That Senator being absent, I withhold my vote. If free to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. If he were present, I understand that he would vote as I expect to vote. Therefore I feel free to vote. I vote "yea."

Mr. HARRISON (when Mr. STEPHENS's name was called). If my colleague [Mr. STEPHENS] were present, he would vote "yea" on this amendment.

The roll call was concluded.

Mr. BARKLEY. Has the senior Senator from Colorado [Mr. WATERMAN] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BARKLEY. I have a general pair with that Senator. Not knowing how he would vote, I withhold my vote.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I inquire if the Senator from Pennsylvania [Mr. REED] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. ROBINSON of Arkansas. I have a general pair with the Senator from Pennsylvania. I transfer that pair to the Senator from Mississippi [Mr. STEPHENS] and will let my vote stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from Alabama [Mr. BANKHEAD]; and

The senior Senator from Illinois [Mr. GLENN] with the junior Senator from Illinois [Mr. LEWIS].

Mr. SHEPPARD. I desire to announce the absence on official business of the Senator from Virginia [Mr. SWANSON] and the Senator from Missouri [Mr. HAWES].

Mr. LA FOLLETTE. I desire to announce that the Senator from Minnesota [Mr. SHIPSTEAD] is detained from the Senate by illness.

The result was announced—yeas 49, nays 28, as follows:

#### YEAS—49

Ashurst	Bratton	Caraway	Cutting
Bailey	Brookhart	Connally	Dill
Black	Bulow	Coolidge	Fletcher
Blaine	Byrnes	Copeland	Frazier
Borah	Capper	Costigan	George



Harris  
Harrison  
Hayden  
Hull  
Johnson  
Jones  
Kendrick  
La Follette

Logan  
McGill  
McKellar  
Morrison  
Neely  
Norris  
Nye  
Pittman

Robinson, Ark.  
Robinson, Ind.  
Sheppard  
Shortridge  
Smith  
Thomas, Idaho  
Thomas, Okla.  
Trammell

Tydings  
Wagner  
Walsh, Mass.  
Walsh, Mont.  
Wheeler

# NAYS—28

Austin  
Barbour  
Bingham  
Bulkley  
Carey  
Couzens  
Dale

Dickinson  
Fess  
Goldsborough  
Gore  
Hale  
Hatfield  
Hebert

Kean  
Keyes  
McNary  
Metcalf  
Norbeck  
Oddie  
Patterson

Schall  
Steiner  
Townsend  
Vandenberg  
Walcott  
Watson  
White

# NOT VOTING—18

Bankhead  
Barkley  
Broussard  
Davis  
Glass

Glenn  
Hastings  
Hawes  
Howell  
King

Lewis  
Moses  
Reed  
Shipstead  
Smoot

Stephens  
Swanson  
Waterman

So Mr. BLACK's amendment, as modified, to the amendment of the committee was agreed to.

Mr. STEIWER. We may proceed now, I think, Mr. President.

The VICE PRESIDENT. With amendment No. 2? No. 2 was passed over for the disposition of this amendment.

Mr. STEIWER. Although I do not know that the Senator from Alabama has ever committed himself finally, I was assuming that upon the adoption of his amendment, just agreed to, he would ask to change the figure on page 2, lines 18 and 19.

Mr. BLACK. Mr. President, I will say to the Senator that it is my understanding that this \$25,000,000 amendment is not in addition to the \$125,000,000 which is appropriated in another part of the bill; and therefore my amendment would carry with it the idea that the Senate would desire to reduce the \$125,000,000 to \$100,000,000.

Mr. STEIWER. Probably, if there is no controversy concerning it, it may be done by unanimous consent.

Mr. FLETCHER. Mr. President, the question would come on the adoption of the committee amendment; and rejecting the committee amendment would leave it as the House had it.

Mr. STEIWER. Yes; that is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 2, lines 18 and 19, which will be stated.

The CHIEF CLERK. The committee proposes to strike out "\$100,000,000" and insert "\$125,000,000."

The amendment was rejected.

The next amendment was on page 2, line 23, after the word "issued," to strike out "from time to time"; in line 24, after the word "may," to insert "at any time"; on page 3, line 2, after the word "may," to insert "at any time"; in line 4, after the word "part," to strike out "out of available resources of said bank" and insert "if in the opinion of the board the bank has resources available therefor," so as to read:

Shares of stock issued pursuant to this paragraph shall be paid off at par and retired in the same manner as the original capital stock of said bank after said original stock outstanding, if any, has been paid off and retired: *Provided, however,* That stock issued pursuant to this paragraph may at any time, in the discretion of the directors and with the approval of the Federal Farm Loan Board, be paid off at par and retired in whole or in part; and that said board may at any time require such stock to be paid off at par and retired in whole or in part, if in the opinion of the board the bank has resources available therefor. The proceeds of all repayments on account of stock issued pursuant to this paragraph shall be held in the Treasury of the United States and shall be available for the purpose of paying for other stock thereafter issued pursuant to this paragraph.

The amendment was agreed to.

The next amendment was, on page 3, line 13, before the word "adding," to strike out "amended by" and insert "amended, effective July 1, 1932, by"; after line 14, to strike out "effective beginning with the first full semi-annual period ending June 30 or December 31, following the enactment of this paragraph, every" and insert "every"; in line 18, after the word "shall," to insert

"semiannually"; in the same line, after the word "account," to strike out "semiannually"; in line 22, after the word "reserve," to strike out "shows a credit balance" and insert "is"; and on page 4, line 1, after the word "paid," to strike out "No Federal land bank shall declare or pay a dividend or dividends to shareholders unless approved by the Federal Farm Loan Board. Stock owned by the Government of the United States in Federal land banks shall receive no dividends. In the case of Federal land banks the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of this section and of the requirements as to percentages of reserves stated in the second paragraph of this section. This paragraph shall not be applicable to joint-stock land banks," and to insert "After deducting the 50 per cent or the 10 per cent herein directed to be deducted for credit to reserve account, any Federal land bank may declare a dividend or dividends to shareholders of the whole or any part of the balance of its net earnings, but only with the approval of the Federal Farm Loan Board. In the case of Federal land banks the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of the first paragraph of this section and in lieu of the requirements of the first sentence of the second paragraph of this section," so as to make the section read:

Section 23 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 901, 902), is amended, effective July 1, 1932, by adding at the end thereof a new paragraph as follows:

"Every Federal land bank shall semiannually carry to reserve account a sum not less than 50 per cent of its net earnings until said reserve account shall show a credit balance equal to the outstanding capital stock of said land bank. After said reserve is equal to the outstanding capital stock 10 per cent of the net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid. After deducting the 50 per cent or the 10 per cent herein directed to be deducted for credit to reserve account, any Federal land bank may declare a dividend or dividends to shareholders of the whole or any part of the balance of its net earnings, but only with the approval of the Federal Farm Loan Board. In the case of Federal land banks the requirements of this paragraph shall be in lieu of the requirements of the first three sentences of the first paragraph of this section and in lieu of the requirements of the first sentence of the second paragraph of this section."

The amendment was agreed to.

The next amendment was, on page 4, line 23, after the word "effective," to strike out "beginning with the first full semiannual period, ending June 30 or December 31, following the enactment of this act" and to insert "July 1, 1932"; on page 5, line 4, after the word "earnings," to insert "semiannually"; in line 5, before the words "a sum," to strike out "semiannually"; in the same line, after the word "than," to strike out "20" and insert "10"; in line 7, after the words "equal to," to insert "25 per centum of"; in line 8, after the word "reserve" to strike out "shows a credit balance equal to" and insert "has reached the sum of 25 per centum of"; in line 10, after the word "capital," to strike out "stock 5" and insert "stock, 5"; in line 11, after the words "shall be" to insert "semiannually"; in the same line, after the word "thereto," to strike out "semiannually"; and in line 15, after the word "deducting," to strike out "20" and insert "the 10," so as to read:

SEC. 4. The first three paragraphs of section 24 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 911-913), are amended, effective July 1, 1932, to read as follows:

"That every national farm-loan association shall, out of its net earnings, semiannually carry to reserve account a sum not less than 10 per cent of such net earnings until said reserve account shall show a credit balance equal to 25 per cent of the outstanding capital stock of said association. After said reserve has reached the sum of 25 per cent of the outstanding capital stock, 5 per cent of the net earnings shall be semiannually added thereto.

"Whenever said reserve shall have been impaired it shall be fully restored before any dividends are paid.

"After deducting the 10 per cent or the 5 per cent hereinbefore directed to be credited to reserve account, said association may at its discretion declare a dividend to shareholders of the whole or any part of the balance of said net earnings."

The amendment was agreed to.

The next amendment was, on page 5, after line 19, to strike out:



Sec. 4. That section 25 of the Federal farm loan act (U. S. C., title 12, ch. 7, sec. 921) is amended by adding at the end thereof a new paragraph to read as follows:

"Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period."

And to insert:

Sec. 5. Section 13 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, sec. 781), is amended by adding at the end thereof a new paragraph to read as follows:

"10. When in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment (which includes amortization and interest) that may be or become unpaid upon any mortgage, and to accept payment of such unpaid installment during a period of five years or less from the date of such extension in such amounts as may be agreed upon at the date of making such extension. It shall be the duty of the Secretary of the Treasury to subscribe from time to time for capital stock in the several Federal land banks in addition to the subscriptions provided for in section 2 of this act, as amended. All amounts received by each such bank from such additional subscriptions shall be used exclusively for the purpose of supplying such bank with funds to use in its operations in place of the amounts of which such bank is deprived by reason of extensions made as provided in this paragraph. To enable the Secretary of the Treasury to pay for stock issued hereunder, there is hereby authorized to be appropriated the sum of \$25,000,000. The provisions of section 2 of this act, as amended, shall apply with respect to stock authorized to be subscribed for pursuant to this paragraph. The provision for extensions contained herein is not intended to and shall not be construed to limit the use or application of any of the funds of the banks otherwise available for the purpose of making extensions herein authorized. Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension."

Mr. JONES. Mr. President, I offer an amendment to that amendment. I send it to the desk, and ask to have it stated.

The VICE PRESIDENT. The Senator from Washington proposes an amendment to the amendment, which will be stated.

The CHIEF CLERK. On page 6, line 16, after the word "installment," it is proposed to strike out the balance of the section and insert:

On or before or at the end of the amortization period, with the rate of interest per annum on such unpaid installment as is specified in the mortgage.

Mr. JONES. Mr. President, I think the amendment proposed by the committee is better than the language stricken out in the bill as it passed the House. But I think a little bit more liberal provision should be put into the bill. Therefore I have offered this amendment.

Instead of the deferred payment being divided up into installments over a period of five years, my amendment authorizes the putting off of the installment to the end of the period. As I said, I think the committee provision is better than the House provision. Originally it provided for the addition of the unpaid installment to the next payment, and that would add really a double burden, which it might be necessary to meet under conditions no better than those surrounding the first installment.

While, as I have stated, I think the committee amendment is an improvement on the language of the House, I think the language I have proposed would be better, under the conditions which confront these people.

Mr. STEIWER. Mr. President, I want to inquire of the Senator whether he considered the effect of this amendment upon the ability of the banks to meet their obligations to their bondholders and to keep their current interest payments up.

Mr. JONES. I would be glad to have the Senator's idea with reference to that. Of course, I have not given this matter the study which I know the Senator from Oregon has. I had this amendment printed and referred to the committee, and I imagine the committee considered it in connection with the committee amendment proposed. I would be glad to have the Senator's idea with reference to the proposition.

Mr. STEIWER. Mr. President, I do not know that I am an authority on the precise question. I will say that, the

subcommittee gave consideration to the Senator's proposal, and I think we were partly prompted by his proposal in changing the language of the bill as it passed the House and in presenting the language which is included in the bill as reported from the committee.

I agree thoroughly with the Senator that the language suggested in the committee report is superior to the language used in the bill as it passed the House. We were afraid that the extension of payments to the end of the mortgage period might so thoroughly throw the thing out of line that the banks would not be able to meet their obligations.

It has been explained already in the debate here that there is only 1 per cent margin upon which the banks must conduct all their operations, from which they are to pay their losses. If losses are heavy, as we may reasonably expect them to be in the years to come pending the restoration of better times in this country, it is quite obvious that the Senator's amendment at least might possibly bring to the banks a very serious problem and make it necessary for them to come back to the Congress for further authorization, and possibly for further subscriptions to capital.

I think it would be better, if the Senator were satisfied, for the Senator not to press the amendment; and I suggest now, in keeping with the thought the Senator has in mind, that the power to extend as provided in section 5 of this bill probably admits or reextension, that is to say, if the borrower can not pay within the agreed period which is created under the power of extension, it is provided in this bill, it seems reasonably clear, that the bank can reextend and no doubt would, if it did not bring to the bank a problem which it was not able to meet.

It occurs to us, therefore, that it is better to use the language suggested by the committee than the language suggested by the Senator's amendment.

Mr. JONES. Mr. President, has the Senator any doubt about the power to reextend?

Mr. STEIWER. I have not personally. The reason why I did not speak with more assurance was that I was reflecting merely my own judgment. My own opinion is that there is a clear right in the bank to reextend if the farmer is not able to pay within the time of the agreement as made between the borrower and the bank.

Mr. NORBECK. Mr. President, would the effect of the Senator's amendment be that if the payment could not be made it would be extended clear to the end of the amortization period?

Mr. JONES. That would really be the effect of the amendment.

Mr. NORBECK. It would extend it 20 or 25 years, if there were any extension at all?

Mr. JONES. It would bring it in at the end of the delinquent period.

Mr. NORBECK. I shall have to leave the Chamber, and I hope the Senator will pardon me for having interrupted him. I can not think of anything that would do more to break down the system than that.

Mr. JONES. Mr. President, I recognize the force of the suggestion of the Senator from South Dakota and also of the suggestion of the Senator from Oregon. They are interested in obtaining the same results I am desirous of attaining. I am perfectly willing to have a vote on my amendment without further discussion.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. JONES] to the committee amendment.

The amendment to the amendment was rejected.

Mr. HAYDEN. Mr. President, I offer two amendments, which I send to the desk. I would like to have both the amendments read.

The VICE PRESIDENT. The amendments will be stated.

The CHIEF CLERK. On page 6, lines 10 and 11, strike out the words "installment (which includes amortization and interest)" and insert in lieu thereof the word "obligation."

On page 6, line 12, strike out the word "upon" and insert in lieu thereof the words "under the terms of."



Mr. HAYDEN. Mr. President, if a borrower fails to pay his taxes, fails to pay any other lawful assessment due upon his land, or fails to pay his fire insurance, a Federal land bank which has loaned him money is authorized, under the Federal farm loan act, to pay such taxes and other assessments and to include the amounts thus paid within the loan. Authority to take such action is found in the ninth paragraph of section 12 of the Federal farm loan act, which reads as follows:

9. Every borrower shall pay simple interest on defaulted payments at the rate of 8 per cent per annum, and by express covenant in his mortgage deed shall undertake to pay when due all taxes, liens, judgments, or assessments which may be lawfully assessed against the land mortgaged. Taxes, liens, judgments, or assessments not paid when due, and paid by the mortgagee, shall become a part of the mortgage debt and shall bear simple interest at the rate of 8 per cent per annum. Every borrower shall undertake to keep insured to the satisfaction of the Federal Farm Loan Board all buildings the value of which was a factor in determining the amount of the loan. Insurance shall be made payable to the mortgagee as its interest may appear at time of loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed.

As I read the terms of this bill, as amended by the Senate Committee on Banking and Currency, the only amounts which can be extended and amortized are installments due and the interest on such installments. It seems to be clear that if the borrower is in such financial condition that he can pay neither an installment nor the taxes and other assessments due, all of his obligations ought to be gathered together and extended in every case where the Federal land banks have included them as a part of his mortgage.

I have submitted this amendment to several members of the committee which reported the pending bill, and they assure me that it meets with their approval.

Mr. STEIWER. Mr. President, a word as to what the Senator from Arizona has just stated. The members of the committee who have considered this proposal considered the language suggested in the two amendments of the Senator from Arizona as an improvement upon the language we have placed in the bill.

The VICE PRESIDENT. Is there objection to acting on the two amendments en bloc? The Chair hears none, and the question is on agreeing to the two amendments to the amendment of the committee.

The amendments to the amendment were agreed to.

The amendment, as amended, was agreed to.

Mr. GEORGE. Mr. President, I send to the desk an amendment I have had printed, and ask that it be read.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. The Senator from Georgia proposes to add a new section at the end of the bill, as follows:

Sec. 7. The unexpended balance of the sum of \$20,000,000 appropriated by section 2 of the Interior Department appropriation act, approved February 14, 1931, and all amounts heretofore or hereafter received by the Secretary of Agriculture upon the repayment of any advance or loan authorized by such section, are hereby appropriated to be immediately available and to remain available until May 1, 1933, and to constitute a revolving fund until such date, to be administered by the Secretary of Agriculture and to be known as the agriculture credit fund for the purpose of making advances or loans to individuals for forming such local agricultural credit corporations, livestock loan companies, or like organizations as are now or may hereafter be qualified to do business with Federal intermediate credit banks and of increasing the capital stock of such corporations, companies, or organizations, and, in the discretion of the Secretary of Agriculture, of making advances or loans direct to such corporations, companies, or organizations, upon such security as he may deem adequate. The advances and loans from the revolving fund shall be made upon such terms and conditions as the Secretary of Agriculture may prescribe.

Mr. GEORGE. Mr. President, this amendment is, of course, a rider on this bill, and yet it is not unrelated to the general question of rural credits.

The amendment simply proposes to continue an appropriation heretofore made, or so much of it as has not yet been expended, until May, 1933, and to devote that appropriation to the same purposes to which the appropriation was to be devoted under the original act.

The only additional power given is the discretion given to the Secretary of Agriculture to lend from this fund directly to an agricultural corporation or livestock corporation or other like organization authorized to do business with the intermediate credit bank. There is no obligation to do so, there is no mandatory requirement that he make loans for that purpose, but he is merely given the discretionary power.

Mr. President, I wish to say that I originally intended to offer the amendment to the finance corporation bill which was passed by the Senate recently and which is now being considered by the House of Representatives. I consulted the Senator from Connecticut [Mr. WALKOTT], in charge of that measure, and he suggested to me that I defer offering the amendment until this bill came before the Senate. I regret that the Senator from Connecticut is not present. He is familiar with this particular provision. In fact, as a member of the committee he approved it originally, as I understand it.

I also consulted with the Senator from Ohio [Mr. BULKLEY] and the Senator from Virginia [Mr. GLASS], who were likewise interested, as members of the Committee on Banking and Currency, in charge of the finance bill already considered and passed by the Senate.

While this is a rider it undertakes to assist rural credits, not upon a purely temporary basis but it undertakes to set up something in the nature of a permanent system of rural credits.

Intermediate credit banks, of course, are under the Federal land banks. The connection, of course, all Senators appreciate. The intermediate credit bank makes loans for both production and marketing purposes. It makes those loans only to or through local agricultural corporations or livestock associations or like associations of farmers. It is therefore necessary for the farmers to be able to set up their local agricultural corporations or livestock associations in order to avail themselves of the privilege of borrowing through the intermediate credit banks.

In the last seed, feed, and fertilizer loan law providing loans to relieve farmers in the drought areas provision was made for the segregation of \$20,000,000 to be loaned or advanced by the Secretary of Agriculture to those farmers who wished to organize local agricultural corporations or livestock associations. In other words, money was provided through which the original capital stock for this organization might be obtained, or the organization already in existence might obtain additional funds with which to increase its capital stock.

That was a constructive provision in that measure. There ought to be a permanent revolving fund set up for this particular purpose. But this amendment does not ask for a permanent revolving fund. It asks merely that the unexpended part of the original appropriation be continued until May, 1933, to be used for identically the same purposes as provided in the original act, with the single exception that the Secretary of Agriculture is given the discretionary power to make a loan directly to the corporation itself. He is not obliged to do so, and I apprehend that he would not undertake to do so.

I sincerely hope that those in charge of the bill will accept the amendment and let it go to conference.

Mr. McKELLAR. Mr. President—

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

Mr. GEORGE. I yield.

Mr. McKELLAR. Is it the farm-feed loan appropriation to which the Senator refers, or is it a different appropriation?

Mr. GEORGE. It is \$20,000,000 which was appropriated at that time for the purpose of establishing these associations or increasing the capital stock of existing associations.

Mr. McKELLAR. The amendment does not include the loans that were made to individuals?

Mr. GEORGE. Oh, no; except for this purpose. I may say to the Senator from Tennessee and to the Senate that it calls for \$20,000,000, or so much of that fund as has not



been expended. It calls for the unexpended balance of it. There is about \$7,000,000, as I understand.

Mr. McKELLAR. Will the Senator allow me to state that one of these feed-loan organizations was established in Tennessee for a number of States of which that particular State was the center? Arkansas, Mississippi, Alabama, and Tennessee, and possibly Kentucky, were included. I do not think anything the Government has done in a very long time has been of more real benefit to the farmers than were those loans. Many of the farmers could not have made crops if they had not had these loans. The loans were managed splendidly. A representative of the Government was sent out there as the general manager of the system, and he has done splendid work. I do not believe that Congress has done any better work at any time for the farmer than in the establishment of this fund for loans of this character. I wish they could be continued. I am in hopes that they may be continued under the amendment.

Mr. CAREY. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Wyoming?

Mr. GEORGE. I yield.

Mr. CAREY. I made some inquiries at the Department of Agriculture this morning regarding the fund. I find that out of the \$10,000,000 set aside for agricultural credits, slightly less than \$1,500,000 has been loaned, which would leave about \$8,500,000 available under the amendment of the Senator from Georgia. As chairman of the subcommittee which has the bill in charge, I may state that we will be very glad to accept the amendment.

Mr. GEORGE. I thank the Senator.

Mr. McNARY. Mr. President, I think it very unfortunate, indeed, that this amendment is attempted to be placed on the bill now before us, because it interferes with a general policy now about to be worked out by the Department of Agriculture, together with the two committees of the House and Senate. This is purely an effort to divert the funds which were appropriated last year. The \$20,000,000 appropriated last year, carried as an amendment to an appropriation bill, was for three purposes: First, agricultural credit; second, to enable the farmers to secure a crop; third, to rehabilitate agriculture; all of which was secured by liens on growing crops. It was supplementary to the legislation to care for people in the drought-stricken region.

The amendment of the Senator from Georgia now comes along without any head or tail to it. It diverts the money for another purpose than that provided in existing law.

Mr. GEORGE. I do not think so.

Mr. McNARY. I am sure of it. I have the act before me.

Mr. GEORGE. I would be glad if the Senator would point that out. My amendment devotes the fund to the identical purposes, except it gives discretionary power to the Secretary of Agriculture that he did not have heretofore.

Mr. McNARY. The Senator's amendment provides that the Secretary of Agriculture may use this money to strengthen rural credits upon such terms as he may suggest, leaving him a wide discretion. Last year that was not the purpose of the \$20,000,000 appropriation. It was to assist the farmers in growing their crops, to rehabilitate agriculture, and to strengthen rural credits. In the act, which was sponsored by the Senator from Arkansas, a lien on growing crops was required of individuals borrowing money. It is quite a different proposition than the purposes of the Senator's amendment, because in my opinion the purposes of the pending measure were not in the minds of those who voted for the \$20,000,000 amendment last year.

Furthermore, it runs contrary to and exactly into collision with the work of a separate committee, having jurisdiction over this matter, and the Secretary of Agriculture, who are trying to work out a permanent policy covering all matters relating to the growing of crops.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator from Oregon has misinterpreted the amendment of the Senator from Georgia.

Mr. McNARY. I read it very hastily. If I have misinterpreted it, I should be glad to be corrected.

Mr. ROBINSON of Arkansas. As I read the amendment of the Senator from Georgia, and I, too, have read it hastily, it proposes to devote the \$20,000,000 which was appropriated last year in the act referred to by the Senator from Oregon to one of the same purposes that were authorized in the legislation of 1931, namely, to make advances or loans to individuals in the drought or storm or hail stricken areas of the United States for the purpose of assisting in forming local agricultural credit associations, livestock-loan companies, or like organizations, as are now or may hereafter be qualified to do business. Am I correct in that statement?

Mr. GEORGE. The Senator is entirely correct.

Mr. ROBINSON of Arkansas. It may be, and I think probably it is true that all of the remainder of the \$20,000,000 will not be required for the purposes of the Senator's amendment. Only a comparatively small amount of it was used last year. But so far as my information goes, and I just a few moments ago had a conference with the Secretary of Agriculture, my impression is that the facts are as stated by the Senator from Wyoming [Mr. CAREY]. The adoption of this amendment is not inconsistent with the legislation in contemplation for the making of loans in 1932 either to individuals or to the associations embraced in the amendment.

I think it is regrettable that the whole subject matter could not have been considered by committees charged with such legislation, but at the same time I think the Senator from Oregon should bear in mind that the amendment of the Senator from Georgia is merely making available in effect the unexpended balance of the fund for the purposes for which it was authorized in 1931. Is not that correct?

Mr. GEORGE. Exactly. In order to make that perfectly clear, and in order to remove any controversy about it, I shall be glad to accept an amendment to my amendment simply continuing the unexpended balance of the fund to be used for the same purposes and under the same conditions as described in the original act.

Mr. STEIWER. Mr. President, will my colleague yield for a suggestion?

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

Mr. McNARY. I yield.

Mr. STEIWER. As I remember it, the \$20,000,000 appropriated by the last Congress was for at least two purposes, if not more, and that under the authority of the resolution the Secretary of Agriculture set aside \$10,000,000 for loans to the agricultural and livestock credit associations, and that \$10,000,000 was to be used for some entirely dissimilar purpose, I believe for loans for food for farmers in the drought-stricken area.

If I read correctly the proposal of the Senator from Georgia, he would not only extend the law as to the \$10,000,000 which was to be loaned to the agricultural livestock and credit associations, but that any residue of the other fund or any repayment from the other \$10,000,000 would also be carried into the same fund. I was wondering if that is not what my colleague had in mind in the suggestion he made just a moment ago?

Mr. McNARY. Yes; in part; and I thank my colleague.

Let me say to the Senator from Georgia, having the previous act before me and having some familiarity with the purpose of it, that the act specified particularly that the \$20,000,000 was first to be used to make advances or loans to individuals in the drought or storm or hail stricken areas of the United States. There is a restriction placed upon its use. The Senator's proposition makes it universal in its application without respect to any part of the country.

Secondly, it was to be used to make advances or loans to farmers for crop production. Crop production is a matter which is only partially related to the Senator's amendment.

His amendment does two things. It enters upon a line of legislation that is not contemplated by the bill now receiving the consideration of the Senate. Secondly, it restricts the application territorially, whereas the Senator's amendment makes its application universal. Those are the objections I point out to the Senator's proposal.



I have had several conferences with the Secretary of Agriculture, and he spent a part of yesterday and the day before with me attempting to bring about a uniformity in all these laws applying to drought-stricken regions requiring relief, so as to provide a revolving fund out of a portion of this fund to be applicable to all of the States under certain conditions.

The objection I have to the proposition of the Senator is that he is attempting to legislate in a haphazard way that has no relation to the subject matter in its entirety. The Senator is always anxious to legislate wisely and for the best purposes involved. If the Senator will withhold his amendment for a few days, I may state to him that the Committee on Agriculture and Forestry will go into the whole proposition and report out a bill that will meet the situation which he is trying to cure by his amendment. The only interest I have in the matter is for the legislation to proceed in an orderly and logical way.

Mr. ROBINSON of Arkansas. Mr. President, may I say to the Senator from Georgia that I have some sympathy with the suggestion which is made by the Senator from Oregon. At the same time I do not think the amendment of the Senator from Georgia is subject to the criticism made by the Senator from Oregon in the entirety of that criticism. The Senator from Georgia simply seeks to make available the unexpended balance of the fund for one of the purposes for which it was originally authorized. I believe that it may be well for the Senator from Georgia to consider the suggestion made by the Senator from Oregon.

Mr. GEORGE. Mr. President, I was about to say that I have introduced a bill creating a permanent revolving fund for this purpose, which bill has been referred to the Committee on Agriculture and Forestry. With the assurance of the Senator from Oregon that the matter is having consideration and that the committee does propose to deal with the subject, I am so thoroughly convinced of the justice and equity of the suggestion that I would be quite willing to abide the action of the committee. I understand that I have that assurance or did have that assurance from the Senator from Oregon?

Mr. McNARY. Yes; I stated very frankly that the committee will consider legislation of this character in a few days, just as soon as a plan has been finally submitted to several who are interested. I think one who is studying it at the present time is the able Senator from Arkansas [Mr. ROBINSON].

Mr. GEORGE. I was moved to offer the amendment at this time in part, at least, because of the action taken by the Senate in voting \$50,000,000 directly to the farmers in the Reconstruction Finance Corporation bill. It seemed to me to be appropriate to set up this credit agency for those individuals who desire to form the local credit associations or who wish to extend the capital stock of existing corporations.

Mr. ROBINSON of Arkansas. Mr. President, may I add to what has been said by the Senator from Georgia [Mr. GEORGE] and the Senator from Oregon [Mr. STEIWER] and myself, that in the last paragraph of the act approved February 14, 1931, \$20,000,000 were appropriated for two purposes; first, "to make advances or loans to individuals in the drought and/or storm or hail stricken areas of the United States for the purpose of assisting in forming local agricultural-credit corporations, livestock loan companies, or like organizations, or of increasing the capital stock of such corporations," and so forth. The second purpose was "to make advances or loans to farmers for crop production for the crop of 1931."

It is apparent that a part of that \$20,000,000 fund was available for two purposes. I think it has been stated by the junior Senator from Wyoming [Mr. CAREY] that \$10,000,000 of the \$20,000,000 fund was set apart for the purpose of providing capital stock for the corporations described and that only a comparatively small amount of it was used for that purpose.

The amendment of the Senator from Georgia would make available the entire \$20,000,000 or unexpended balance of it

for one of the purposes embraced in the act. I think it may be very well for the Senator to pursue the course he has indicated that he is willing to pursue, having in mind that the matter is being studied now with a view to working it out along the lines of his amendment, and that, in all probability, a bill will be presented in the early future which will consummate his purpose.

Mr. GEORGE. Mr. President, I am quite willing to give it that direction.

The VICE PRESIDENT. The Senator withdraws his amendment.

Mr. JONES. Mr. President, I was just going to suggest to the Senator in regard to his amendment that, instead of it reading, "advance or loan authorized by such section, are hereby appropriated to be immediately available and to remain available until May 1, 1933, and to constitute a revolving fund" it be made to read, "advance or loan authorized by such section shall remain available until May 1, 1923, and shall constitute a revolving fund." Of course, however, if the Senator has withdrawn his amendment, it is not necessary to make any suggestion of that kind.

Mr. GEORGE. I appreciate the suggestion made by the Senator from Washington.

Mr. LOGAN. Mr. President, on yesterday I presented an amendment. I offer it at this time and ask the clerk to read it.

The VICE PRESIDENT. The amendment offered by the Senator from Kentucky will be stated.

The CHIEF CLERK. On page 6, line 10, section 5, after the word "it" and before the word "to," it is proposed to insert the following: "and the Federal farm loan association through which the loan was made consents to it."

Mr. LOGAN. Mr. President, the sole purpose of the amendment is to require the consent of the Federal farm loan association before there shall be an extension of the loans effected. These loans were originally made through farm loan associations, and the associations are responsible for any loss that may be sustained. I take it that everyone will agree that such extension could not be made without the consent of the association. Therefore I think a provision to that effect ought to be incorporated in the bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Kentucky yield to me?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. LOGAN. I do.

Mr. ROBINSON of Arkansas. May I say that I think the amendment of the Senator from Kentucky should be agreed to? Aside from the question of policy that has been referred to in connection with this subject by the Senator from Virginia [Mr. GLASS] and also by the Senator from Kentucky, there arises a question of power, a question of authority. If the Congress assumes to authorize extensions in violation of the law governing the associations which are responsible for the loans, we may be confronted with the problem as to whether those associations are to be held hereafter for the payment of the loans. We might involve a legal question that is easily averted by the incorporation of the amendment of the Senator from Kentucky.

Mr. LOGAN. In response to what the Senator from Arkansas has said, if the question should be taken before any court I assume that if the obligations are contractual between the bank and the association the court would say at once that this was invalid, because we could not confer upon the bank the authority to make the extension, as it would be an impairment of a contract.

On the other hand, if it is legislative, and they entered into an arrangement with the knowledge that the Congress might change the law, then the association would be released, and no extension would be made, because the bank is not going to relieve the association. I hope the Senator in charge of the bill will accept the amendment.

Mr. STEIWER. Mr. President, will the Senator yield to me for just an observation or two?

Mr. LOGAN. I yield.



Mr. STEIWER. I shall not address myself at length to this matter, but it is one which was considered by the subcommittee.

Applications for loans are made through the associations. I had some little trouble in my own mind determining whether under the law the application was really addressed to the association or to the bank. The language employed in the act is "through the association." I find, after conference with the officials of the Federal land bank board, that the contract for loaning the money when approved by the association is actually made by the land bank and the mortgage runs from the borrower to the land bank. In connection with the transaction there are some incidental matters growing out of the necessity for subscription to the stock of the association by the borrower and subscription to the stock of the bank by the association, but the mortgage actually runs from the borrower to the bank, and the association becomes an indorser upon the obligation.

Mr. LOGAN. That is correct.

Mr. STEIWER. I think it will be everywhere agreed, inasmuch as these associations are indorsers upon the obligations, that the bank can not legally extend the obligation without the consent of the indorser, and the committee, in the consideration of the matter, assumed that in every case the bank would endeavor to secure and would secure the consent of the association before making any extension. We concluded, however, in connection with the same matter, that it was not necessary to incorporate into the law that that consent be obtained. We assumed that the land bank would not make the extension if it was going to do it in such a way as to discharge its indorsers. Certainly it would not be to the bank's interest to do so. Therefore we thought it was not necessary.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. STEIWER. I am speaking in the time of the Senator from Kentucky [Mr. LOGAN]. I am very happy to yield if I have the right to do so.

Mr. ROBINSON of Arkansas. Very well.

Mr. STEIWER. We concluded merely that this restriction or definition that the Senator from Kentucky would write into the law was wholly unnecessary. We could have provided much wealth of detail. We could have provided, for instance, as to the form of the agreement of extension, and could have provided that such agreement be recorded. We could have provided that the rights of intervening lienors should not be infringed and that the junior encumbrances should be unaffected by the arrangement for extension. All those things should have been provided, but we reached the conclusion that they were all unnecessary because of necessity the land banks in making extensions would do nothing to permit the junior incumbrancer to intervene or to promote his rights and they would do nothing that would discharge the indorser.

With that explanation, I think it is wholly a matter of indifference to the committee as to whether this language is written in the bill or not.

Mr. LOGAN. Mr. President, I think the Senator misconceives what I have in mind. I believe it would be very unsafe to enact a law conferring power that we can not confer, on the assumption that the party upon whom it was conferred was going to do the thing that the law actually requires before the act would be legal. So to say that we will assume that the Federal farm banks will get the consent of the association would not, in my judgment, make the act good. I believe that it is necessary to the validity of the act itself that it shall provide that these extensions shall not be made without the consent of the other party interested, because the association is responsible for all loss, and to make an extension without its consent would release it, so that the bank naturally would not make the release. The associations might say "Congress has relieved us of any further responsibility; we have nothing to do with it; they have placed the authority in the banks." So, at least, I would say to the Senator from Oregon, accepting his view of the matter, that

no harm can come by adopting the amendment and much harm may come by failure to adopt it.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Kentucky.

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I have an amendment at the desk, which I now offer and ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of section 5 it is proposed to add the following:

The directors, in exercising the discretion to extend installments as herein provided, shall consider, in addition to general economic, business, and agricultural conditions, the particular circumstances affecting each loan for which an extension is sought, including amount and punctuality of former payments, the amount of principal remaining unpaid and its relation to the original principal, and all such other factors as affect the ultimate safety of such loan.

Mr. CONNALLY. Mr. President, I do not care to take up the time of the Senate in discussing the amendment. Its object is to require the board to pass upon the merits of each individual case rather than to adopt any broad general policy. If the loan has been good in the past, if payments have been met, it certainly ought to have preference over one that is not in a good condition. I submit the amendment to the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Texas.

The amendment was agreed to.

Mr. THOMAS of Idaho. I offer an amendment, which I ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 3, line 1, after the numeral "2," it is proposed to insert "(a)," and, after line 25, to insert the following new paragraph:

(b) Section 23 of the Federal farm loan act, as amended (U. S. C., title 12, ch. 7, secs. 901, 902), is further amended by inserting before the period in the first sentence of the second paragraph thereof a colon and the following: "Provided, That any dividend or dividends declared by any joint-stock land bank shall be subject to the approval of the Farm Loan Board."

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Idaho.

Mr. THOMAS of Idaho. The object I have in offering the amendment is that I want the same requirement declaring dividends to apply to the joint-stock land banks that now applies to Federal land banks.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, in line 19, page 6, I think the words "Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension" are ambiguous and uncertain. I do not think they add anything to the bill, and I move to strike out those words.

The VICE PRESIDENT. The amendment offered by the Senator from Florida to the amendment of the committee will be stated.

The CHIEF CLERK. On page 6, the Senator from Florida moves to strike out the following words:

Such amounts shall be added to and payable at the same time as the amounts of the regular installments to become due during the period of extension.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

Mr. STEIWER. Mr. President, inasmuch as the language just preceding the language to which the Senator has called attention provides that the payments shall be made by agreement, it would seem that this provision, providing that the payments shall be made in a certain fixed manner, becomes surplusage at any rate, and may be contradictory to the other language. I therefore am quite in agreement with the proposal of the Senator from Florida, and am in favor of the amendment.



The VICE PRESIDENT. Without objection, the vote whereby the amendment of the committee was agreed to will be reconsidered; and the question is upon agreeing to the amendment proposed by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. There is one further committee amendment, which will be stated.

The CHIEF CLERK. On page 7, line 2, strike out "as amended (U. S. C., title 12, ch. 7)" and insert "and/or any act or acts amendatory thereof or supplementary thereto."

The amendment was agreed to.

The CHIEF CLERK. It is also proposed to renumber the sections.

The VICE PRESIDENT. By unanimous consent, the sections will be renumbered.

The bill is before the Senate and open to amendment.

Mr. FRAZIER. Mr. President, I noticed in the hearings that the representatives of some of the farm organizations raised the question as to the voting by the Treasury Department of the stock representing the \$100,000,000 put in by the Government. There was an explanation given; but the representatives of the farm organizations did not seem to be satisfied and thought there should be a provision here that this \$100,000,000 of Treasury capital stock should not vote.

Mr. CAREY. Mr. President, the law provides that 3 directors shall be chosen by the farm loan associations, 3 by the Government, and 1 shall be selected from nominations made by the farm loan associations.

Mr. FRAZIER. That simply refers to the election of directors of the banks.

Mr. CAREY. Of the banks, yes; and the directors of the banks would control the banks, naturally. So, I do not think this additional stock ownership by the Government gives the Government any additional voting power in the banks or takes it away from the farm-loan associations.

Mr. FRAZIER. In the law, on page 8, section 5, it provides that the stock owned by the Government can be voted by the Farm Loan Commissioner; and, if it can, although they say it never has been voted, inasmuch as the representatives of the farm organizations want this voting power struck out, I can see no objection to an amendment, on page 2, line 19, after the words "\$100,000,000," to add "such stock to be nonvoting."

The VICE PRESIDENT. Does the Senator offer that amendment?

Mr. FRAZIER. I offer that amendment. I understand that the \$125,000,000 amendment was struck out, so that \$100,000,000 is in the bill at the present time.

The VICE PRESIDENT. That is true. The amendment will be stated.

The CHIEF CLERK. On page 2, line 19, after the period following "\$100,000,000," add the words, "such stock to be nonvoting."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

Mr. STEIWER. Mr. President, it is true, I believe, as suggested by the Senator, that under the act as the Senate is to-day amending it the new stock subscribed by the United States could be voted. Under the provisions of section 4 of the act it could be voted by the commissioner. The committee gave little attention to the matter. We thought the voting of the stock was more of a fiction than a reality and that it was of little consequence whether it voted or not, by reason of the fact that the banks are administered by boards of directors and a separate provision of the law prescribes the means of selection of the boards of directors. The boards of directors select the executive officers. The boards of directors and executive officers together conduct all of the operations of the institutions.

The provision respecting the voting of stock was put in the act in the first place because originally all of the stock was owned by the United States; and there was a temporary

organization set up before the associations had been created or organized, and before there was any control or power in the representatives of the associations. At that time the subject was very real; but subsequently, by the development under the act, the right of voting is a mere theory. I do not know that it makes any difference whether the amendment goes in or stays out.

Mr. CAREY. Mr. President, I have made inquiry, and I find that even with the Government having power to vote this stock by the farm loan commissioner, that would have nothing to do with the election of the directors. The directors would be elected as I stated a few moments ago.

I do not know that this amendment makes a great deal of difference. It would not affect the control of the stock. I mean the directors would be chosen by the associations and by the Government—3 by the Government, 3 by the associations, and 1 to be selected from nominations made by the farm loan associations. So the control would not be with the Federal Government.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

The amendment was agreed to.

The VICE PRESIDENT. If there be no further amendment to be proposed, the question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### RESIGNATION OF MR. JUSTICE HOLMES

Mr. WALSH of Massachusetts. Mr. President, in connection with the retirement of Oliver Wendell Holmes, I ask to have read at the desk a communication sent to him by his former associates of the United States Supreme Court, and the reply thereto by Mr. Justice Holmes. They are both very brief and historic and should be preserved.

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

The Chief Clerk read as follows:

SUPREME COURT OF THE UNITED STATES,  
Washington, D. C., January 12, 1932.

Mr. Justice HOLMES.

DEAR JUSTICE HOLMES: We can not permit your long association in the work of the court to end without expressing our keen sense of loss and our warm affection. Your judicial service of over 49 years—20 years in the Supreme Judicial Court of Massachusetts and 29 years upon this bench—has a unique distinction in uninterrupted effectiveness and exceptional quality. Your profound learning and philosophic outlook have found expression in opinions which have become classic, enriching the literature of the law as well as its substance. With a most conscientious exactness in the performance of every duty, you have brought to our collaboration in difficult tasks a personal charm and a freedom and independence of spirit which have been a constant refreshment. While we are losing the privilege of daily companionship, the most precious memories of your unfailing kindness and generous nature abide with us, and these memories will ever be one of the choicest traditions of the court.

Deeply regretting the necessity for your retirement, we trust that—relieved of the burden which had become too heavy—you may have a renewal of vigor and that you may find satisfaction in your abundant resources of intellectual enjoyment.

Affectionately yours,

CHARLES E. HUGHES.  
WILLIS VAN DEVANTER.  
JAMES C. McREYNOLDS.  
LOUIS D. BRANDEIS.  
GEORGE SUTHERLAND.  
PIERCE BUTLER.  
HARLAN F. STONE.  
OWEN J. ROBERTS.

SUPREME COURT OF THE UNITED STATES,  
Washington, D. C., January 12, 1932.

The CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES OF AMERICA.

MY DEAR BRETHREN: You must let me call you so once more. Your more than kind, your generous, letter touches me to the bottom of my heart. The long and intimate association with men who so command my respect and admiration could not but fix my affection as well. For such little time as may be left for me I shall treasure it as adding gold to the sunset.

Affectionately yours,

O. W. HOLMES.



## EXPENSES OF DISARMAMENT CONFERENCE

Mr. ROBINSON of Arkansas. Mr. President, out of order, I ask leave to report back favorably from the Committee on Foreign Relations, Senate Joint Resolution 79, to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932.

Let me say that the joint resolution now submitted authorizes an appropriation of \$450,000, which is the amount estimated by the State Department as necessary for the purposes of the conference.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. ROBINSON of Arkansas. I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Senate proceeded to consider the joint resolution (S. J. Res. 79) to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932, which was read, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved, etc.,* That the sum of \$450,000, or so much thereof as may be necessary, is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932, and for each and every purpose connected therewith, including transportation and subsistence or per diem in lieu thereof (notwithstanding the provisions of any other act), personal services in the District of Columbia and elsewhere, without reference to the classification act of 1923, as amended, stenographic and other services by contract if deemed necessary without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), rent of offices and rooms, purchase of necessary books and documents, printing and binding, official cards, entertainment, hire, maintenance, and operation of motor-propelled passenger-carrying vehicles, the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, and such other expenses as may be authorized by the Secretary of State.

## THE CALENDAR

Mr. McNARY. I ask unanimous consent that the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. McNARY. 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	Sheppard
Austin	Davis	Kendrick	Shortridge
Bailey	Dickinson	Keyes	Smith
Barbour	Dill	Kling	Steinwer
Barkley	Fess	La Follette	Swanson
Bingham	Fletcher	McGill	Thomas, Idaho
Black	Frazier	Logan	Thomas, Okla.
Blaine	George	McKellar	Townsend
Borah	Glenn	McNary	Trammell
Bratton	Goldsbrough	Metcalf	Tydings
Bulkeley	Gore	Morrison	Vandenberg
Bulow	Hale	Moses	Wagner
Byrnes	Harris	Neely	Walcott
Capper	Harrison	Norbeck	Walsh, Mass.
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hawes	Nye	Waterman
Connally	Hayden	Oddie	Watson
Coolidge	Hubert	Patterson	Wheeler
Copeland	Howell	Pittman	White
Costigan	Hull	Robinson, Ark.	
Couzens	Johnson	Robinson, Ind.	
Cutting	Jones	Schall	

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

The Secretary will report the first bill on the calendar.

The first order of business was Senate bill 7, to provide for the deportation of certain alien seamen, and for other purposes.

Mr. STEIWER. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

## REIMBURSEMENT OF THE CITY OF BALTIMORE

The joint resolution (S. J. Res. 8) authorizing and directing the Comptroller General of the United States to reopen,

adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense, and for other purposes, was announced as next in order.

Mr. FESS. Let that go over.

Mr. TYDINGS. Mr. President, this joint resolution has been passed three times.

Mr. FESS. Will the Senator explain it?

Mr. TYDINGS. Certainly.

Mr. FESS. Is not that a claim which dates back to Civil War times?

Mr. TYDINGS. Yes; and nine States and a number of cities have had similar claims settled. I think Baltimore is the only city whose claim has not been paid. All the other claims have been made.

This claim has been approved by the Comptroller General. The canceled bonds have been submitted to him, he has made a thorough accounting of it, and this is only in line with all other similar measures which have been passed by the Congress.

Mr. FESS. What is it?

Mr. TYDINGS. This is a joint resolution to take care of a claim of Baltimore City for \$171,000 advanced by the city to the Federal Government for the construction of breastworks around Baltimore at the time of Lee's invasion just before the Battle of Gettysburg. The action was taken at the request of the Federal Government, a bond issue was floated, and Baltimore was fortified at the request of the President of the United States.

I may say to the Senator from Ohio that in every other case where action like this was taken, some eight or nine cases, the Senate has approved a measure for relief, and the money has been paid. Baltimore is the only city whose claim has not been settled.

Mr. BINGHAM. Mr. President, I do not want to do anything to hurt the cause of my friend the Senator from Maryland, for whose cause I plead, but I desire to say that the State of Connecticut has a similar claim, a bill for the settlement of which has passed the Senate twice, I think, but which has never been enacted, because it never got by the House of Representatives, although eight other measures for the relief of States and cities have been enacted and the cases have been settled. I did not wish the Senator's statement to stand that the claim of Baltimore was the only one which has not been settled, because the claim of Connecticut has not been paid.

Mr. BORAH. Mr. President, these claims are founded in justice. There is no doubt about the basis of this claim. The obligations were incurred, and incurred at the request of the National Government.

Mr. FESS. Why has the city waited 69 years?

Mr. BORAH. The Lord only knows.

Mr. TYDINGS. I do not want to wait any longer. I do not want to make it 10 more years. I think the reason why we have not succeeded heretofore is because we could not get one body or the other to act on the claim. At this time I have attempted to get the claim out early so that there would not be any excuse for it being postponed further. I hope the Senator will not object.

There being no objection, the Senate proceeded to consider the joint resolution, which was read, as follows:

*Resolved, etc.,* That the Comptroller General of the United States be, and he is hereby, authorized and directed to reopen, adjust, and settle the accounts of the city of Baltimore for advances made by the city in 1863 for the construction of works of defense and to allow, in addition to the amount heretofore reimbursed to said city under the provisions of the act of March 3, 1879 (28 Stat. 385), not to exceed the sum of \$171,034.31, as expenses incident to the raising of funds for such advances as shown in the Comptroller General's report of May 3, 1930, to the Senate, and to certify to Congress for an appropriation the balance found due the city of Baltimore.

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

HUNTER P. MULFORD

The Senate proceeded to consider the bill (S. 236) for the relief of Hunter P. Mulford.

Mr. KING. Let the bill be read.



The bill was read, as follows:

*Be it enacted, etc.,* That there is hereby appropriated, out of the revenues of the District of Columbia, the sum of \$150 to enable the Commissioners of the District of Columbia to pay such sum to Hunter P. Mulford, in full settlement of his claim for damages against the District for personal injuries and for damaging his automobile as the result of being struck by certain apparatus of the fire department of the District at Fourteenth and E Streets NW. on November 22, 1929.

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

#### SENATOR FROM NORTH CAROLINA

The Senate proceeded to consider the resolution (S. Res. 60) to hear and determine the contest of George M. Pritchard against Josiah W. Bailey for a seat in the Senate from the State of North Carolina, which was read, as follows:

Whereas on the 3d day of March, 1931, the Senate referred to the Committee on Privileges and Elections the pending contest between George M. Pritchard and Josiah W. Bailey involving the question whether the said George M. Pritchard or the said Josiah W. Bailey, or either of them, is entitled to membership in the United States Senate as a Senator from the State of North Carolina: Now, therefore, be it

*Resolved,* That the Committee on Privileges and Elections is hereby authorized to hear and determine said contest and to take such evidence as it may deem proper in order to determine the questions involved and certify its conclusions to the Senate.

Said committee is authorized by itself or by any subcommittee to investigate the questions aforesaid, and shall have authority to act by or through such agents or representatives as it may see fit to designate.

Said committee or any subcommittee thereof shall have power to issue subpoenas and require the production of all papers, books, documents, or other evidence pertinent to said investigation, and to impound ballot boxes and all records and paraphernalia used in the election in question; and said committee or any subcommittee thereof may sit during the sessions of the Senate and during any recess of the Senate or of the Congress and hold its sessions at such places as it may deem proper.

It shall have authority to employ clerks and other necessary assistance and to employ stenographers, at a cost not to exceed 25 cents per 100 words, and to cause to be taken and recorded all evidence received by the committee, and to have said evidence printed for the information of the Senate.

The Sergeant at Arms of the Senate and his deputies and assistants are hereby required to attend the said Committee on Privileges and Elections or any subcommittee thereof and to execute its directions.

The chairman of the committee and each and every member thereof is hereby empowered to administer oaths and generally have such powers and perform such duties as are necessary or incident to the exercise of the powers and duties imposed by this resolution.

Said committee shall report to the Senate at the earliest practicable date.

The cost of investigations and proceedings in pursuance of the foregoing to be paid out of the contingent fund of the Senate and not to exceed \$10,000.

Mr. ROBINSON of Arkansas. Mr. President, I believe this resolution should be referred to the Committee on Privileges and Elections, and that before the Senate undertakes to authorize an investigation of the matters set forth in the alleged contest, such action should be recommended by the committee having jurisdiction.

I am perfectly aware of the fact that the custom has grown up in the Senate of passing resolutions like that now under consideration without any formal expression of the committee charged primarily with the responsibility. This resolution was introduced by the chairman of the Committee on Privileges and Elections, the Senator from California [Mr. SHORTRIDGE], on December 10, 1931. It was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and by that committee reported back with an amendment.

As originally presented, the resolution authorized an expenditure of \$25,000 for its purposes. The amendment reported by the Committee to Audit and Control the Contingent Expenses of the Senate reduced the authorization to \$10,000.

We have been in the habit of expending from the contingent fund of the Senate hundreds of thousands of dollars in the consideration of contests, and perhaps those expenditures were essential and indispensable in cases where the Senate determined that a contest should be carried on.

It is for the purpose of inviting the attention of Senators to the fact that there are some unusual features in this contest that I rise. I do not believe there is sound justification for the contest. I do not believe we ought to initiate a proceeding of this nature until a prima facie case is made of the necessity for a hearing of the contest.

In making that statement it does not seem to me that I am moved by partisan considerations. There are some circumstances related to this subject of which it seems the Senate should have knowledge, and of which it should take cognizance, before it makes this initial appropriation, which, if made in good faith, will result in the expenditure of \$100,000 or more.

Mr. SHORTRIDGE. Mr. President, will the Senator permit a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHORTRIDGE. As I understand it, it might not involve the expenditure of a dollar. If the Senator will pardon me, this resolution really is intended to give jurisdiction to the committee to investigate. The committee will be called immediately upon the adoption of the resolution, and at that time the sufficiency of the pleading can be taken up and considered, and it may be found to be utterly insufficient to warrant further proceedings.

Mr. ROBINSON of Arkansas. Mr. President, I am in entire accord with the statement made by the Senator from California, although I think I must be in discord with the conclusion at which he arrives. Does it require the appropriation of \$10,000 to enable the Committee on Privileges and Elections to determine whether a contest shall be authorized?

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

Mr. ROBINSON of Arkansas. In just a moment. My suggestion was and is that the resolution be referred to the Committee on Privileges and Elections, and when that committee has reported, it will then be time for the Senate to determine whether we wish to make appropriations for the purposes of the resolution.

No appropriation is necessary, we do not need to withdraw \$10,000 from the already depleted and almost exhausted contingent fund of the Senate, to authorize the Committee on Privileges and Elections to decide whether it will hear this contest. They have the right to decide that upon a mere reference of the resolution.

I yield to the Senator from Washington.

Mr. JONES. I was about to ask the Senator from California what the Senator from Arkansas has just suggested, whether his committee could not proceed and pass upon the question without any appropriation whatever.

Mr. ROBINSON of Arkansas. I think it can, certainly. I pause now for an answer from the Senator from California. It may be unnecessary for me to go into some of the matters which are involved in the contest.

Mr. McNARY. Mr. President, if this matter is going to lead to prolonged debate, I shall make objection to its consideration, because we want to go through the calendar this afternoon.

Mr. ROBINSON of Arkansas. Mr. President, the Senator can not object to its consideration. It is on the calendar and consent has been given to its consideration.

Mr. McNARY. Consent has been given to the consideration of unobjected bills on the calendar.

Mr. ROBINSON of Arkansas. Mr. President, in all good faith, I think this matter ought to be determined now. I myself have asked that it be deferred until an opportunity could be had for fair consideration. If the Senator from California is willing that it shall go to his committee, I am willing and ready to make the motion to refer the resolution to that committee.

Mr. BINGHAM. Mr. President, I hope the Senator will make that motion.

Mr. ROBINSON of Arkansas. Unless some other Senator wishes to speak, I shall do so.

Mr. SHORTRIDGE. Let the Senator make the motion, and I will claim the floor to explain the situation as I understand it.



Mr. ROBINSON of Arkansas. If the Senator is going to oppose the motion, I shall reserve my right to continue to discuss the matter, unless some one objects to the consideration of the resolution.

Mr. McNARY. Mr. President, I have stated exactly what I intend to do. That is an important matter, and a time should be set aside for its consideration.

Mr. ROBINSON of Arkansas. Mr. President, it is a privileged matter.

Mr. SHORTRIDGE. Will the Senator permit me to make a suggestion?

Mr. ROBINSON of Arkansas. Yes.

Mr. SHORTRIDGE. Will the Senator let the matter go over until to-morrow?

Mr. ROBINSON of Arkansas. To-morrow I will not be here. I have remained this afternoon, after the passage of the bill which was under consideration, so as to be present when the pending resolution was reached on the calendar. This is a privileged matter, and why do Senators insist upon passing over a matter of the highest privilege in order to take up appropriations to settle claims?

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. I yield.

Mr. BORAH. I can not understand why the resolution should not go to the committee. I do not understand why there should be objection to having it go to the committee and the committee report upon it.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the resolution be referred to the Committee on Privileges and Elections.

The VICE PRESIDENT. Is there objection?

Mr. SHORTRIDGE. For the moment I object.

Mr. ROBINSON of Arkansas. Then I retain the floor.

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

Mr. ROBINSON of Arkansas. Yes, I yield; but I retain the floor.

Mr. SHORTRIDGE. I only wish to take a moment of the Senate's time.

The record shows that this contest, by way of verified contest paper, was lodged with the Senate on the 3d day of March, last year. The RECORD further shows that on that day I made several attempts to have the resolution taken up and considered, but was not permitted to do so through perhaps very proper objection of the Senator from Oklahoma [Mr. THOMAS] who held the floor until 12 o'clock noon on March 4.

I called attention to that record at the time the Senator elect from North Carolina [Mr. BAILEY] appeared here to be sworn in. Consistent with my views I raised no objection whatever to the Senator elect being sworn in and becoming de facto a Member of the Senate.

I offered this resolution on January 6. As I have understood it, the passage of such a resolution is legally considered necessary in order to give the committee jurisdiction of the subject matter. Indeed, the language of the resolution is substantially in the same form as all like resolutions. After the "whereas," which recites that on the 3d day of March the Senate referred to the Committee on Privileges and Elections the "pending contest between George M. Pritchard and Josiah W. Bailey, involving the question whether the said George M. Pritchard or the said Josiah W. Bailey, or either of them, is entitled to membership in the United States Senate as a Senator from the State of North Carolina," this is what follows:

*Now, therefore, be it resolved, That the Committee on Privileges and Elections is hereby authorized to hear and determine said contest and to take such evidence as may be deemed proper in order to determine the questions involved and certify its conclusions to the Senate.*

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

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Idaho?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BORAH. Does not the Senator from California see that the resolution authorized the committee to proceed to hear the contest?

Mr. SHORTRIDGE. Certainly.

Mr. BORAH. What we are seeking to do is to have the committee report upon whether or not any such hearing should be had.

Mr. ROBINSON of Arkansas. Exactly.

Mr. SHORTRIDGE. Of course that is it. How can the committee, however, determine that question without some hearings unless it would be by way of what we might term a demurrer to the petition or the contesting paper? That would not involve the expenditure of any money.

Mr. BRATTON. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New Mexico?

Mr. ROBINSON of Arkansas. I yield.

Mr. BRATTON. Has not such a demurrer been filed and is it not now pending before the committee?

Mr. ROBINSON of Arkansas. Yes. It has been filed for many months.

Mr. BRATTON. It seems to me the committee could hear the demurrer and pass upon the legal question without the appropriation of any money.

Mr. ROBINSON of Arkansas. There is no excuse that is sound in reason, justice, or fairness for refusing to permit the Committee on Privileges and Elections to determine, in view of the issue I have raised here, whether it wishes to hear the contest. There is no excuse for the Senate drawing \$10,000 from its contingent fund in order to enable that committee to pass on the question whether it shall take up the contest. I maintain, or shall maintain if driven to it, that there is no fair or substantial basis for the contest and that the committee, if given an opportunity to do so, would reach that conclusion. Why does the Senator from California insist upon an appropriation of \$10,000 before his committee has passed upon the question of whether it wishes to hear the contest?

Mr. SHORTRIDGE. Mr. President, will the Senator from Arkansas permit me a word?

Mr. ROBINSON of Arkansas. Certainly.

Mr. SHORTRIDGE. I am offering no excuses. I am not prejudging the case. In the main I agree with the Senator from Arkansas. It is only a question of procedure. I have said that again and again, whether this appropriation be made or not. If made, it might not result in the expenditure of one dollar.

Mr. ROBINSON of Arkansas. Oh, we may be sure that if the appropriation is made it will result in the drawing of \$10,000.

Mr. SHORTRIDGE. It is merely a matter of procedure and I probably will yield to the views expressed. But the point I want to make is this, and I have generally been able to make myself understood. It occurred to me that the resolution in its substance was necessary in order to give the committee full jurisdiction to do exactly what the Senator suggests should be done; namely, that the committee should meet, should hear the respective parties as to the sufficiency of the allegations, and if the committee then decided that the petition should be amended so as to give reasonable ground for the belief that it was sufficient, the committee would so decide. I contemplate calling the committee together for the purpose of hearing counsel as to the sufficiency of the pleading. I do not prejudge it. I have no opinion as to the merits of the case. If it be proper to refer it to the committee and members of the committee will agree to meet at an early date, I have no objection to it; but I do not wish to be put in a false or misunderstood position.

Mr. ROBINSON of Arkansas. I am not putting the Senator in any attitude. He is putting himself in whatever attitude he is assuming here.

Mr. SHORTRIDGE. I will assume responsibility for it.

Mr. ROBINSON of Arkansas. I am asking that the resolution be referred to the committee of which the Senator from California is chairman, and that an expression be taken by the committee as to whether or not they desire the reso-



lution which the Senator is seeking to pass without the authority of the committee. If he objects to it going to his committee, I shall ask the liberty of taking the sense of the Senate on a motion to refer it to his committee.

Mr. SHORTRIDGE. I do not wish to prolong discussion or to get into a passion. I am willing the resolution should be referred to the committee. I have no objection whatever.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is referred to the Committee on Privileges and Elections.

HARRIET C. HOLADAY

The bill (S. 287) to compensate Harriet C. Holaday was announced as next in order.

Mr. BORAH. Mr. President, this bill and the three succeeding bills passed the Senate at the last session. They are simply measures allowing amounts to relatives of deceased members of the Diplomatic Service, in the usual form.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to pay to Harriet C. Holaday, widow of Ross E. Holaday, late American consul at Manchester, England, the sum of \$6,000, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

LILLIAN G. FROST

The bill (S. 440) for the relief of Lillian G. Frost was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lillian G. Frost, mother of Franklin Blaine Frost, late vice consul and third secretary, Department of State, the sum of \$3,500, being one year's salary of her deceased son, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

ALICE M. A. DAMM

The bill (S. 631) for the relief of Alice M. A. Damm was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Alice M. A. Damm, widow of Henry C. A. Damm, late American consul at Nogales, Mexico, the sum of \$5,000, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

GERMAINE M. FINLEY

The bill (S. 1338) for the relief of Germaine M. Finley was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Germaine M. Finley, widow of James G. Finley, late a Foreign Service officer of the United States at Havre, France, the sum of \$2,750, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

BILL PASSED OVER

The bill (S. 475) to provide for the establishment of the Everglades National Park, in the State of Florida, and for other purposes, was announced as next in order.

Mr. JONES. I ask that the bill go over.

Mr. FLETCHER. May I remind the Senator that an identical bill passed the Senate last year?

Mr. JONES. Nevertheless, I would like to have it go over at this time.

The VICE PRESIDENT. The bill will be passed over.

PATENTS FOR LANDS IN NEW MEXICO

The bill (S. 1588) to authorize the Secretary of the Interior to issue patents for lands held under color of title was announced as next in order.

Mr. JONES. Mr. President, I would like to have a brief explanation of the bill.

Mr. BRATTON. Mr. President, I shall be glad to explain it. In 1926 Congress passed an act authorizing the Secretary of the Interior to issue patents to small tracts of land less than 160 acres in area in the State of New Mexico, where the occupant had held it under color of title for more than 20 years, at the price of \$1.25 per acre. In 1928 Congress passed a general act authorizing the issue of patents upon the appraised value of the land. The department held that the later act by implication had repealed the former act.

In the meantime a number of the claimants of small areas, 10 or 15 acres in extent, had set about perfecting their titles to get patents. Some of them had done so and others were precluded from doing so. This bill reenacts the original law, with mineral reservation to the Government, and authorizes the issuance of patents upon the payment of \$1.25 per acre. The bill is eminently fair.

Mr. JONES. I have no objection.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That whenever it shall be shown to the satisfaction of the Secretary of the Interior that a tract or tracts of public land, in the State of New Mexico, not exceeding in the aggregate 160 acres, has or have been held in good faith and in peaceful, adverse possession by a citizen of the United States, his ancestors or grantors, for more than 20 years under claim or color of title, and that valuable improvements have been placed on such land, or some part thereof has been reduced to cultivation, the Secretary may, in his discretion, upon the payment of \$1.25 per acre, cause a patent or patents to issue for such land to any such citizen: *Provided*, That where the area or areas so held by any such citizen is in excess of 160 acres the Secretary may determine what particular subdivisions, not exceeding 160 acres in the aggregate, to any such citizen may be patented hereunder: *Provided further*, That coal and all other minerals contained therein are hereby reserved to the United States; that said coal and other minerals shall be subject to sale or disposal by the United States under applicable leasing and mineral land laws, and permittees, lessees, or grantees of the United States shall have the right to enter upon said lands for the purpose of prospecting for and mining such deposits: *Provided further*, That the term "citizen," as used herein, shall be held to include a corporation organized under the laws of the United States or any State or Territory thereof.

EDWARD B. WHEELER AND THE STATE INVESTMENT CO.

The bill (S. 1591) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico, was announced as next in order.

Mr. JONES. Mr. President, there should be a brief explanation of the purposes of the bill.

Mr. BRATTON. Mr. President, the Mora land grant is a Spanish land grant in New Mexico. It was ceded to the United States under a treaty with Mexico. A controversy arose between the owners of the grant and the Government respecting the western boundary line. The Government claimed that it was 3 miles farther east than the owners claimed. Therefore, a strip of land 3 miles wide and 30 miles long was in controversy.

While that controversy was waging and the owners were unable to bring suit to test the question and the Government was unwilling to do so, the Government permitted homesteaders to make homestead entries upon lands now aggregating about 10,000 or 12,000 acres. In 1907 the land was surveyed and the Government finally brought a suit against the owners to settle the controversy. But as a requisite to bringing suit the Government required the owners of the grant to stipulate that they would not disturb the settlers. The owners did so stipulate, but they did not stipulate to relieve the Government of liability.

The case was tried in the United States court and appealed to the Supreme Court of the United States. The court sustained the owners of the grant and awarded them title to the entire area, less those entries, so that the Government is now in the position of having approved entries upon 10,000 or 12,000 acres of land which belongs to the owners of the grant.



The bill proposes that the Secretary of the Interior shall ascertain the area and that the Secretary of the Treasury shall pay therefor at the rate of \$2.25 per acre.

Mr. VANDENBERG. Mr. President, will the Senator discuss the reason why the department seems to be opposed to the bill?

Mr. BRATTON. Yes. It is upon the ground that the owners stipulated not to disturb the settlers. Of course, that was fair. The settlers had filed in perfect good faith, but the Government was at fault in permitting them to enter. As a matter of fact the Government exacted that stipulation of the owners before it filed suit, but the owners did not stipulate to absolve the Government of liability. They stipulated simply not to disturb the settlers.

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

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Edward B. Wheeler, of Las Vegas, N. Mex., and the State Investment Co., of New Mexico, who were declared by the Supreme Court of the United States (United States v. State Investment Co. (1924), 264 U. S. 206) to be the owners, respectively, of certain lands in the tract known as the Mora grant, located in San Miguel and Mora Counties, N. Mex., an amount to be computed by the Secretary on the basis of \$2.25 per acre for every acre of lands embraced within the claim of any bona fide entryman on such lands holding under patent from the United States or under any entry allowed by the Department of the Interior, the recovery of which lands by the said Edward B. Wheeler and the State Investment Co. is barred by the stipulation entered into between such parties and the United States on January 23, 1918. Such payment shall operate as a full settlement of all claims of such Edward B. Wheeler and the State Investment Co. against the United States or the owners of such lands for damages for the loss of such lands.

#### BILL PASSED OVER

The bill (S. 1861) authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington was announced as next in order.

Mr. JONES. I think that should go over.

Mr. FESS. Mr. President, will the Senator withhold his objection?

Mr. JONES. I do not think the Senator would gain anything if I should do so. I have examined the bill and I will not consent to its passage to-day, I will say to the Senator.

The VICE PRESIDENT. The bill will be passed over.

Mr. FESS. Mr. President, I will wait until another bill is before the Senate before making the remarks I desire to make.

#### OIL PORTRAIT OF FORMER PRESIDENT COOLIDGE

The Senate proceeded to consider the joint resolution (S. J. Res. 75) authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge, which was read, as follows:

*Resolved, etc.,* That the Joint Committee on the Library is hereby authorized to procure an oil portrait of former President Calvin Coolidge for the Executive Mansion, at a cost not to exceed \$2,500.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Ohio why an oil portrait is insisted upon?

Mr. FESS. It is a custom that goes back to the days of Washington.

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

#### ADDITION TO THE CACHE NATIONAL FOREST, IDAHO

The Senate proceeded to consider the bill (S. 457) authorizing an addition to the Cache National Forest, Idaho, which was read, as follows:

*Be it enacted, etc.,* That, subject to any valid existing claim or entry, all lands of the United States within the areas hereinafter described be, and the same are hereby, added to and made parts of the Cache National Forest, to be hereafter administered under the laws and regulations relating to the national forests; and the provisions of the act approved March 20, 1922 (42 Stat. 465), as

amended, are hereby extended and made applicable to all other lands within said described areas:

The west half of sections 6, 7, and 18, sections 19, 30, and 31, in township 8 south, range 36 east, Boise meridian; section 6 and the west half of sections 7, 18, 19, and 30, in township 9 south, range 36 east of Boise meridian; sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 26, 35, and 36, in township 8 south, range 35 east, Boise meridian; sections 1, 2, 10, 11, 12, 13, 14, 23, 24, 25, and 26, in township 9 south, range 35 east of Boise meridian, Idaho.

Mr. FESS. Mr. President, I should like to have the attention of the Senator from Washington for a few moments. There are no additional publications of the works of Washington provided for in the bill to which he objected a moment ago. Every member of the Senate will, I think, withdraw objection the moment it is understood what the bill proposes. In February, 1930, there was a provision adopted authorizing the publication of 3,000 copies of the definitive works of Washington, 2,000 of them to be sold by the Government Printing Office, those that were sold to libraries to be sold at \$50 a set, and those that were sold outside of libraries to be sold at actual cost, including the proceeds that might come from the sales to libraries. In view of that situation unless we fix a time when the sales to libraries at \$50 a set shall terminate there is no possibility of telling what the cost will be, so that those who are writing in to ascertain what they can buy sets for can not be answered, because we do not know what the cost will be. It is desired to end the time during which sets can be sold at \$50 a set in July of this year. After that we can tell at what price we can sell the remaining sets because we will know the cost. That is all there is to the bill; it merely proposes to write into the law a provision that sales to libraries shall be discontinued on July 1, 1932.

Mr. JONES. Mr. President, I understand under the terms of the bill the thousand copies that are to be distributed to Members of the Senate and the House, and so forth, are to be paid for by those who buy the other 2,000 sets?

Mr. FESS. Yes.

Mr. JONES. I object to the bill.

The VICE PRESIDENT. The Senator from Washington objects.

Mr. FESS. Mr. President, we will get no value out of the gift that we make to the libraries. That is the object.

The VICE PRESIDENT. Senate bill 457 is before the Senate.

Mr. KING. Mr. President, I should like to ask the Senator from Idaho [Mr. THOMAS] whether the State which he has the honor in part to represent is in favor of this addition of a portion of the public domain to a national forest? The reason I ask the question is this: As the Senator knows, there have been, perhaps, too many reservations created, or at any rate forest reserves have been created where there were no forests, and the Interior Department and the President in the past acted rather improvidently; so that the Congress felt constrained to pass a law prohibiting forest reserves and additions thereto without the consent of Congress. Quite recently in enacting legislation dealing with the public domain it was provided that a reservation should not be made without the consent of the legislature of the State. I was wondering if the Legislature of the State of Idaho, or the people of that State, approved of carving out of the public domain these lands and putting them into a forest reserve, so that they might not be occupied for homes, or under any of the laws of the United States by which title may be secured.

Mr. THOMAS of Idaho. Mr. President, in answer to the question of the junior Senator from Utah, I will say that this particular tract of the public domain lies adjoining a settlement of farmers. It is on the side of a mountain and comprises about 19,000 acres. There is timber scattered through it but, owing to the overgrazing, gravel from erosion is covering up the farms of a great number of farmers in that vicinity.

This is only an important matter to this community, and the entire community there is anxious and very much concerned about this particular legislation. It came up at the last session of Congress, when a similar bill passed the House



of Representatives, and was also reported favorably by the Public Lands Committee of the Senate; but at the suggestion of some of those who were grazing their stock upon the public domain, it was held up. I personally inspected the area last summer, and certainly if there is any place that should be included in a forest reserve, it is this particular area. So far as I know, there is no objection to it in the State.

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

#### FISH AND GAME SANCTUARIES IN NATIONAL FORESTS

The Senate proceeded to consider the bill (S. 2326) to establish fish and game sanctuaries in the national forests, which was read, as follows:

*Be it enacted, etc.,* That for the purpose of providing breeding places for game animals and fish on lands and waters in the national forests not chiefly suitable for agriculture, the President of the United States is hereby authorized, upon recommendation of the Secretary of Agriculture and the Secretary of Commerce and with the approval of the State legislatures of the respective States in which said national forests are situated, to establish by public proclamation certain specified and limited areas within said forests as fish and game sanctuaries or refuges which shall be devoted to the increase of game animals and fish of all kinds naturally adapted thereto, but it is not intended that the lands included in such fish and game sanctuaries or refuges shall cease to be parts of the national forests wherein they are located, and the establishment of such fish and game sanctuaries or refuges shall not prevent the Secretary of Agriculture from permitting other uses of the national forests under and in conformity with the laws and the rules and regulations applicable thereto so far as such uses may be consistent with the purposes for which such fish and game sanctuaries or refuges are authorized to be established.

SEC. 2. That when such fish and game sanctuaries or refuges have been established as provided in section 1 of this act, hunting, pursuing, poisoning, angling for, killing, or capturing by trapping, netting, or any other means or attempting to hunt, pursue, angle for, kill, or capture any wild animals or fish for any purpose whatever upon the lands of the United States within the limits of said fish and game sanctuaries or refuges shall be unlawful except as hereinafter provided, and any person violating any provision of this act or any of the rules and regulations made under the provisions of this act shall be deemed guilty of a misdemeanor and shall upon conviction in any United States court be fined in a sum of not exceeding \$100 or imprisonment not exceeding six months, or both.

SEC. 3. That the Secretaries of Agriculture and Commerce shall execute the provisions of this act, and they are hereby jointly authorized to make all needful rules and regulations for the administration of such fish and game sanctuaries or refuges in accordance with the purpose of this act, including regulations not in contravention of State laws for hunting, capturing, or killing predatory animals, such as wolves, coyotes, foxes, pumas, and other species destructive to livestock or wild life or agriculture within the limits of said fish and game sanctuaries or refuges: *Provided*, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

Mr. WALSH of Montana. Mr. President, I should like to ask a question of the author of this bill, the Senator from Arkansas [Mr. ROBINSON], particularly as to the concluding proviso appearing on page 3, which reads as follows:

*Provided*, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

Under the general provisions of the bill the Secretary of Agriculture is authorized to set apart within the national forests game sanctuaries, and then under the provisions of the bill it becomes unlawful to hunt or kill animals within those game sanctuaries except as provided by the rules of the Secretary of Agriculture and the Secretary of Commerce. Does that mean that if the State should declare an open season on deer, for instance, commencing the 1st day of December, and the Secretary of Agriculture should declare that the season on deer should not commence until the 1st day of January, the State law would be abrogated?

Mr. ROBINSON of Arkansas. I do not know what the provision means; it was added to the bill by the committee which reported it.

Mr. WALSH of Montana. Let me inquire of the Senator whether it was the intention of this bill to take away from the States the full power of regulating the taking of game within the national forests, or at least within those areas within the national forests that are designated as game sanctuaries.

Mr. ROBINSON of Arkansas. These are game sanctuaries or refuges.

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Arkansas. And it is intended to conserve and promote the propagation of game. These are not hunting preserves; they are game sanctuaries and refuges.

Mr. WALSH of Montana. Exactly.

Mr. ROBINSON of Arkansas. I do not understand what is the purpose or effect of the proviso. It was added to the bill without my knowledge.

Mr. WALSH of Montana. The Senator will understand that the national forests are breeding places for all manner of fowl and animals that are legitimate game. Heretofore these matters have always been regarded as falling entirely within the jurisdiction of the States, to be regulated by the various States according to public policy as it is expressed in the various States.

In many of the States, of course, there are vast areas that are now within forest reserves, and it seems to me that the power conferred by the bill is a very questionable one to give the Federal authorities.

Mr. ROBINSON of Arkansas. The language of the bill pertinent to the inquiry of the Senator from Montana is this:

SEC. 2. That when such fish and game sanctuaries or refuges have been established as provided in section 1 of this act hunting, pursuing, poisoning, angling for, killing, or capturing by trapping, netting, or any other means, or attempting to hunt, pursue, angle for, kill, or capture any wild animals or fish for any purpose whatever upon the lands of the United States within the limits of said fish and game sanctuaries or refuges shall be unlawful except as hereinafter provided, and any person violating any provision of this act or any of the rules and regulations made under the provisions of this act shall be deemed guilty of a misdemeanor—

And so forth.

SEC. 3. That the Secretaries of Agriculture and Commerce shall execute the provisions of this act, and they are hereby jointly authorized to make all needful rules and regulations for the administration of such fish and game sanctuaries or refuges in accordance with the purpose of this act, including regulations not in contravention of State laws for hunting, capturing, or killing predatory animals, such as wolves, coyotes, foxes, pumas, and other species destructive to livestock or wild life or agriculture within the limits of said fish and game sanctuaries or refuges.

Then follows the proviso to which the Senator from Montana has specifically brought attention. Under that language it is not contemplated, as I have already said, that these shall be hunting preserves. They are set aside as sanctuaries or refuges, and the Secretary of Agriculture and the Secretary of Commerce are authorized to make necessary regulations for the enforcement of the act.

Mr. KENDRICK. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wyoming?

Mr. ROBINSON of Arkansas. I yield.

Mr. KENDRICK. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. HAWES. I should like to ask the Senator to withhold his request for a moment, if he will.

The VICE PRESIDENT. Does the Senator from Wyoming withhold his objection?

Mr. KENDRICK. I withhold my objection, but, Mr. President, it is a bill that I should like to study more carefully before final action is taken upon it.

Mr. HAWES. Mr. President, just a word of explanation. I do not believe the word "sanctuary" is well understood. That word simply means the setting aside of a small acreage in a larger area where game and fish may be saved from the hunter and the fisherman.

This bill specifically provides that no such refuge shall be set aside until the legislature of the State approves of it. Of course, in approving of it, it will approve everything that relates to it. These areas are on the national domain; but, in order to meet the objections of gentlemen from the Mountain States, while we thought the original bill covered their objections, yet in order to make it sure, I referred the matter to the Senator from Montana [Mr. WALSH], and submitted to him the proviso at the bottom of page 3, which provides that nothing can be done in the way of setting



aside an area as a sanctuary without the consent of the legislature of the State.

Mr. ROBINSON of Arkansas. I may say to the Senator from Missouri that the words actually employed in the proviso are not quite clear—

*Provided*, That the present jurisdiction of the States shall not be altered or changed without the legislative approval of such States.

I do not know what those words mean. They were put there without my knowledge. I never discovered them in the bill until a moment ago.

Mr. WALSH of Montana. Mr. President, let me remark that I think the facts are quite accurately stated by the Senator from Missouri; but if my attention was directed specifically to this language I do not now recall the fact. My understanding about that was that these game sanctuaries were not to be created except by the consent of the legislatures of the various States.

Mr. ROBINSON of Arkansas. That is in the bill.

Mr. WALSH of Montana. No; section 1 provides that the President is authorized—

Upon recommendation of the Secretary of Agriculture and the Secretary of Commerce, and with the approval of the State legislatures of the respective States in which said national forests are situated, to establish by public proclamation certain specified and limited areas—

And so forth. That seems to contemplate a kind of a general acquiescence in the provisions of this bill, and not approval of the creation of specific preserves or refuges. I may be wrong about that, but that is the impression that would be left upon my mind.

Mr. KENDRICK. Mr. President, I do not like to delay action on the bill, but I must insist on my objection.

The VICE PRESIDENT. Objection is made, and the bill will be passed over. The clerk will read the next bill on the calendar.

#### F. P. CASE

The Senate proceeded to consider the bill (S. 2684) for the relief of F. P. Case, which was read, as follows:

*Be it enacted, etc.*, That in the enforcement of the contract between the War Department and F. P. Case for sale of all timber on the Catoosa Springs target range, Catoosa Springs, Ga., executed July 29, 1929, and requiring removal of said timber within 545 days under penalty of \$500 per year, the exaction of said penalty for nonremoval of said timber shall not be required for a period of two years from January 28, 1932.

Mr. JONES. Mr. President, I should like to have a brief explanation of the bill.

Mr. HARRIS. Mr. President, the Government has a fort called Fort Oglethorpe down on the line between Georgia and Tennessee. Just adjoining that fort is a rifle range. There was more timber on it than the Government wanted, and they advertised for the sale of the timber on the reservation to the highest bidder.

This man, Mr. Case, made the highest bid, \$12,000, and he paid that; but he had an agreement that if he did not get all the timber off within a year he would be penalized \$500 and he was. During the last year, on account of the use of the rifle range by the Government and on account of conditions that we all know about, he was not able to get the timber off. This bill is to extend that time without penalizing him. He has already paid the Government \$12,500, and the timber could not be sold for \$3,000 to-day; and this bill is just to extend the time without penalizing him.

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

#### PURCHASERS OF LOTS IN HARDING TOWN SITE, FLA.

The bill (S. 476) for the relief of certain purchasers of lots in Harding town site, Fla., was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. FLETCHER. Mr. President, may I ask the Senator if he will withhold that objection for a minute? This is the same bill that passed the Senate last year.

Mr. VANDENBERG. Mr. President, withholding the objection a moment, I am challenged by the fact that this appears to be a refunding real estate transaction down in Florida, in which the Government forgives \$93,000 and actually refunds \$100,000—in other words, a \$200,000 bill. Is that correct?

Mr. FLETCHER. The facts are that the Government had a little piece of land up north of Miami Beach, some 40 acres, on which there had been originally a life-saving station. The land was of very little value. They threw it open to public entry, and a man named Norton entered it at about \$2.50 an acre.

As the boom developed down there, the Government decided that they would take advantage of the boom themselves; and they got an Executive order and withdrew this property, less than 40 acres, from public entry and declared it a town site. Thereupon they laid off lots and that sort of thing, and had a public sale, and sold the lots at \$386,000. The property had been worth, a little while before that, about \$80. They sold it for \$386,000. Some of the lots out on the ocean, or near the ocean, 50 by 100 feet, brought \$15,000—that is, the bids were at that figure—and some lots farther back brought four or five thousand dollars. All together the Government made \$386,000 out of this little piece of land at this sale.

Some of the people could not get the title to their land. After this homestead entry came up in court there was some delay and the Government would not deed them the land after they had paid for it, so some of the transactions fell through. Then there was a complete slump, and lots that sold for \$15,000 could not be sold for \$1,500 afterwards; and these people lost their money and lost their opportunity to make any trades or deals or sales because the Government did not make the deeds to them.

It is proposed now that the Government accept 50 per cent of what was bid as to those who have not paid, and as to those who have paid in full—people who could not get any deeds—that the Government refund them 50 per cent of what they paid; so that out of this piece of land, almost worthless when the sales were made, the Government would net \$193,200 after it had paid back this 50 per cent and accepted the 50 per cent as provided in the bill. It would get \$193,200.

Mr. VANDENBERG. How much would the Government have if it did not refund the \$100,000 and proceeded with the collections?

Mr. FLETCHER. The total amount bid was \$300,894.50. The bill proposes that 50 per cent be refunded where the people have paid these enormous prices, because they could not get their deeds from the Government.

The Government said, "We are involved in a lawsuit here with a homesteader, and we can not give you the title until this suit is all settled"; so it had to be threshed out in the Federal courts. The people who made the bids could not get title to the property and could not handle it in any way. They are simply asking that 50 per cent of these enormous bids—which is ten or twenty times more than the Government could get to-day—be returned to them where they actually have paid, and in the case of those who have not finished payment that the Government allow them to pay 50 per cent of their bids.

Mr. VANDENBERG. The Senator is aware of the fact that the department recommends against the bill?

Mr. FLETCHER. The department does not actually favor it. It is not very strongly against it, I think. The Government will actually net out of this little piece of land down there by declaring it a town site and selling the lots \$193,200, after it complies with this bill.

Mr. BRATTON. Mr. President, will the Senator yield to me for a moment?

Mr. FLETCHER. Yes; I shall be glad to yield.

Mr. BRATTON. Let me say to the Senator from Michigan that my colleague and I conducted hearings on this measure as a subcommittee of the Committee on Public Lands and Surveys.



It appears that at this auction sale there was present a representative of the Department of the Interior, who conducted the sale and stated to prospective bidders on the ground that the Government was in position to make title to them. He stated it on the premises immediately preceding the auction. They bid with that statement in mind, and he received their bids. It was five years after that before the Government could give them title, because a homestead entryman litigated the question with the Government.

It is true that the Government finally won the suit five years later; but in the meantime these bidders could not get title, and they could not do anything with the land. The boom had burst, so to speak, and the land was valueless; and these people were simply caught, without any relief, because the Government had represented to them that it had title and was unable to give them title.

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

Mr. BRATTON. I yield.

Mr. VANDENBERG. If that is true, how does it happen, according to the report of the department, that some of the purchasers sold their lots at more than double the prices paid?

Mr. BRATTON. They sold their contracts. They could not give title, because they did not have patents. None of them had patents for five years. The Government could not give them patents for five years on account of the pendency of the litigation with the homesteader. Some of them auctioned and hawked their contracts by assignment, but they had no title. The Government was clearly at fault, and these purchasers were wholly blameless.

The bill provides that where a man has made as much as 50 per cent payment, he shall get a patent. If he has paid more than 50 per cent of the bid, it provides that the Government shall issue him his patent, and refund the excess over and above 50 per cent; and the Government will profit out of the transaction even then.

Mr. VANDENBERG. Let the bill go over for the day, Mr. President.

The VICE PRESIDENT. The bill will be passed over. The clerk will state the next bill on the calendar.

#### SAN ANTONIO ARSENAL, TEX.

The Senate proceeded to consider the bill (S. 187) to authorize the Secretary of War to grant a right of way for street purposes upon and across the San Antonio Arsenal, in the State of Texas, which was read, as follows:

*Be it enacted, etc.,* That the Secretary of War be, and he is hereby, authorized to grant an easement for a right of way to the city of San Antonio, State of Texas, to construct and maintain a street to be known as Main Avenue, on the San Antonio Arsenal Military Reservation, Tex., on such terms and conditions as the Secretary of War may prescribe: *Provided*, That the construction and maintenance of said thoroughfare shall be without expense to the United States, and whenever the lands within said right of way shall cease to be used for street or highway purposes they shall revert to the United States.

Mr. JONES. Mr. President, I should like a brief explanation of this bill.

Mr. SHEPPARD. Mr. President, the bill involves no expense to the Government. A board of officers has looked into the situation and found that it will not interfere with the operation of the arsenal.

When the arsenal reservation was established many years ago it was on the southern edge of the city of San Antonio. The city has grown around it and beyond it for miles; and the fact that there is no street through it seriously blocks traffic southward from the city. Permission is given the city by this bill to construct a street through the reservation without any expense to the Government.

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

#### PAYMENT OF AWARDS BY PATENTS AND DESIGN BOARD

The Senate proceeded to consider the bill (S. 428) to provide for the payment of awards by the Patents and Design Board, which had been reported from the Committee on Military Affairs with amendments, on page 1, line 8, after the word "accepted," to strike out "may be paid

out of any appropriation available for expenditure by the board for the purpose, or if no appropriation is so available, then such sum," and on page 2, line 1, after the word "board," to strike out "directly" and insert "through the Bureau of the Budget," so as to make the bill read:

*Be it enacted, etc.,* That subdivision (r) of section 10 of the act entitled "An act to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States, and for other purposes," approved July 2, 1926, as amended, is further amended by adding at the end thereof the following: "Any sum so offered and accepted shall be certified by the board through the Bureau of the Budget to Congress for payment, the certificate to be accompanied by a brief statement of the nature of the design, the amount offered, and the person to whom payable."

Mr. McKELLAR (and other Senators). Let us have an explanation of the bill.

Mr. BINGHAM. Mr. President, when we passed the act establishing the Air Corps Patents and Design Board, after long hearings and very careful consideration, we neglected to provide any way in which the appropriation could be authorized after the board had accepted its expert's decision and decided to purchase a patent or design for the United States. As is set forth in the letter of the Secretary of War, with certain amendments which I hope will be adopted, he favors the passage of the bill and states that it is the one thing necessary to permit this feature of the law to act as it was intended to act by the Congress.

Mr. McKELLAR. How much will it cost?

Mr. BINGHAM. It will not cost anything additional. May I state to the Senator that the only case I know of that is pending is the case of an Army officer from the State of Texas who perfected a design for promoting night flying. Out of all the thousands of patents and designs submitted to the board, I think this is the only one they thought was worth purchasing by the Government, and they said it was worth a thousand dollars. There is no way in which that can go into an appropriation bill; but this bill provides if the Patents and Design Board finds that a design is worth purchasing, it can then recommend to the Budget, for recommendation to the Congress, the purchase of the patent or design. In other words, it enables the measure to function.

Mr. McKELLAR. I notice in the letter of the Secretary of War that he recommends a proviso that no sum in excess of \$75,000 shall be paid for any one design.

Mr. BINGHAM. That was in the original bill as proposed by Congressman McSwain, of South Carolina.

Mr. McKELLAR. Why should not some limitation be put upon it?

Mr. BINGHAM. That limitation is now in the law, Mr. President. That which the Senator is reading from is from the existing statute, as he will see by the quotation marks. That is the law at present.

The VICE PRESIDENT. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

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

#### BILLS PASSED OVER

The bill (S. 1440) for the relief of August R. Lundstrom was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1891) for the relief of John F. Walker was announced as next in order.

Mr. JONES. May we have a brief explanation of that bill?

The VICE PRESIDENT (after a pause). No explanation being made, the bill will be passed over.

The bill (S. 461) to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, so as to give class B officers of the Army the benefits of such act was announced as next in order.

Mr. KING. Let that go over.



Mr. CAREY. Mr. President—

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2179) for the relief of Alexander M. Proctor was announced as next in order.

Mr. JONES. May we have some explanation of that bill?

Mr. GOLDSBOROUGH. Mr. President, this bill relates to a young man who enlisted in the Army and misstated his age at the time of his enlistment. He served two and a half years and then was dishonorably discharged. This bill is to correct his record.

Mr. JONES. Why was he dishonorably discharged?

Mr. GOLDSBOROUGH. I do not know why that was; but it was after his service of two and a half years.

Mr. JONES. I should like to know the reason.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

#### WAR-TIME RANK FOR RETIRED OFFICERS OF THE ARMY

Mr. CAREY. Mr. President, I should like to ask unanimous consent to return to Senate bill 461. I tried to get the attention of the Chair when that bill came up.

The VICE PRESIDENT. The Senator will be recognized. The bill, however, went over under objection.

Mr. CAREY. I should like to ask the Senator who objected to permit me to make a statement with regard to that bill.

The VICE PRESIDENT. The Senator from Utah [Mr. KING] objected.

Mr. KING. I will withhold the objection for a moment.

Mr. CAREY. Mr. President, I would like to explain this bill, which relates to 28 officers of the Regular Army who served in the World War. Under an act of Congress officers who served in the World War have been granted the highest rank which they held during that service.

The 28 officers to whom this bill relates, known as class B officers, after serving with honor in the World War, were retired under section 24b. There is nothing against their integrity. These 28 officers are deprived of the rank they enjoyed during the war, though every other regular officer who served in the World War upon retirement received his war-time rank. Their services in the war, as I have said, were commendable, and it seems unfair that they should be singled out and deprived of the privileges other officers have who were in the same situation. It does not confer upon them any additional pay. It just permits them to retire with the rank which they had during the war. I can not see any particular reason why this bill should not be passed. I can say, further, that it has the approval of the War Department.

Mr. McKELLAR. Mr. President, it will not result in any retired pay?

Mr. CAREY. They will get no additional pay at all. It simply gives them the rank they had during the war.

Mr. KING. As I understand, in the Army—and perhaps it is also true in the Navy—boards are created for the purpose of examining the records with a view to promotion. Some are promoted and some are not promoted. It appears from the Senator's statement that these gentlemen were not promoted.

Obviously, in the Army, if Regular Army officers were not promoted, if they did not receive higher rank, they could not now be legislated into that higher rank. Yet if I understand the Senator, he seeks, by this measure, to legislate those reserve officers who were not in the Regular Army into a higher rank than they had.

Mr. CAREY. I will say to the Senator from Utah that this measure applies to officers of the Regular Army only. Further, an act of Congress was passed which granted to all officers of the Regular Army the right to retire with the highest rank which they held during the World War.

Mr. McKELLAR. Of course, if it means that they are to be retired with additional pay, I do not think we ought to pass the bill, but if it just means that these gentlemen who served in the war and made good records in that war are to be entitled to their war rank, I see no objection to it whatsoever. Indeed, I think it ought to be passed.

Mr. CAREY. When the act was passed granting the higher rank to similar officers, these 28 officers were excepted. As I said, their services in the war were good, and I can not see any reason why this stigma should be placed upon them. Had these men resigned at the close of the war, they would now be retired with the rank they are asking for under this bill.

The VICE PRESIDENT. Does the Senator from Utah withdraw his objection?

Mr. KING. Mr. President, I do not understand the reason why they were discriminated against, if they were. I do not understand the measure sufficiently, notwithstanding the lucid explanation of my friend the Senator from Wyoming, but in view of his appeal, I withdraw the objection.

The Senate proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That section 1 of the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States," approved June 21, 1930, is amended by striking out the words "except those retired under the provisions of section 24b of the act of June 4, 1920."

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

#### ALEXANDER M. PROCTOR

Mr. JONES. Mr. President, I objected a few moments ago to the consideration of Senate bill 2179, for the relief of Alexander M. Proctor. Apparently, according to the report, the only thing against this man is that he misstated his age at the time of enlistment. Apparently, his service was honorable and satisfactory. I, therefore, withdraw my objection to the bill.

There being no objection, the Senate proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Alexander M. Proctor, late of Company B, Twenty-third Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of said company and regiment on the 1st day of May, 1878: *Provided,* That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

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

#### LEMUEL SIMPSON

The bill (S. 315) for the relief of Lemuel Simpson was announced as next in order.

Mr. JONES. I think we ought to have an explanation of that bill and a reason for it. Otherwise, I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

#### DENTON L. SIMS

The bill (S. 542) for the relief of Denton L. Sims was announced as next in order.

Mr. McKELLAR. I would like to have a statement as to that bill.

Mr. KING. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

#### HAROLD S. SHEPARDSON

The bill (S. 1293) for the relief of Harold S. Shepardson was announced as next in order.

Mr. JONES. I think there should be a statement with reference to that. If not, it should go over.

The VICE PRESIDENT. The bill will be passed over.

#### BAIL IN EXTRADITION PROCEEDINGS

The bill (S. 2379) permitting admission to bail in extradition proceedings was considered by the Senate.

The bill had been reported from the Committee on the Judiciary with an amendment, on page 1, line 12, to strike out the words "The undertaking on the bail bond shall run to the Government of the United States and the condition shall be that the accused shall appear before the officer admitting to bail, at such time and place as such officer may from time to time prescribe" and to insert the words



"The condition of the bail bond shall be that the accused shall appear before the officer admitting to bail at such time and place as such officer may from time to time prescribe. The undertaking on the bail bond shall run jointly to the Government of the United States and to the government making the demand for the surrender of the person named in the warrant, with the right of either to sue on such bail bond if forfeited," so as to read:

*Be it enacted, etc.,* That section 5270 of the Revised Statutes, as amended, is amended by adding at the end thereof the following paragraph:

"Notwithstanding the foregoing provisions of this section, pending the hearing the person so charged shall be admitted to bail if the offense charged is bailable under the laws of the State, District, or Territory where the hearing is held; and he shall likewise be admitted to bail after the hearing upon taking the necessary legal steps to review the sufficiency of the extradition proceedings. The condition of the bail bond shall be that the accused shall appear before the officer admitting to bail at such time and place as such officer may from time to time prescribe. The undertaking on the bail bond shall run jointly to the Government of the United States and to the government making the demand for the surrender of the person named in the warrant, with the right of either to sue on such bail bond if forfeited."

Mr. KING. Mr. President, just a word. It is held by some courts that section 5270 of the Revised Statutes denies the right of bail in cases where persons are remanded, though the offense may be bailable in the United States and in the country seeking their extradition. Some judges, I am advised, interpret the law to mean that notwithstanding the apparently mandatory provisions of the statute, bail may be granted, other judges have held differently. The section of the Revised Statutes in question is in part as follows:

If on such hearing he—

The judge—

deems the evidence sufficient to sustain the charge under the provisions of the proper treaty or convention he shall certify the same, together with a copy of all the testimony taken before him, to the Secretary of State, that such a warrant may issue upon the request of the proper authorities of such foreign government for the surrender of such person according to the stipulations of the treaty or convention. He shall issue his warrant for the commitment of the person so charged to the proper jail there to remain until such surrender shall be made.

I am advised that in a number of cases the persons arrested and who were remanded to jail desired to test the proceedings, and the question as to whether, under the law and treaties, they were subject to extradition, but they were denied bail pending the final determination of the matter.

Mr. ROBINSON of Arkansas. Mr. President, the statute seems to be very clear in its terms. It gives the magistrate no discretion, but he must remand the man to jail.

Mr. KING. The pending bill provides that bail may be granted pending the hearing when the necessary legal steps are taken to review the sufficiency of the extradition procedure if the offense charged is bailable under the law of the State, District, or Territory where the hearing is held.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

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

#### TESTIMONY OF ASSESSOR IN CONDEMNATION PROCEEDINGS

The bill (S. 9) authorizing the assessor of the District of Columbia to testify in condemnation proceedings was considered by the Senate.

The bill had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 4, to strike out the words "be competent to testify as an expert witness as to the market value of such lands" and to insert in lieu thereof the words "not be qualified, by reason of the fact that he holds the office of assessor, from testifying as an expert witness to the market value of such lands, and as to benefits," so as to make the bill read:

*Be it enacted, etc.,* That in any action for the condemnation of lands in the District of Columbia the assessor of the District shall not be disqualified, by reason of the fact that he holds the office of assessor, from testifying as an expert witness to the market value of such lands, and as to benefits.

Mr. McKELLAR. Mr. President, as I understand, this bill is designed to permit the assessor of the district to appear and testify in condemnation cases?

Mr. KING. That is all.

Mr. McKELLAR. I think it is a very worthy bill, and ought to be passed. I understand that in condemnation proceedings the Government has had to pay several times the real value of property time and again, and one of the reasons was that the assessor was held not to be a competent witness before the court.

Mr. WALSH of Massachusetts. Mr. President, it is not important to permit the assessor to appear as a witness, but it is important to permit him to testify as to market value. Is that provided for in this measure?

Mr. KING. It may not be important that he testify, but it is important that he shall not be disqualified merely because he is assessor. Unfortunately, the court held that because he was assessor he was not competent to testify.

Mr. WALSH of Massachusetts. This measure would make it possible for him to testify as to the assessed value of property?

Mr. KING. No.

Mr. WALSH of Massachusetts. Or to appear as an expert?

Mr. KING. That he shall not be disqualified from appearing as an expert because he is the assessor.

Mr. McKELLAR. Mr. President, in such proceedings now are the assessments made by the assessor admissible in evidence?

Mr. KING. No.

Mr. McKELLAR. Will they be under this bill?

Mr. KING. No.

Mr. McKELLAR. I think the bill ought to be amended so as to allow the assessments to be considered.

Mr. KING. Let me qualify that statement. This bill was prepared in part by the able attorney for the District of Columbia, Mr. Bride. He called the attention of the committee to a decision by one of the courts of the District granting a new trial, one of the grounds being that the assessor had given testimony in the case. The opinion of the court, as I understand, held that the assessor was disqualified as a witness because he was the assessor and an employee of the District government.

Mr. WALSH of Montana. Mr. President, that is quite aside from the question addressed to the Senator by the Senator from Tennessee.

Mr. KING. That is correct.

Mr. WALSH of Montana. It is held in quite a good many States that even the verified return of a taxpayer concerning his property to the assessor is not admissible against him as an admission against interest, which always seemed to me a very absurd ruling. But it seems to me that it would be quite unjust to permit the assessment made by the assessor to be offered against one claiming title to property.

Mr. KING. Mr. President, the committee did not consider the question as to whether or not the assessment rolls were admissible in evidence for the purpose of throwing light upon the value of the property. In some States assessment rolls are permitted in evidence, but I think that in most States the courts hold that they are not admissible. It was not deemed wise to deal with this question in this bill. That matter may be considered at another time.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

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

The title was amended so as to read: "A bill respecting the qualifications of the assessor of the District of Columbia to testify in condemnation proceedings."

#### ELK RIVER BRIDGE, TENNESSEE

The Senate proceeded to consider the bill (S. 556) to extend the times for commencing and completing the construction of a bridge across the Elk River at or near Kelso, Tenn., which had been reported from the Committee on Commerce with an amendment, on page 1, line 9, to strike out "1931" and insert in lieu thereof "1932," so as to make the bill read:



*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge across the Elk River, on the Fayetteville-Winchester road near the town of Kelso, in Lincoln County, Tenn., authorized to be built by the Highway Department of the State of Tennessee, by an act of Congress approved January 31, 1931, are hereby extended one and three years respectively, from January 31, 1932.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

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

#### WACCAMAW RIVER BRIDGE, SOUTH CAROLINA

The Senate proceeded to consider the bill (S. 201) granting the consent of Congress to the State of South Carolina to construct, maintain, and operate a bridge across the Waccamaw River.

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

#### CHOCTAWHATCHEE RIVER BRIDGE, FLORIDA

The Senate proceed to consider the bill (S. 1291) to extend the times for commencing and completing the construction of a bridge across the Choctawhatchee River, near Freeport, Fla., which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge across the Choctawhatchee River, near Freeport, Fla., authorized to be constructed by the State of Florida, through and by its highway department, by act of Congress approved June 18, 1930, are hereby extended one and three years, respectively, from date of approval of this act.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### ST. JOSEPH RIVER BRIDGE, MICHIGAN

The Senate proceeded to consider the bill (S. 2317) granting the consent of Congress to the State of Michigan and Berrien County, or either of them, to construct, maintain, and operate a bridge across the St. Joseph River, which was read, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the State of Michigan and Berrien County, or either of them, to construct a bridge and approaches thereto across the St. Joseph River, at or near St. Joseph, Mich., at a point suitable to the interests of navigation, and to maintain and operate the same in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

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

#### DAVID GORDON BUILDING & CONSTRUCTION CO.

The bill (S. 248) authorizing adjustment of the claim of the David Gordon Building & Construction Co. was announced as next in order.

Mr. KING. Let us have an explanation of that.

The VICE PRESIDENT. The bill will go over.

#### SUN SHIPBUILDING & DRY DOCK CO.

The bill (S. 250) authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co. was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

#### DON C. FEES

The bill (S. 229) for the relief of Don C. Fees was announced as next in order.

Mr. KING. Mr. President, I call the attention of the Senator from Nebraska [Mr. HOWELL] to the fact that there are apparently three companion bills. I do not wish to object, if the committee has examined carefully into the claims and thinks these are just measures.

Mr. HOWELL. Mr. President, these are bills which have been considered by the Comptroller General and he has recommended that the claims be paid.

Mr. KING. Has the committee examined them?

Mr. HOWELL. The committee has examined them in the light of the comptroller's report and has recommended that the claims be allowed.

Allow me to say that the bills were passed by the Senate in the last Congress. The committee at that time passed upon the bills. The present committee has authorized the chairman to report bills which had been reported out previously by the committee and passed by the Senate. In consonance with this authority, these bills have been reported by the chairman of the committee.

Mr. KING. Having, as I do, such extreme confidence in the Senator and the committee, if they have examined the claims and they are just, I have no objection.

Mr. HOWELL. In my opinion these are just claims; otherwise I should not have reported them.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States is hereby authorized and directed to allow in the accounts of Don C. Fees, disbursing clerk, Department of Justice, the sum of \$33.80, paid by him under authority and direction of said department for the purchase, in the open market, of 2,600 manila envelopes, which was disallowed by said Comptroller General.

#### DAVID GORDON BUILDING & CONSTRUCTION CO.

The bill (S. 248) authorizing adjustment of the claim of the David Gordon Building & Construction Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the claim of the David Gordon Building & Construction Co. arising out of certain extra work in the construction of lookout gallery and windows in the Cincinnati Post Office Building during the fiscal year 1930, and to allow in full and final settlement of said claim an amount not to exceed \$1,116.60. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$1,116.60, or so much thereof as may be necessary, for payment of the claim.

#### SUN SHIPBUILDING & DRY DOCK CO.

The bill (S. 250) authorizing adjustment of the claim of the Sun Shipbuilding & Dry Dock Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the Sun Shipbuilding & Dry Dock Co. arising from the use of its Pier No. 4 on June 21, 22, and 23, 1930, by the Government, and to allow in full and final settlement of said claim not to exceed the sum of \$110. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$110, or so much thereof as may be necessary, to pay said claim.

#### ESTATE OF THOMAS BIRD, DECEASED

The bill (S. 251) authorizing adjustment of the claim of the estate of Thomas Bird, deceased, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the estate of Thomas Bird, deceased, in the sum of \$1,917.39, representing the value of wheat requisitioned and taken by the United States Grain Corporation during the World War, the said amount having been covered into the Treasury of the United States as miscellaneous receipts, and to allow said claim in the amount not exceeding \$1,917.39. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,917.39 for the payment of this claim.

#### FRANCIS B. KENNEDY

The bill (S. 253) authorizing adjustment of the claim of Francis B. Kennedy was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of Francis B. Kennedy, narcotic agent, as reimbursement for money (private funds) of which he was robbed while investigating charges against Frank De Mayo and others at Kansas City, Mo., May 28, 1928, and to allow in full and final settlement of said claim in the sum of not to exceed \$350. There



is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$350, or so much thereof as may be necessary, to pay said claim.

Mr. JONES. Mr. President, I understand from the Senator from Nebraska [Mr. HOWELL] that all the bills on this page of the calendar have been heretofore passed by the Senate.

Mr. HOWELL. Yes.

#### POTOMAC ELECTRIC POWER CO.

The bill (S. 260) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D. C., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of the Potomac Electric Power Co. for the balance necessary to reimburse it for the amount actually expended by said company in making electrical service connections from its mains to the control room on the east bascule draw span of the Arlington Memorial Bridge and to allow said company a balance of not to exceed \$2,157.25 in full and final settlement of said claim. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of \$2,157.25, or so much thereof as may be necessary, for payment of said claim.

#### B. & O. MANUFACTURING CO.

The bill (S. 565) for the relief of the B. & O. Manufacturing Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the B. & O. Manufacturing Co. under contract No. 12429, dated May 28, 1929, for extra expense in recutting material for trousers delivered to said company by the Navy Department, and to allow not to exceed \$1,597.52 in full and final settlement of said claim. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,597.52, or so much thereof as may be necessary, to pay said claim.

#### GUY CLATTERBUCK

The bill (S. 409) for the relief of Guy Clatterbuck was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$35 to Guy Clatterbuck, a forest ranger employed on the Flathead National Forest, State of Montana, in payment for a horse which was lost during a forest fire in said national forest.

#### WARREN J. CLEAR

The bill (S. 901) for the relief of Warren J. Clear was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Warren J. Clear, captain, Infantry, United States Army, the sum of \$737 in reimbursement for the loss by earthquake and fire of personal property in Tokyo, Japan, on or about September 1, 1923, while he was serving as an attaché, American Embassy, Tokyo, Japan.

#### ELIZABETH B. DAYTON

The bill (S. 904) for the relief of Elizabeth B. Dayton was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Elizabeth B. Dayton, formerly an employee of the United States Shipping Board.

#### JOHN HERINK

The bill (S. 943) for the relief of John Herink was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury, on certification by the Secretary of the Interior, is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John Herink a sum found to be the fair and reasonable value of all improvements placed by him on lots 1 and 2 and the north half northeast quarter section 30, township 27 north, range 10 east, sixth principal meridian, Nebraska, prior to his eviction therefrom, for which land a patent erroneously issued to him on November 20, 1922, and to return to him the full amount of all money paid by him to the United States in con-

nection with said lands prior to the issuance of such patent: *Provided*, That as a condition precedent to the certification above mentioned by the Secretary of the Interior to the Secretary of the Treasury the land so patented be reconveyed to the United States free from all claim or right held or claimed under or through the patentee, and the acceptance of such reconveyance shall operate as a restoration of the right of entry under the public land laws to the said Herink, no other objection appearing: *Provided further*, That he may have the option, in lieu of the payment to him of all money hereinbefore provided, of making entry of other land to the amount of 160 acres under the general homestead law, or 320 acres under the enlarged homestead law, or 640 acres under the stock raising homestead law, anywhere in the United States where there are public lands subject to such entry, and receiving United States patent for such lands without payment to the United States of any fees, commissions, or other money and without further compliance with the homestead laws in connection therewith and the submission of proof thereof, the patent, however, to contain a reservation of mineral to the United States, if necessary, as in other entries under the same law.

#### LEBANON EQUITY EXCHANGE

The bill (S. 944) for the relief of the Lebanon Equity Exchange, of Lebanon, Nebr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Commissioner of Internal Revenue be, and he is hereby, authorized and directed to receive, consider, and determine, in accordance with law but without regard to any statute of limitations, any claim filed not later than six months after the passage of this act by the Lebanon Equity Exchange, Lebanon, Nebr., for the refund of Federal income and profits taxes collected from the said Lebanon Equity Exchange for the year 1920 in excess of the amount properly due: *Provided*, That in the settlement of said claim there shall be no allowance of interest.

#### W. STANLEY GORSUCH

The bill (S. 1028) for the relief of W. Stanley Gorsuch was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to W. Stanley Gorsuch the sum of \$45 for damages sustained by him when his automobile was struck on September 17, 1923, by a steel cable depending from an airplane belonging to the Government at or near the Aberdeen Proving Ground in the State of Maryland.

#### COLUMBIA CASUALTY CO.

The bill (S. 2159) for the relief of the Columbia Casualty Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem United States Treasury certificate of indebtedness No. 14559, in the denomination of \$10,000, Series T. M. 1924, dated March 15, 1923, and maturing March 15, 1924, with interest at the rate of 4½ per cent per annum from March 15, 1923, to March 15, 1924, in favor of the Columbia Casualty Co., of New York, N. Y., or its assigns, without presentation of the said certificate, the certificate of indebtedness having been lost, stolen, or destroyed: *Provided*, That the said certificate of indebtedness shall not have been previously presented for payment, and that no payment shall be made hereunder for any coupons which shall have been previously presented and paid: *And provided further*, That the said Columbia Casualty Co. of New York, N. Y., shall first file in the Treasury Department a bond in the penal sum of double the amount of the lost, stolen, or destroyed Treasury certificate of indebtedness and the interest payable thereon, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury, to indemnify and save harmless the United States from any loss on account of the lost, stolen, or destroyed certificate of indebtedness herein described.

#### UNITED STATES HAMMERED PISTON RING CO.

The bill (S. 2325) for the relief of the United States Hammered Piston Ring Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the appropriation Aviation, Navy, 1929, act of May 21, 1928 (45 Stat. 636), is hereby made available in such sum as may be necessary, but not exceeding \$4,492.76, for settlement by the Comptroller General of the United States, on principles of equity and justice, the claims of the United States Hammered Piston Ring Co., under contract with the Navy Department No. N-156-a-4703, dated June 10, 1929.

#### CLARENCE G. YOUNG

The bill (S. 2697) for the relief of Clarence G. Young was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:



*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Clarence G. Young, out of any money in the Treasury not otherwise appropriated, the sum of \$50 in full satisfaction of all claims against the United States for the loss of a horse hired to the United States Forest Service on August 13, 1929.

## HERMAN INGMAN

The bill (S. 2698) for the relief of Herman Ingman was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Herman Ingman, assistant postmaster at Marysville, Mont., the sum of \$230 in full satisfaction of his claim against the United States for services rendered in hauling the mails between Marysville and Silver City, Mont., from May 5 to June 30, 1930, both dates inclusive.

## INDIANA STATE MILITIA

The joint resolution (S. J. Res. 56) authorizing the Comptroller General of the United States to consider, adjust, and settle the claim of the Indiana State Militia for military service on the Mexican border, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved, etc.,* That the Comptroller General of the United States is authorized and directed to consider, adjust, and settle the claim of the State of Indiana for mobilization expenses, subsistence, transportation, and supplies made to and for the use of the Indiana State Militia in the period of mobilization for Federal military service on the Mexican border under the call of the President of the United States of June 18, 1916, notwithstanding the disallowance of the claim by the Auditor for the War Department on August 19, 1918, because there was no law authorizing the reimbursement of any State for any expenses incurred in mobilization of any militia under the call of the President, June 18, 1916.

## RELIEF OF CERTAIN EMPLOYEES OF FOREST SERVICE

The bill (S. 968) for the relief of certain employees of the Forest Service, Department of Agriculture, was considered.

The bill had been reported from the Committee on Claims with amendments, on page 2, line 4, to strike out the initial "N" and insert "M"; in line 6, strike out "1914" and insert "1925"; in line 8, to strike out "1925" and insert "1917"; in line 9, to strike out "\$150" and insert "\$100"; and in line 11, to strike out "\$300" and insert "\$150," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following-named employees of the Forest Service, Department of Agriculture, the sums hereinafter specified, in full satisfaction of their claims against the United States for property losses sustained by them as a result of a fire which destroyed the Squaw Mountain road camp in Mount Hood National Forest near Estacada, Oreg., on September 15, 1929: Walter L. Shriner, \$115, of which \$75 represents the value of a 1917 Ford roadster and \$40 represents the value of carpenter tools; P. A. Worden, \$21, representing the price of a tent; Ben M. Joslin, \$45, representing the value of a Winona wagon; Delbert H. Shaffer, \$90, representing the difference between the value of a 1925 Ford coupe and the amount of the insurance collected thereon; A. W. Lee, \$100, representing the value of a 1917 Ford roadster; Charles Palmer, \$100, representing the value of a 1924 Chevrolet roadster; Wilbur Linn, \$35, representing the value of a 1916 Ford touring car; George Cook, \$150, representing the value of a 1925 Chevrolet roadster; and Jack Marrs, \$50, representing the value of a 1919 Harley-Davidson motor cycle.

The amendments were agreed to.

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

## SARAH ANN COE

The bill (S. 157) for the relief of Sarah Ann Coe was considered.

The bill had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "\$5,000" and insert "\$4,000," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Sarah Ann Coe, widow of John Coe, deceased, out of any money in the Treasury not otherwise appropriated, the sum of \$4,000 in full settlement for the death of her husband, who was killed on the morning of December 29, 1923, by a United States mail truck at Huntington, W. Va.

The amendment was agreed to.

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

## FARMERS' GRAIN CO. OF OMAHA, NEBR.

The bill (S. 942) authorizing the Secretary of the Treasury of the United States to refund to the Farmers' Grain Co. of Omaha, Nebr., income taxes illegally paid to the United States Treasurer was considered.

Mr. KING. Mr. President, I inquire why this amount was not paid as other refunds by the Secretary of the Treasury? The senior Senator from Nebraska [Mr. NORRIS] will recall that large appropriations have been made from time to time to pay for taxes which have been illegally collected.

Mr. NORRIS. The tax that has not been repaid, I will say to the Senator, was technically barred by the statute of limitations. It is admitted that it is a just claim and ought to have been paid. It was not discovered until the statute of limitations had run against part of the claim, and only that part was repaid, under the general law, against which the statute had not run.

Mr. KING. I ask the Senator, in view of the large demands that are being made for refunds because of alleged irregular assessments or assessments that were too large, if we suspend the statute in this instance may not the precedent come home to plague the Government?

Mr. NORRIS. No; I think not. In two other similar bills that we have already passed the same question arises. In one of the cases it was a tax refund. They had first paid their taxes. Then a representative of the Internal Revenue Bureau came to them and said they had to pay some more taxes. They paid some more taxes. In this case it was a farmer's local elevator. They paid what was demanded, amounting to something over \$2,000. Later it was discovered, as is admitted by the Government, that the demand on the part of the bureau for the additional money was wrong, that it was not owed under the law; but before they discovered it the statute of limitations had run. The Government of the United States has had the money all these years, to which it admits it was not entitled and upon which it pays no interest. This is simply to refund it.

Mr. KING. May I say to the Senator that the Finance Committee on a number of occasions had before it the question of extending the statute of limitations. Limits were fixed and it was agreed that the statute would not be further suspended and that there would be no legislation that would validate claims or give the right to bring suit against the Government when claims were barred by the statute of limitations.

Mr. NORRIS. I am in entire accord with the Senator on anything of that kind; but here is a case where the Government took some money that did not belong to it. It now admits it. It is holding that money in its hands. I do not believe in repeal of the statute of limitations, but certainly the Government of the United States will not take from some of these cooperative organizations their money that has been wrongfully exacted and which upon further investigation they find they had no right to take, that was not owed under the law, and still keep that money just because technically these people were not aware of what their rights were until technically the claim had expired by virtue of the statute of limitations running.

Mr. KING. I regard this as rather a dangerous precedent; but I shall not object.

The bill had been reported from the Committee on Claims with an amendment, in line 5, to strike out "with interest at 7 per cent," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized to refund, from moneys not otherwise appropriated, the sum of \$2,186.36 to the Farmers' Grain Co., of Omaha, Nebr., this sum being paid illegally and through error by said company as income taxes to the Commissioner of Internal Revenue, and covered into the United States Treasury.

The amendment was agreed to.

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

## FAIRMONT CREAMERY CO.

The bill (S. 945) for the relief of the Fairmont Creamery Co., of Omaha, Nebr., was considered. The bill had been



reported from the Committee on Claims with an amendment, on line 11, after the word "due," to insert "Provided, That in the settlement of said claim there shall be no allowance of interest," so as to make the bill read:

*Be it enacted, etc.,* That the Commissioner of Internal Revenue is hereby authorized and directed to receive, consider, and determine, in accordance with law, but without regard to any statute of limitations, any claim filed not later than six months after the passage of this act by the Fairmont Creamery Co., Omaha, Nebr., for the refund of Federal income and profits taxes collected from the said Fairmont Creamery Co. for 1918 in excess of the amount properly due: *Provided,* That in the settlement of said claim there shall be no allowance of interest.

The amendment was agreed to.

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

#### STILLWELL BROS. (INC.)

The bill (S. 1683) for the relief of Stillwell Bros. (Inc.) was considered. The bill had been reported from the Committee on Claims with an amendment, in line 6, to strike out "\$27,186.68" and insert "\$5,986.92," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to Stillwell Bros. (Inc.) the sum of \$5,986.92, to reimburse said Stillwell Bros. (Inc.) for losses incurred by them as subcontractors in the performance of work done in the construction of a dock at the navy yard, Bremerton, Wash., in 1917, and said sum is hereby appropriated.

The amendment was agreed to.

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

#### DESIGNATION OF PRODUCTS OF LABOR

The bill (S. 2173) to authorize associations of employees in the District of Columbia to adopt a device to designate the products of the labor of their members, to punish illegal use or imitation for such device, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That a union or association of employees in the District of Columbia may adopt a device in the form of a label, brand, mark, name, or other character for the purpose of designating the products of the labor of the members thereof. A drawing of such device may be filed in the office of the clerk of the Supreme Court of the District of Columbia and the clerk shall register same in a book to be provided for such purpose and be entitled to collect \$1 for each registration. A certified copy of the drawing so registered may be obtained from the clerk upon the payment of \$1 for each certification. Such certificate shall not be assignable by the union or association to whom it is issued.

Sec. 2. No person shall in any way use or display the label, brand, mark, name, or other character adopted by any such union or association as provided in section 1 of this act without the consent or authority of such union or association; or counterfeit or imitate any such label, brand, mark, name, or other character, or knowingly sell, dispose of, keep, or have in his possession with intent to sell or dispose of, any goods, wares, merchandise, or other products of labor upon which any such counterfeit or imitation is attached, affixed, printed, stamped, or impressed, or knowingly sell, dispose of, keep, or have in his possession with intent to sell or dispose of, any goods, wares, merchandise, or other products of labor contained in any box, case, can, or package to which or on which any such counterfeit or imitation is attached, affixed, printed, painted, stamped, or impressed. If copies of such device have been filed, the union or association may maintain an action in the Supreme Court of the District of Columbia to enjoin the manufacture, use, display, or sale of counterfeit or colorable imitations of such device, or of goods bearing the same, or the unauthorized use or display of such device or of goods bearing the same, and the court may restrain such wrongful manufacture, use, display, or sale, and every unauthorized use or display by others of the genuine devices so registered and filed, if such use or display is not authorized by the owner thereof, and may award to the plaintiff such damages resulting from such wrongful manufacture, use, display, or sale as may be proved, together with the profits derived therefrom.

Sec. 3. A person violating any of the provisions of section 2 of this act shall be guilty of a misdemeanor punishable by a fine of not less than \$100 nor more than \$500 or by imprisonment for not less than three months nor more than one year, or by both such fine and imprisonment.

#### GALLINGER MUNICIPAL HOSPITAL

The bill (S. 1769) to authorize pay patients to be admitted to the contagious-disease ward of the Gallinger Municipal

Hospital was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That hereafter pay patients may be admitted to the contagious-disease ward of the Gallinger Municipal Hospital for care and treatment at such rates and under such regulations as may be established by the Commissioners of the District of Columbia, in so far as such admissions will not interfere with admission of indigent patients.

#### WILLIAM ROBERT SMITH MEMORIAL

The bill (S. 2286) authorizing the William Robert Smith Memorial Association, of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the William Robert Smith Memorial Association, of El Paso, Tex., be, and it is hereby, authorized to construct without cost to the United States a memorial tablet at or near the site of Elephant Butte Dam, N. Mex., in honor of the work of William Robert Smith, former Member of Congress from the sixteenth district of Texas, in behalf of the Elephant Butte project and of irrigation in the Southwest.

Mr. SHEPPARD. Mr. President, I ask that the report may be printed in the Record at this point.

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

The report is as follows:

[Senate Report No. 81, Seventy-second Congress, first session]

#### MEMORIAL FOR WILLIAM ROBERT SMITH

Mr. SHEPPARD, from the Committee on Irrigation and Reclamation, submitted the following report (to accompany S. 2286):

The Committee on Irrigation and Reclamation, to which was referred the bill (S. 2286) authorizing the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, begs leave to report the same with the recommendation that it pass without amendment.

The following letter from the Secretary of the Interior and memorandum from the Commissioner of Reclamation in reference to this bill will explain themselves:

DEPARTMENT OF THE INTERIOR,  
Washington, January 8, 1932.

Hon. JOHN THOMAS,

Chairman Committee on Irrigation and Reclamation,  
United States Senate.

MY DEAR MR. CHAIRMAN: In compliance with your request of December 31 for a statement of views on S. 2286, which is a bill that would authorize the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas, I transmit herewith a memorandum on the subject that has been submitted by the Commissioner of Reclamation.

After a review of the proposed measure, I agree with the commissioner.

Sincerely yours,

RAY LYMAN WILBUR, Secretary.

DEPARTMENT OF THE INTERIOR,  
BUREAU OF RECLAMATION,  
Washington, January 6, 1932.

Memorandum for the Secretary.

The attached letter of December 31 from Hon. JOHN THOMAS, chairman Committee on Irrigation and Reclamation, United States Senate, requests a statement of views on proposed legislation entitled "A bill authorizing the William Robert Smith Memorial Association of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas."

The erection of a suitable tablet in memory of Mr. Smith seems a fitting tribute to one who rendered such distinguished service while in Congress in connection with the legislation authorizing the construction of the Elephant Butte Reservoir and who after his termination of service in Congress continued to show such a lively interest in the Rio Grande project and in irrigation in the Southwest. I accordingly recommend favorable consideration of the bill.

ELWOOD MEAD, Commissioner.

#### FRENCH BROAD RIVER BRIDGE

The bill (S. 2388) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn., was considered.

The bill had been reported from the Committee on Commerce with an amendment, on page 2, line 1, to strike out "January 31, 1931," and insert "February 6, 1932," so as to make the bill read:



*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn., authorized to be built by the highway department of the State of Tennessee by an act of Congress approved February 6, 1931, are hereby extended one and three years, respectively, from February 6, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

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

#### FRENCH BROAD RIVER BRIDGE

The bill (S. 2389) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the Dandridge-Newport Road in Jefferson County, Tenn., was considered.

The bill had been reported from the Committee on Commerce with an amendment, on page 2, line 2, to strike out "January 31, 1931," and insert "the date of approval hereof," so as to make the bill read:

*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge across the French Broad River, at a point suitable to the interests of navigation, on the Dandridge-Newport Road, in Jefferson County, Tenn., authorized to be built by the highway department of the State of Tennessee by an act of Congress approved May 14, 1930, are hereby extended one and three years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

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

#### PRINTING OF HEARINGS ON "AGRICULTURAL CONFERENCE AND FARM BOARD INQUIRY"

Mr. McNARY. Mr. President, on account of the absence of the senior Senator from Minnesota [Mr. SHIPSTEAD], who is detained at home on account of illness, I report back favorably from the Committee on Printing the resolution (S. Con. Res. 4) submitted by myself on December 17, 1931, and ask unanimous consent for its immediate consideration.

There being no objection, the concurrent resolution was read, considered by unanimous consent, and agreed to, as follows:

*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 on "Agricultural Conference and Farm Board Inquiry" during the current session.

#### CONDITIONS IN HAWAII

Mr. McKELLAR. Mr. President, a day or two ago I introduced a resolution to investigate conditions in Hawaii. It happened that the chairman of the Committee to Audit and Control the Contingent Expenses of the Senate, the junior Senator from Delaware [Mr. TOWNSEND], was out of the city, and I could not get a hearing. To-morrow at 11 o'clock a. m. there will be a hearing on the bill before the Committee to Audit and Control the Contingent Expenses of the Senate.

I have understood that the Senator from Oregon [Mr. McNARY] is planning to ask an adjournment over until Friday. I hope that will not be done. I want to say that I do not believe there is anything of this kind that has come before the Senate that is more important than this investigation. The revelations of conditions in Honolulu have certainly been shocking, so shocking that the Navy will not permit its personnel, either its officers or its men, to land at Honolulu. There ought to be an investigation of the matter and it ought to be made now. It is imperative that it should be done at this time.

I want to appeal to the Senator from Oregon that we may adjourn only until to-morrow noon so the matter can be gone into at that time and gone into thoroughly. I give notice now that I want to make a speech on the subject, and I understand there are other Senators who want to make speeches on the same subject. I hope that the Senator will

not ask an adjournment until Friday but will adjourn until the usual hour to-morrow so the matter may be threshed out at that time.

Mr. McNARY. Mr. President, it is always a pleasure to accommodate the able Senator from Tennessee but really the Senate has completed all the work it now has before it.

Mr. McKELLAR. Oh, no; this question is not completed.

Mr. McNARY. Several important bills are to be given attention before committees to-morrow. If we adjourn over until Friday we can devote the entire day to-morrow to that work. On Friday it is my purpose to have a morning hour following the adjournment. At that time the Senator from Tennessee may make his speech and offer his resolution.

Mr. McKELLAR. Mr. President, of course I do not want to interfere with arrangements that have already been made, but I want to give notice that this matter is coming up on Friday on the meeting of the Senate.

#### PERMISSION TO REPORT DEFICIENCY APPROPRIATION BILL

Mr. JONES. Mr. President, understanding that the Senator from Oregon expects to move an adjournment until Friday, I want to say that the Appropriations Committee expect to have House bill 6660, the deficiency appropriation bill, ready for report to-morrow. We thought we probably would have it ready this morning, but, because of the discussion of various matters, we did not get through with it. As I have said, however, we expect to be ready to report it to-morrow, and I want to ask unanimous consent, if we shall be prepared to report it to-morrow, that the report may then be filed and the bill printed and that such action may be construed as complying with the rule, so that we can take the bill up for consideration on Friday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

#### EXECUTIVE SESSION

Mr. HARRISON. Does the Senator from Oregon expect to have an executive session?

Mr. McNARY. Yes; I now move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### REPORTS ON NOMINATIONS OF POSTMASTERS

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

#### POST-OFFICE NOMINATIONS CONFIRMED

The Chief Clerk proceeded to read sundry nominations of postmasters.

The VICE PRESIDENT. Without objection, the post-office nominations will be confirmed en bloc. The Chair hears no objection, and the nominations are confirmed.

#### ADDITIONAL CAPITAL FOR FEDERAL LAND BANKS

The Senate resumed legislative session.

Mr. CAREY. Mr. President, I move that the Senate insist upon its amendments to 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, request a conference with the House on the Senate amendments, and that the conferees on the part of the Senate may be appointed by the Chair.

The VICE PRESIDENT. The question is on the motion of the Senator from Wyoming.

The motion was agreed to; and the Vice President appointed Mr. NORBECK, Mr. STEIWER, Mr. CAREY, Mr. FLETCHER, and Mr. BARKLEY conferees on the part of the Senate.

#### ADJOURNMENT TO FRIDAY

Mr. McNARY. I move that the Senate adjourn until Friday next at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate adjourned until Friday, January 15, 1932, at 12 o'clock meridian.



## CONFIRMATIONS

*Executive nominations confirmed by the Senate January 13  
(legislative day of January 7), 1932*

## POSTMASTERS

## FLORIDA

George P. Farnall, Belle Glade.  
Harold A. Rosenberg, Canal Point.  
Stuart T. Morse, Greenville.  
John F. Yearty, Gulf Hammock.  
Joseph M. Griffin, Holopaw.  
Sara E. Sweat, Inverness.  
Frederick L. Cory, Jupiter.  
William H. Turner, Largo.  
Cason Walker, Milton.  
Charles W. Stewart, Naples.  
Sinclair A. Bryan, Raiford.  
Elizabeth D. Barnard, Tampa.  
Jessie A. Heath, White Springs.

## MISSISSIPPI

Robert B. Cox, Batesville.  
Scott H. Speck, Blue Springs.  
Bess L. Scarborough, Bude.  
Holcombe H. McDonald, Lake.  
Roy Scott, Lake Cormorant.  
Anna C. Morehead, Laurel.  
Daniel F. Hitt, Louin.  
Ella C. Covington, Lyon.  
William G. Sloan, Northcarrollton.  
Myra P. Varnado, Osyka.  
Etoyle S. Countiss, Pittsboro.  
Joel L. Peach, Saltillo.  
Samuel L. Deavenport, Scott.  
Mary C. Carr, Tylertown.

## PENNSYLVANIA

Howard P. Schaeffer, Bernharts.  
William S. Behanna, Connellsville.  
Fred A. Wyckoff, East Stroudsburg.  
Mahlon C. Cleaver, Girardville.  
Carl Steuer, Johnstown.  
Elmer G. Cornwell, Mansfield.  
Irvin L. Romig, Mertztown.  
William F. Houser, sr., Middletown.  
Anna E. Snyder, Seven Valleys.  
Raymond Williams, Shoemakersville.  
Harvey E. Rogers, Spring City.  
Ezra M. Cooper, jr., Union City.  
William D. Ghrist, Uniontown.  
Charles B. Rothenberger, West Leesport.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 13, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Lord, to whom shall we go? We believe and are sure that Thou art the Holy One of God. We tarry with Thee that Thou mightest brighten our vision of human need and service. May we not omit from the prospectus of our lives the enjoyment of love, the devotion and the fidelities of home, and the attachments of friends. Enable us to repress desires when they reach the frontiers of our rights, and each day may we make faithful and generous contributions to the common task. Fill us with that interpreting, filial love which shall make Thee transcendently beautiful and which shall draw us along the ways of duty. O Thou who sittest in the midst of infinite glory and power, there is nothing that Thou dost forget except our sins. We praise Thee in the name of Him who hast known tears, sorrow, and death, and yet lives forevermore. Amen.

The Journal of the proceedings of yesterday was read and approved.

## PROPOSED AMENDMENT TO THE PENDING BILL

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to have printed in the Record an amendment that I propose to offer to the pending bill.

The SPEAKER. Is there objection?

There was no objection.

The proposed amendment 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."

## ELECTION TO COMMITTEE ON CLAIMS

Mr. SNELL. Mr. Speaker, I offer the following resolution and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That ROBERT L. BACON, of New York, be, and he is hereby, elected a member of the standing Committee on Claims.

The resolution was agreed to.

## FLORA M. SHANAHAN

Mr. WARREN. Mr. Speaker, I offer the following privileged resolution from the Committee on Accounts.

The Clerk read as follows:

## House Resolution 88

*Resolved*, That there shall be paid out of the contingent fund of the House to Flora M. Shanahan, widow of Philip J. Shanahan, late an employee of the House, an amount equal to six months' compensation and an additional amount, not exceeding \$250, to defray funeral expenses of the said Philip J. Shanahan.

The resolution was agreed to.

## RECONSTRUCTION FINANCE BILL

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7360.

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 CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will read the title.

The Clerk read the title as follows:

H. R. 7360, to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes.

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, unless questions should be asked, it is not my intention to take all of the 15 minutes, but there are one or two things upon which comment might well be made at this time.

Like, I imagine, everybody else in the House, I dislike to vote for this bill. None of us, so far as I can learn, wishes to put the Government into business in this fashion.

My feeling in this matter took shape 10 years ago, when the continuance of the War Finance Corporation was under consideration. Those were the piping times of peace. To be sure, there had been a setback, but it was nothing like what we have to-day, and it proved to be brief. Information laid before the Banking and Currency Committee led some of us to believe that the needs of the moment could be met by private organizations. At that very time there were gathered in Chicago bankers who met to do just what the War Finance Corporation contemplated doing if its life should be continued.

It seemed to me, and to nearly a majority of the Banking and Currency Committee, that inasmuch as private capital was ready to meet the further needs, we would better go out of the business. But a majority of the committee