

ing any measure of repeal, modification, or resubmission to the States; to the Committee on the Judiciary.

1626. By Mr. LEWIS: Petition of Allegany and Garrett Counties (Md.) Woman's Christian Temperance Unions; to the Committee on the Judiciary.

1627. By Mr. MEAD: Petition of New York Press Association, opposing increase in second-class postage rates; to the Committee on the Post Office and Post Roads.

1628. Also, petition of New York Press Association, requesting legislation to restrict Government competition in the solicitation, sale, and distribution of printing return addresses on stamped envelopes; to the Committee on the Post Office and Post Roads.

1629. Also, petition of New York Press Association, favoring Senate bill 750 and House bill 410; to the Committee on Merchant Marine, Radio, and Fisheries.

1630. Also, petition of Associated Hotel Operators, favoring modification or revision of the prohibition laws; to the Committee on the Judiciary.

1631. By Mr. MITCHELL: Petition of W. L. Craig, requesting the reduction of Federal salaries; to the Committee on Ways and Means.

1632. Also, petition of Woman's Christian Temperance Union of Crossville, against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

1633. By Mr. PRATT: Petition of 60 members of the Methodist Church, of Liberty, Sullivan County, N. Y., urging the maintenance of the prohibition law and opposing modification, repeal, or resubmission to the States; to the Committee on the Judiciary.

1634. By Mr. RAINY: Resolution of Mason County Farm Bureau, Mason County, Ill., favoring the Glenn-Smith bill; to the Committee on Irrigation and Reclamation.

1635. By Mr. RICH: Petition of citizens of Lock Haven, Pa., favoring legislation to reduce salaries of Federal employees and to further reduce expenditures in the Government departments; to the Committee on Expenditures in the Executive Departments.

1636. Also, petition of the Trinity Evangelical Sunday school of Jersey Shore, Pa.; to the Committee on the Judiciary.

1637. By Mr. ROBINSON: Petition of Jennie Jacobs and 96 other citizens of Charles City, Iowa, protesting against the proposed resolution to submit the repeal of the eighteenth amendment to the State legislatures or State conventions for ratification; to the Committee on the Judiciary.

1638. By Mr. ROMJUE: Petition of Goad-Ballinger Post, No. 69, American Legion, Springfield, Mo., favoring adequate national defense as advocated by the American Legion national legislative committee, and opposing any proposition to reduce the armaments of the United States until positively assured that the other powers will do likewise; to the Committee on Foreign Affairs.

1639. Also, petition of Baptist, Christian, and Methodist churches of Rutledge, Mo., opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures; to the Committee on the Judiciary.

1640. Also, petition of Goad-Ballinger Post, No. 69, American Legion, Springfield, Mo., favoring the granting of pensions to widows of World War veterans, and an allowance to their children under the age of 18 years; to the Committee on World War Veterans' Legislation.

1641. Also, petition of Goad-Ballinger Post, No. 69, American Legion, Springfield, Mo., favoring an appropriation which will be sufficient to allow the training prescribed for the National Guard by the national defense act; to the Committee on Appropriations.

1642. Also, petition of L. T. Waller and 20 other World War veterans of Hannibal, Mo., urging immediate cash payment at full face value of adjusted compensation certificates as created by the World War adjusted-compensation act of 1924, with all interest charges on pending loans against these certificates refunded by the Government to the holders of said certificates; to the Committee on Ways and Means.

1643. By Mr. RUDD: Petition of World Book Co., publishers, of New York, favoring the passage of the Everglades national park in Florida bill; to the Committee on the Public Lands.

1644. Also, petition of Mrs. Frank F. Babbott, jr., of Brooklyn, N. Y., favoring the passage of the old age security bill; to the Committee on Appropriations.

1645. By Mr. SPARKS: Resolution of Northbranch monthly meeting of Friends, sent in by Myrtle Dailey, of Northbranch, Kans., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

1646. Also, petition of six members of the Eastern Star Lodge of Ness City, sent in by P. W. Lundy, of Ness City, Kans., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

1647. Also, petition of the Lawn Ridge Woman's Christian Temperance Union, of St. Francis, sent in by Inez Keller, president, and Myrtle Rogers, secretary, of St. Francis, Kans., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

1648. Also, petition of 53 citizens of St. Francis and vicinity, sponsored by Woman's Christian Temperance Union, sent in by Inez Keller, of St. Francis, Kans., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

1649. Also, petition of 30 citizens of Burr Oak, Otego, and vicinity, sent in by Rozetta Fogo, of Burr Oak, all of the State of Kansas, protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

1650. Also, petition of 157 residents of Downs, sent in by Mable Landon Plumer, sponsored by the Woman's Christian Temperance Union of the State of Kansas, protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

1651. By Mr. STEWART: Petition of Martin Wallberg Post, No. 3, American Legion, Westfield, N. J., opposing any reduction in the enlisted and commissioned personnel of the United States Army; to the Committee on Appropriations.

1652. By Mr. STRONG of Pennsylvania: Petition of citizens of East Brady, Pa., and vicinity, in favor of an adequate national defense; to the Committee on Military Affairs.

1653. By Mr. THOMASON: Petition of Robert L. Howze Camp, No. 38, United Spanish War Veterans, urging passage of House bill 7230, providing for increase of widows' pensions, and for other purposes; to the Committee on Pensions.

1654. Also, petition of Hamilton Fish Camp, No. 2, United Spanish War Veterans, urging favorable action on House bill 7230, providing for the increase of widows' pensions; to the Committee on Pensions.

1655. Also, petition of El Paso Chamber of Commerce, urging appropriation for national rifle matches; to the Committee on Appropriations.

1656. By the SPEAKER: Petition of 3,000 people of Bloomington, Ill., urging passage of unemployed insurance bill; to the Committee on Labor.

SENATE

WEDNESDAY, FEBRUARY 10, 1932

(*Legislative day of Friday, February 5, 1932*)

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

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 9. An act respecting the qualifications of the assessor of the District of Columbia to testify in condemnation proceedings;

S. 2077. An act to relieve the Commissioners of the District of Columbia of certain ministerial duties;

S. 2199. An act exempting building and loan associations from being adjudged bankrupts; and

S. 2173. An act 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 of such device, and for other purposes.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent that the Journal for the calendar days of Friday, February 5, Monday, February 8, and Tuesday, February 9, may be approved.

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

CALL OF THE ROLL

Mr. NORRIS. 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	Kean	Robinson, Ind.
Austin	Cutting	Kendrick	Schall
Bailey	Dickinson	Keyes	Sheppard
Bankhead	Dill	King	Shipstead
Barbour	Fess	La Follette	Smith
Barkley	Fletcher	Lewis	Smoot
Bingham	Frazier	Logan	Steiner
Black	George	McGill	Stephens
Blaine	Glass	McKellar	Thomas, Idaho
Borah	Glenn	McNary	Thomas, Okla.
Bratton	Goldsborough	Metcalfe	Townsend
Brookhart	Gore	Morrison	Trammell
Broussard	Hale	Moses	Tydings
Bulkey	Hastings	Neely	Vandenberg
Bulow	Hatfield	Norbeck	Wagner
Byrnes	Hawes	Norris	Walcott
Capper	Hayden	Nye	Walsh, Mass.
Caraway	Hebert	Oddie	Walsh, Mont.
Carey	Howell	Patterson	Waterman
Coolidge	Hull	Pittman	Watson
Copeland	Johnson	Reed	Wheeler
Costigan	Jones	Robinson, Ark.	White

Mr. FESS. I wish to announce that the junior Senator from California [Mr. SHORTRIDGE] is necessarily detained from the Senate by continued illness. I ask that this announcement may stand for the day.

Mr. SHEPPARD. My colleague the junior Senator from Texas [Mr. CONNALLY] is detained on account of illness. This announcement may stand for the day.

Mr. GEORGE. I wish to announce that my colleague the senior Senator from Georgia [Mr. HARRIS] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a statement, in the nature of a petition, signed by William Green, president of the American Federation of Labor, and Frank Morrison, its secretary, which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

LABOR'S APPEAL FOR ECONOMIC AND LEGISLATIVE RELIEF

A real national emergency has been reached. It calls for profound consideration and the application of practical remedies. The destructive consequences of widespread, continuous, distressing unemployment have reached an acute stage. Relief of a most definite and adequate nature must be supplied in order to relieve hunger, distress, and human suffering. The economic causes responsible for the creation of this situation have been operating for several years. As a result industry is to a great extent paralyzed. The financial structure of the Nation is greatly impaired, credit facilities have become inadequate, confidence has been destroyed, and a state of mind bordering on hysteria prevails throughout the land. The great working population of the Nation and those dependent upon them have suffered most of all. Financial losses and impairment in credit values are not as disastrous in effect as the losses which millions of working men and women have sustained as a result of unemployment. Life and living, in the fullest sense of these terms, depend absolutely upon the exercise of the right to work and upon the enjoyment of the opportunity to earn an income required to maintain a decent American standard of living.

Because the representatives of organized labor are thoroughly conscious of the acute suffering and distress which prevails in all communities, we have assembled in Washington, the Capital City of the Nation. The gravity of the situation made such a deep

impression upon the executive council and the national and international representatives of international unions affiliated with the American Federation of Labor that they deemed it imperative to meet, consider the emergency which has arisen, and give expression to the demands of the unemployed, numbering more than 8,000,000, that work opportunity be created and that relief so urgently needed be immediately supplied.

We meet, therefore, as representatives of labor, clothed with authority to speak for many millions of organized workers affiliated with the American Federation of Labor and to speak for other voiceless workers who, because of their disorganized state, have no medium of expression. The workers who have suffered much and who have endured hardships and distress for several years have exhausted their savings, have reached the limit of their resources, and are facing the future with impaired morale and physical deterioration.

Many members of organized labor who are working have been and are contributing a large percentage of their earnings to assist their fellow workers who are unemployed. Others are sharing the very limited amount of work available. In these ways many millions of dollars have been contributed by the members of organized labor toward helping their associate fellow workers who have been unemployed during the last two years. They will continue to render all assistance possible and to do all that lies within their power to relieve human distress and intense suffering. But the need is too great. The number of unemployed is constantly increasing. More than 8,300,000 were suffering from enforced idleness during the month of January. Local relief agencies have found the task too great. Adequate relief can not be and is not being supplied. Men, women, and children are hungry, cold, and undernourished. They are appealing for food, warmth, and shelter. The tragic feature of this uncivilized, inhuman condition is reflected in the fact that millions of children are suffering from hunger and cold every day and that many thousands are unable to attend school because of a lack of food, clothing, and shoes.

The entire resources of the Nation must be brought into action and must be utilized in order to meet and deal adequately with this emergency. The local communities, the States, and the Nation must all do their part, responding in full measure to the demands of the occasion. It does not seem reasonable for the Federal Government to deny relief to men, women, and children suffering from unemployment when it is clearly evident that local and State relief agencies are unable to meet the requirements of the situation. Those who are hungry and are appealing for food can not draw the fine line of distinction between relief supplied by local and State relief agencies and relief supplied by the Federal Government. They know that every community is a part of our national life, and as such all are a part of the Nation's family. The indistinct lines which separate communities and States are not discernible in the midst of nation-wide misery and woe.

This fact was recognized during the great war emergency, and it should be recognized during the existing emergency. It is upon this basis that we appeal to the Congress of the United States for an immediate appropriation of an adequate sum sufficient to meet the demands of the existing economic situation. We make this appeal in the name and in behalf of the hungry, suffering men, women, and children whose plight is directly traceable to unemployment. We urge the enactment of the Costigan-La Follette bill appropriating \$375,000,000 for relief purposes immediately and for such other appropriations as circumstances and occasions may require.

The masses of the people will feel that Congress has utterly failed to measure up to its duties and responsibilities if, while in session as it now is, during a period of great national emergency it fails to appropriate funds to supply food, clothing, and shelter to millions of suffering, starving people. The billions of dollars which Congress has provided for the purpose of aiding banks, corporations, and business institutions will stand out in sharp, deprecating contrast if Congress fails to promptly help the needy and the hungry. The huge sums thus appropriated to aid capital can not and will not feed and clothe hungry people. Surely Congress can not afford to subject itself to the charge that it speedily appropriated billions for capital and nothing for the hungry. Human values and human needs should be given first rather than secondary consideration.

No explanation can be made to hungry people and their sympathetic friends which would satisfy them as to why Congress voted billions to aid banks and corporations and would refuse to appropriate even a moderate sum to be used for the purpose of assisting the States and communities in supplying food, shelter, and clothing to patriotic, loyal citizens who are suffering from unemployment. We do not consider the appropriation of Federal relief to supply food, clothing, and shelter in this great emergency to millions of starving men, women, and children as a dole.

The local relief agencies in New York, Philadelphia, Chicago, Cleveland, and Detroit have found the task too great. For instance, in New York 250,000 families are in immediate need of relief, while 100,000 are receiving assistance. In Philadelphia the number dependent on relief has risen from 3,000 in December, 1930, to 43,000 in December, 1931. Philadelphia estimates its need at \$6,000,000 beyond that raised, and there is no more money in sight. Funds raised from private sources will be exhausted by May 1. In Chicago relief funds will be exhausted by the 15th of February. Eviction cases in that city average 250 per day. In Cleveland the local relief funds are practically exhausted, while the need for help has substantially increased.

While the larger cities are overwhelmed with the problem of meeting minimum relief requirements and have funds raised for

that specific purpose there are millions living in isolated towns and villages remotely situated from the larger cities who have no organized relief agencies to assist them. Only about 40,000,000 persons, or 32 per cent of our population, live within reach of relief organizations such as community chests. Sixty-eight per cent live in small towns or country districts where no organized relief agencies exist with the exception of the county poor boards.

There are some 60,000,000 persons residing outside the zones where relief agencies exist. The vast majority of them are working people. Many of those living in these isolated sections reside in mining districts, oil-field communities, textile-mill villages, and other small villages where the banks have failed, where small industries have collapsed, and where the need for help is intense.

A significant development of the very serious situation which exists is clearly evident in the larger cities where large crowds of unemployed accumulate, where protest meetings are held, in the hunger marches which have been and are taking place, in the violence which occurs, in crime and in the accumulating wave of discontent and social unrest which is sweeping over the country.

Therefore we, the representatives of labor, fully informed of these deplorable conditions, receiving reports from our personal representatives who are in these sections and having first-hand information with reference to the economic and social needs of working people, appeal for help and assistance for them as well as for those who live in the larger cities.

The plight of these millions of people is shocking. It is steadily and rapidly growing worse; and unless some drastic means are taken to alleviate the situation, the Nation will suffer heavily in the destruction of physical, moral, and mental values. It is our solemn judgment that the time has arrived when the Congress of the United States should arise to the occasion, respond to the appeals of the hungry, assist in feeding men, women, and children during this great emergency, just as our Nation did when the cry for help came from starving people across the sea.

The heart yearnings and unquenchable desires of the workers are reflected in the appeal of the masses of the people for the exercise of the right to work. They prefer work and the enjoyment of opportunities to earn a living to relief supplied from any source or sources whatsoever. Employment and the development of opportunities to secure work are of more importance to them than the appropriation of relief.

Working people are thinking in more advanced terms. They no longer concede to industry the right to provide work at will or to force millions of people into unemployment. They hold that the right to work is a fundamentally sacred right and propose to fight earnestly for the universal acceptance of this humane principle. Instead of forcing working people into idleness during periods of economic recession, labor demands that such adjustment in the number of days worked per week and the number of hours worked per day must take place so that all may share equitably in the amount of work available. Work security must be substituted for anxiety and unemployment. The management of industry, which has failed so miserably during this long-continued period of unemployment, must rise to new heights and assume new positions. They must realize that industry has an obligation to working people equal if not greater than it owes to itself.

A balanced system based upon intelligent planning, operating in such a way as to provide employment security, must be substituted for the unscientific and uneconomic methods now being pursued by industrial management. But this plan and this policy must be considered in relation to permanent relief policies. The needs of the moment and the urgency of the existing situation press for immediate solution and action.

We reiterate the demands of labor for the application of constructive work remedies and policies in order to extend and broaden work opportunities for millions who are idle. We propose:

1. The immediate establishment of the 5-day work week in both private and public industry.
2. A cessation of the wage-cutting policy which was relentlessly pursued during the year 1931, and which has resulted in a destruction of mass buying power and the creation of fear and distrust in the minds of millions of working men and women. The soundness of this position is quickly recognized when we consider the fact that the wage losses of wage earners, with a corresponding reduction in buying power, amounted to \$11,000,000,000 for the year 1931 as compared with the year 1929.
3. To create work opportunities by every business executive employing at least one more employee and by industrial enterprises adding to their working force in proportion to the number now employed. Every professional person and heads of households extending employment or part-time employment to as many people as possible. Every community to undertake to develop and carry on additional work.
4. All efforts possible be made to keep boys and girls in school and that local post-graduate opportunities be provided for those finishing school.

The organized-labor movement, through the American Federation of Labor, will cooperate in full measure with other organizations in carrying forward a nation-wide campaign for the realization of these objectives. We have joined with other groups in the realization of this praiseworthy purpose. We shall continue to give all the support possible to nation-wide organized movements formed for the purpose of creating work opportunities and of stimulating industrial activity.

We specifically recommend that the Federal Government take immediate steps to establish the 5-day work week for Government

employees. Such action on the part of the National Government would very greatly influence the management and owners of private industry. We are certain that the time has arrived when this action should be taken, for we are confident that the establishment of the 5-day work week will become universal within the very near future. Furthermore, we protest against any reduction in the salaries and wages of Government employees. As representatives of labor, we feel fully justified in assuming this strong position, both from an economic and moral point of view. The Government, a large employer of labor, should set an example by maintaining wage standards commensurate with the requirements of American citizenship. The Government, representing all the people, can not afford to join with those who are determined to lower the American standard of living through forced reductions in income, with a corresponding loss in morale and personal efficiency. The Government would lose more than it would gain through such action. The maintenance of wage standards on the part of the Federal Government will serve in a most valuable way to protect and preserve corresponding standards established by millions of working men and women employed in private industry.

The importance of the legislative demands of organized labor runs parallel with that of the unemployment situation. In behalf of unnumbered millions of American working men and women we solemnly petition Congress to grant the needed legislative relief which is so earnestly sought. For years the minds of American working people have been filled with a keen sense of injustice because corporations have resorted to the wrongful use of injunctions in labor controversies. American working people, as the people of no other nation, have suffered mentally and materially through what they firmly believe was the unjust application of the injunctive process. The right to organize and to function is devoid of meaning if, through the use of the writ of injunction, men and women are prohibited from organizing for mutual helpfulness and from exercising their economic strength and from appealing to other workers to join with them in a common cause. Men and women smart under a keen sense of injustice when they become the victims of sweeping, prohibitive injunction orders and contempt proceedings.

Public opinion slowly responded to the constant appeals of organized labor for the enactment of injunction-relief legislation. It began to understand that labor was fully justified in the protests it made against the abuse of the writ of injunction in labor controversies. As a result the two great political parties included in their platforms a pledge both specific and implied to support injunction-relief legislation which, in effect, would free labor from the unjust restraints which had been placed upon it.

Now, without further delay, labor feels justified in calling upon the Members of Congress to redeem their party pledges, to show good faith through the enactment of injunction-relief legislation at this session of Congress.

The American Federation of Labor is supporting an injunction-relief measure introduced by Senator NORRIS and designated Senate bill No. 935. The same measure has been introduced in the House of Representatives. In appealing for the enactment of this character of legislation, labor is not asking for a privileged status. We are not seeking to exempt labor from the provisions of any law. We are asking that labor be given an equal status with other citizens and that the restraining power of the Government shall apply to labor only as it applies to other groups of American citizenship.

We have waited long and patiently for Congress to act favorably upon the injunction-relief legislation which we have sponsored. We are certain that in its present form, as reported to the Senate by the majority members of the Senate Judiciary Committee, it provides the minimum of relief which should be accorded us and that any impairment in its provisions will be considered by labor as a failure on the part of Congress to redeem in full measure the political pledges made by both political parties.

Labor regards the injunction-relief measure as of transcendent legislative importance. It is one legislative measure in which we are inexpressibly interested. We firmly believe and expect that this measure will be favorably acted upon during the present session of Congress. It is our purpose and our fixed determination to exercise the right of appeal guaranteed to all American citizens by calling upon the Members of Congress to give individual and collective support to labor's injunction-relief measure.

Therefore, in this conference, composed of the representatives of national and international unions affiliated with the American Federation of Labor and representing directly more than 3,000,000 and indirectly additional millions of working people, we voice our earnest plea to the Members of Congress to redeem party pledges, to give labor the relief which it honorably seeks, to complete a noble task through the enactment of injunction relief bills S. 935 and H. R. 8088 as speedily as possible and at an early date.

We wish to stress our interest in legislation providing for a 5-day work week for Government employees, the legislative proposal providing for Federal aid to States adopting old-age pension legislation, the King bill (S. 7) to deport certain alien seamen, for the payment of the prevailing rate of wages by all contractors engaged in Government work, for the development of a public-works program which will serve to prevent a recurrence of unemployment widespread and distressing as it now exists, the Davis-Kelly bill which provides for the regulation and control of the demoralized coal industry, for the protection of the oil industry, for the modification of the Volstead Act so as to provide for the manufacture of 2.75 per cent alcoholic content beer, for the enactment of taxation legislation providing for an increase in the

higher income-tax brackets, more exacting inheritance-tax provisions, and for the enactment of legislation supported and sponsored by organizations representing Government employees.

For the purpose of presenting this appeal of organized labor for economic and legislative relief to the Chief Executive of the United States and to the Members of Congress we, the representatives of millions of working men and women, as herein referred to, recommend that the executive council and all national and international representatives of organizations affiliated with the American Federation of Labor in attendance at this conference call upon the President of the United States, the Presiding Officer of the Senate, and the Speaker of the House of Representatives and present to each of them the recommendations and sincere request of this conference as herein expressed.

In submitting this appeal to the Chief Executive of the Nation and to the Members of the Senate, through its Presiding Officer, and to Members of the House of Representatives, through its Speaker, we hope and trust that the seriousness of the unemployment situation, the justice of our appeal for the enactment of remedial legislation, and the constructive suggestions which we have offered will command their official and personal support.

By direction of the conference of national and international representatives and the executive council of the American Federation of Labor.

WM. GREEN, President.
FRANK MORRISON, Secretary.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Reserve Officers' Association, Department of Delaware, opposing any further reduction of personnel or appropriations for the Army and Navy, which were referred to the Committee on Appropriations.

He also laid before the Senate resolutions of the Young Women's Christian Association of Fresno, 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 Chamber of Commerce of the State of New York, opposing the passage of the so-called Glass bill, being the bill (S. 3215) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, which was referred to the Committee on Banking and Currency.

He also laid before the Senate resolutions adopted by executive committee, Department of the District of Columbia of the American Legion, opposing the action of the national executive committee and the national commander of the American Legion in placing the matter of a popular referendum on the eighteenth amendment of the Constitution at the foot of its legislative program and stating "that it will simply be placed in the hands of Congress without aggressive action," which were referred to the Committee on the Judiciary.

He also laid before the Senate resolutions of the Illinois Woman's Christian Temperance Union, the Woman's Christian Temperance Unions of Wilmette and Winnetka, and the Woman's Christian Temperance Union of Niles Center, in the State of Illinois, protesting against the proposed resubmission of the eighteenth amendment of the Constitution to be ratified by State conventions or legislatures, which were referred to the Committee on the Judiciary.

Mr. THOMAS of Idaho presented a petition of the Kootenai Valley Commercial Club, the Readers' Club, the Union Ladies' Aid, the Methodist Church Ladies' Aid, and sundry citizens, all of Boundary County, Idaho, praying that the Government grant to the Kootenai Indians of the United States quarterly tribal allowances and annuities until such time as they may become self-supporting, etc., which was referred to the Committee on Indian Affairs.

Mr. NEELY presented a petition of sundry citizens of Sistersville, W. Va., praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

Mr. KEAN presented a petition of sundry citizens of Elmer, Woodstown, Daretown, Oaklyn, and Woodbury Heights, all in the State of New Jersey, praying for the maintenance of the prohibition law and its enforcement, and protesting against a proposed resubmission or repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

Mr. MCGILL presented petitions and papers in the nature of petitions, numerously signed, from sundry citizens and religious organizations in the State of Kansas, praying for the maintenance of the prohibition law and its enforcement, and protesting against its proposed modification, repeal, or resubmission to the State, which were referred to the Committee on the Judiciary.

Mr. BLAINE presented a petition signed by 37 citizens of the State of Wisconsin, praying for the maintenance of the prohibition law and its enforcement, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Woman's Christian Temperance Unions of Beloit and Milton Junction, in the State of Wisconsin, favoring the maintenance of the prohibition law and its enforcement, and opposing a resubmission of the eighteenth amendment to the States, which were referred to the Committee on the Judiciary.

Mr. BARBOUR presented resolutions adopted by Martin Wallberg Post, No. 3, the American Legion, of Westfield, N. J., opposing any reduction in the armed forces of the United States at the present time, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

MARTIN WALLBERG POST, No. 3,
AMERICAN LEGION,
Westfield, N. J., February 2, 1932.

Whereas it has come to the attention of the Martin Wallberg Post, No. 3, American Legion, Department of New Jersey, that there is now before the Congress of the United States a movement having for its purpose a reduction in the enlisted and commissioned personnel of the United States Army; and

Whereas it is the opinion of the members of the aforesaid Martin Wallberg Post, No. 3, American Legion, Department of New Jersey, that any reduction of the armed forces of the United States would be detrimental to the interests of the people: Be it

Resolved, therefore, That this post go on record as opposing any reduction in our armed forces at this time; and be it further

Resolved, That a copy of this resolution be forwarded to our representatives in Congress.

Dated this 2d day of February, 1932.

HAROLD L. BROOKS,
Commander.
WILLIAM T. LONG,
Adjutant.

Mr. COPELAND presented a resolution adopted by the New York County Pharmaceutical Society, of New York City, N. Y., protesting against existing restrictions on the importation of spirituous liquors and favoring the passage of the so-called Willis-Campbell bill, providing "that permits for the importation or manufacture of particular kinds or qualities of spirituous liquors may issue upon a finding of the Commissioner of Industrial Alcohol that the supply of such liquors in distilleries or bonded warehouses is insufficient to meet the current need therefor for all nonbeverage uses," which was referred to the Committee on the Judiciary.

He also presented petitions and papers in the nature of petitions of members of the Wide Awake Club, of Fillmore; the St. Luke's Methodist Episcopal Missionary Society, of Albany; the Patrons of Husbandry of Newark; the Woman's Christian Temperance Unions of Elmira, Horseheads, Victor, and Boonville; the Woman's Dutchess County Committee for Law Enforcement, of Poughkeepsie; and sundry citizens of Mount Morris, all in the State of New York, praying for the maintenance of the prohibition law and its enforcement, and protesting against a proposed resubmission of the eighteenth amendment of the Constitution to State conventions or legislatures, which were referred to the Committee on the Judiciary.

He also presented a letter in the nature of a petition from Charles Franck and sundry other citizens of New York City, N. Y., praying for a reduction in taxes and expenditures of the Federal Government, which was referred to the Committee on Finance.

He also presented a letter embodying resolutions adopted by the Nashville Conference on Unemployment, at Nashville, Tenn., indorsing the so-called Wagner employment service bill, unemployment insurance, a large program of public works, the shortening of the working day and week, increased taxation of income and inheritances in the higher

brackets, etc., which was referred to the Committee on Finance.

He also presented resolutions adopted by Richmond County Post, No. 248, Veterans of Foreign Wars, of Staten Island, N. Y., favoring the full payment at this time of adjusted-service compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented a resolution adopted by the Forest Hills Civic Association (Inc.), of Forest Hills, Long Island, N. Y., indorsing the proposed system of home-loan discount banks, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Federation of Jewish Women's Organizations (Inc.), of New York City, N. Y., favoring amendment of the immigration law so that lawfully married couples, one party an American citizen and the other a foreigner, may be permitted entry into the United States on the nonquota basis, etc., which was referred to the Committee on Immigration.

He also presented resolutions adopted by Court Seton, No. 7, of Woodside, Long Island, and Court Newman, No. 348, of Mount Kisco, both of the Catholic Daughters of America, in the State of New York, protesting against the passage of House bills 4739 and 4757, relative to maternity and infancy, which were referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of New York City, N. Y., praying a senatorial investigation of conditions in the coal fields of Harlan and other mining counties in Kentucky, with reference as to how the miners live, the tactics used against them by officials and operators, also as to the preservation of civil and human rights, freedom of speech, of the press and assemblage as guaranteed by the Constitution, etc., which was referred to the Committee on Education and Labor.

He also presented resolutions adopted by the Binghamton Chapter, Reserve Officers' Association of the United States, of Binghamton, N. Y., protesting against proposed reductions in appropriations for the War Department, which were referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Rochester, N. Y., praying for the elimination of duplicating positions and functions in the Government and of such bureaus, commissions, and committees that are not absolutely essential, the introduction of modern economical methods and systems in the operation of essential activities, etc., which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Women's Republican Club of Jamestown, N. Y., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted at a mass meeting of religious, civic, and educational organizations of Far Rockaway, Inwood, Lawrence, Cedarhurst, Woodmere, and Hewlett, Long Island, N. Y., favoring disarmament and world peace, which were referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Bronx County, N. Y., remonstrating against the proposal to reduce the salaries of postal employees, which was referred to the Committee on Civil Service.

He also presented a resolution adopted by officers and members of the Bayside Low Land Civic Association, of Bayside, Long Island, N. Y., protesting against the proposal to reduce the salaries of postal employees, which was referred to the Committee on Civil Service.

THE FINANCIAL SITUATION

Mr. SHEPPARD presented a letter from W. W. Moore, of Houston, Tex., with an accompanying petition in the form of a resolution, which, with the accompanying paper, was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

FIDELITY TRUST CO.,
Houston, Tex., January 26, 1932.

Hon. MORRIS SHEPPARD,

United States Senate, Washington, D. C.

My DEAR SENATOR: As our senior Senator from Texas, we are sending you an original petition addressed to the Senators and

Representatives of our State signed by Hon. R. S. Sterling, State capitol, Austin, Tex.; Judge Lewis Fisher, State National Bank Building, Houston, Tex.; E. H. Buckner, Petroleum Building Houston, Tex.; Mrs. Sarah Campbell Blaffer, 6 Sunset Boulevard, Houston, Tex.; J. S. Cullinan, Petroleum Building, Houston, Tex.; Mrs. Henry B. Fall, 107 Sul Ross, Houston, Tex.; W. W. Moore, Petroleum Building, Houston, Tex.; Allen V. Peden, the Houston Gargoyle, Houston, Tex.

Copy of this petition is being mailed to Senator CONNALLY and to Congressmen GARRETT, BLANTON, BRIGGS, BUCHANAN, CROSS, DIES, GARRETT, JOHNSON, JONES, KLEBERG, LANHAM, MANSFIELD, PATMAN, REYBURN, SANDERS, SUMMERS, THOMASON, and WILLIAMS.

We invite the careful consideration of all, followed by customary formal action.

Respectfully yours,

W. W. MOORE.

JANUARY 20, 1932.

To the SENATORS AND REPRESENTATIVES OF THE STATE OF TEXAS,

Washington, D. C.

As citizens of the State of Texas who for many months have been subjected to financial conditions that have grown increasingly intolerable, we hereby petition for relief.

Whereas Article I, section 8, of the Federal Constitution reads:

"The Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures"—thus lodging sole responsibility for the creation and value of money in the Congress;

Whereas a recently prepared chart issued by the National Industrial Conference Board covering the 50-year period from 1880 to 1930 shows the following:

	1880	1930	Ratio between beginning and end of period
1. Population	50,000,000	123,000,000	+2.4
2. National wealth	\$43,000,000,000	\$361,800,000,000	+8.4
3. National income	\$7,500,000,000	\$4,000,000,000	+11.2
4. Bank deposits	\$2,134,000,000	\$55,289,000,000	+25.9
5. Monetary gold stock	\$150,000,000	\$4,535,000,000	+12.9
6. Money in circulation	\$260,000,000	\$1,522,000,000	+4.7
7. Per capita money in circulation	\$ 0.00	\$ 6.71	+1.8
8. Cost of government	\$550,000,000	\$12,800,000,000	+14.8

¹ 1890.

Your particular attention is directed to the amazing expansion of bank deposits (25.9), reflecting chiefly corporate or individual indebtedness calling for interest payment to the banks out of all proportion to the increase in population (2.4) or money (1.8);

Whereas money is not only the measure of value and medium of exchange but under our banking laws is the basis for credit and for credit expansion, hence it should have a proportionate relation to national wealth, national income, as well as to advanced type of civilization, standards of living, and high wage policy of our society;

Whereas human history should teach us that, having adopted such advanced standards, we can not safely scrap the conveniences, comforts, and ideals such imply without grave risk of chaos or revolution;

Whereas as a result of the unwarranted postwar inflation and wild speculation collapsing in 1929, the shrinkage in the value of securities listed on the New York Stock Exchange in the 26 months preceding December 1, 1931, amounted to \$62,912,000,000; authorities estimate the shrinkage in other forms of wealth to be double that amount, making the startling total of around 50 per cent contraction from the \$361,800,000,000 reported as our national wealth in 1929;

Whereas, as is well known, the drastic policy applied to the contraction of credit has enormously increased unemployment, resulting in widespread disaster to corporations and severe hardships to the individual and the family;

Whereas the deflation policy, coupled with efforts to maintain a liquid position in a falling market, adopted by our financial institutions now threaten the solvency not only of corporations and individuals but municipalities and other governmental subdivisions;

Whereas, ignoring what European countries or other nationals may or may not do in regard to the payment of reparations, the payment of national, corporate, or individual debts, or in making changes to improve their national economic and financial conditions:

We, as citizens of the United States, respectfully demand that the Congress either—

First. Substantially increase the volume of money by restoring silver, by asset currency, or by such other form as will adequately meet the pressing and urgent needs of the existing financial situation; or,

Second. Declare a national moratorium for a 5-year period, dating from January 1, 1932, during which period all obligations in the form of bonds, notes, or other forms of indebtedness contracted prior to January 1, 1932, may, at the option of the debtor, be deferred in whole or in part without being subject to legal demand for the payment of principal or interest.

To the end that—

Third. The dollar will be reduced to its normal purchasing value.

Fourth. Our National and State banks be relieved of the pressure that now applies as a result of previous inflation for which they, acting under the authority of our banking laws, were measurably, if not solely, responsible for creating and thus allow such banks to dispose of frozen assets in an orderly manner while meantime consistently performing the service for which they were incorporated.

Fifth. Our gold standard may be maintained and flat currency of any kind avoided.

Sixth. Current activities in production, manufacture, and distribution of commodities and employment of labor to meet the needs and desires of our people may be resumed and continued.

Seventh. All citizens afforded equal opportunity to help themselves rather than forced to seek help from charity, from government, a dole, or otherwise.

Eighth. The interests of the Government of the United States of America and the welfare of its people may receive your exclusive attention until the essential requirements to offset the world's economic and financial crisis have been fully met.

R. S. STERLING,

State Capitol, Austin, Tex.

J. S. CULLINAN,

Petroleum Building, Houston.

E. H. BUCHNER,

Petroleum Building, Houston.

State National Bank Building, Houston.

ALLEN V. PEDEN,

The Houston Gargoyle, Houston.

W. W. MOORE,

Petroleum Building, Houston, Tex.

Mrs. HENRY B. FALL,

107 Sul Ross, Houston, Tex.

Mrs. SARAH CAMPBELL BLAFFER,

6 Sunset Boulevard, Houston, Tex.

STANDARD GRADES FOR COTTONSEED

Mr. ROBINSON of Arkansas presented a letter in the nature of a petition from Chester H. Gray, Washington representative of the American Farm Bureau Federation, which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., February 9, 1932.

Hon. JOSEPH T. ROBINSON,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR ROBINSON: I note that you have introduced an amendment to the agricultural appropriation bill providing for the establishment of mandatory standard grades for cottonseed, and the supervision thereof under the grain standard act.

I wish to take this opportunity to indorse this proposal and to express the hope that it may receive the approval of Congress. Back as early as 1923 the American Farm Bureau Federation adopted the following resolution at its annual convention:

"We favor the further study and development of grades of agricultural commodities, the improvement of present grades, and promulgation of laws, rules, and regulations as rapidly as feasible."

Acting pursuant to the authority contained in this resolution, the American Farm Bureau Federation supported during the Seventy-first Congress a bill (H. R. 12011) sponsored by Representative JONES, of Texas, providing for the establishment of standard grades for cottonseed.

An important feature of your amendment is that it makes mandatory the use of the standard grades that are established, and provides for their supervision. This is particularly important in preventing dishonest dealers from taking advantage of honest dealers, which might result if the use of the grades were not mandatory on all dealers. It also affords added protection to the farmers.

We believe that your amendment will help to eliminate some of the undesirable practices in the purchase of cottonseed, and we hope that it will receive the approval of Congress.

Respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

IMPORTATION OF FOREIGN GOODS

Mr. KEAN presented a letter from E. W. Wollmuth, executive vice president of the Chamber of Commerce of the City of Newark, N. J., with an inclosed newspaper article, which, with the accompanying matter, was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE OF THE CITY OF NEWARK, N. J.,
February 2, 1932.

Hon. HAMILTON F. KEAN,

United States Senate, Washington, D. C.

MY DEAR SENATOR: The matter of increasing importations of foreign goods at decreasing prices is giving concern, as evidenced by the attached article from the Newark Sunday Call, January 31.

We believe that the matter is of such importance that you may want to bring it to the attention of Congress and have it extended into the CONGRESSIONAL RECORD.

Very truly yours,

E. W. WOLLMUTH,
Executive Vice President.

[From the Newark (N. J.) Sunday Call, January 31, 1932]

FOREIGN GOODS DUMPING HURTS NEWARK TRADE—CHAMBER OF COMMERCE SURVEY SHOWS HOW TARIFF IS EVADED—QUICK ACTION URGED

"Dumping of foreign goods into the Newark market is seriously affecting the city's industry and increasing unemployment."

That summarizes a survey, nearing completion, by the Newark Chamber of Commerce, under the direction of its executive secretary, Edmund W. Wollmuth, of the extent to which foreign importations have affected domestic industry.

Some industrial concerns of Newark received a severe jolt in the course of the survey. Many admitted they had been caught napping, and others were astounded by the situation revealed. All agreed some action should be taken to cope with the menace.

Mr. Wollmuth and Charles J. Fagg, the chamber manager, who aided him in making the survey, base their findings on facts, figures, and charts submitted by leading industrialists.

Outstanding among the disclosures are the fraudulent practices of importers. It was found that to avoid the tariff, certain articles are camouflaged by cheap covers and entered as leather goods. Camille L. Gairoad, general manager of J. Wiss & Sons, cutlery manufacturers, asserted that millions of pairs of scissors are being so entered.

TARIFF LOOPOLES USED

"It is impossible for domestic manufacturers to compete against such a terrific handicap," he said. "Importers are doing their utmost to detect loopholes in our tariff laws to dump foreign goods here and disrupt home markets. I know that German-made shears can not be purchased in Germany as cheaply as German-made shears are bought here. That places the American manufacturer at a disadvantage at the outset and will continue to do so as long as foreign goods are entered into this country on the ad valorem instead of on the specific tariff basis."

Reports received by Mr. Wollmuth from some of the biggest coal and coke operators in the United States—located in or near Newark—indicate they are suffering from the increase in foreign importations of those products. The extent to which the industry has been affected is outlined in the following statement:

"Recent growth of the importation of foreign fuels has had the effect of demoralizing the domestic bituminous coal market, causing operators to lower prices to a point where the industry is receiving inadequate returns to provide protection to labor and capital. Three million people are directly dependent upon the industry. Transportation systems of this country are being seriously affected by the decline in coal shipments. Coal constitutes the largest single item of railroad traffic and produces the greatest amount of shipping revenue. The effect of the decline of bituminous coal shipments because of foreign importations is evidenced by the amount of coal handling equipment not being used and the large number of railroad men idle. This situation creates a social disruption and the necessity for protection against future decline in both employment and demand."

FOREIGN OIL DISPLACES COAL

"Foreign fuel oil displaced 17,000,000 tons of bituminous coal in this section in a year. From this sale of imported oil equivalent to 250,000 tons of bituminous coal in 1924, the annual imports have increased to more than sixty-eight times that quantity. The most serious effect of this displacement of coal by oil is upon labor, especially in the bituminous-mining industry and in railroad transportation. The loss to coal operators by the importation of foreign oil amounts to \$28,900,000 a year. The loss to railroad labor is even more serious."

"In the last year approximately 700,000 tons of foreign anthracite coal have been dumped into North Atlantic ports. This coal came from Russia, Germany, and England. In addition, these countries have recently entered about 100,000 tons of coke and briquettes. For every ton of coke imported 1 1/2 tons of American bituminous coal is displaced. The drop in the English exchange, due to eliminating the gold standard, is largely responsible for this situation. Remedial and emergency legislation should be enacted which should be in the form of a higher import duty on foreign fuel oil, coal, coke, and briquettes. From the figures quoted it is obvious that the earnings of the coal-carrying roads, already seriously cut, will be further reduced."

"The Interstate Commerce Commission has recently allowed the railroads an increase of 6 cents a ton on all coal and coke transported in order to increase their earnings. This places an added burden on the coal and coke producer and favors the foreign importers."

THOUSANDS DEPRIVED OF WORK

"Loss of coal tonnage has deprived thousands of railroad and mining employees of work and has seriously affected other industries. This condition has contributed greatly to unemployment and depression in the United States and no compensation has been accorded domestic industry. Newark labor has also been victim of this situation."

The survey also produced evidence that foreign manufacturers frequently issue two sets of bills on shipments to this country.

one for purposes of duty and another, entirely different, for the American purchaser.

Lumber, the principal commodity handled at Port Newark, is beginning to feel the effect of foreign competition. Col. Charles E. Long, manager of the eastern division of the Weyerhaeuser Timber Co., said that shipments of Russian spruce have recently been unloaded at the port and sold under domestic prices.

"The labor situation in the United States lumber industry is none too good, but it will be far worse if foreign lumber continues to be dumped into our ports," he explained.

Newark manufacture of bathroom fixtures is practically at a standstill. John H. Balmer, president of the J. H. Balmer Co., stated that importers who know nothing about the line pick up foreign fixtures and dump them into this country at prices lower than they can be manufactured here.

POTTERY PLANTS IDLE

"There are nine potters in New Jersey whose plants are adapted especially for the manufacture of our needs, but any one of them can now take care of all the fixture business in this State," Mr. Balmer asserted. "Most of them had to lay off all but a few men; some of them closed down entirely and others are seeking different lines to which they might adapt their machinery. The situation will require more than a higher tariff schedule to remedy it."

Remedial measures will come, Mr. Wollmuth said, but it is the policy of the chamber of commerce not to propose them because they might be construed as of a political character. He cited methods employed by other nations to prevent dumping of merchandise into their ports.

"Canada," said Mr. Wollmuth, "has a strict set of antidumping regulations. No goods can be unloaded at Canadian ports at prices lower than those current at the point of origin of the merchandise to be unloaded. This has set up a strong protective wall about the Dominion's products, safeguarded its labor interests, and fostered the growth of home industries."

In Australia the Government fixes the quotas on foreign imports, giving preference at all times to British products. The same practice prevails in France, and a notice was received yesterday that France has suspended all imports of radios, accessories, and parts (except tubes) until further notice. The notice further announced that the United States quota for importing radio tubes to France for the first three months of 1932 is exhausted and that no further imports will be admitted before April 1. Exception is made, however, on all shipments of radios, tubes, parts, and accessories shipped from this country before January 27, accompanied by through bills of lading dated prior to that date, or which were in the French customs warehouses before that date."

MORE UNDERSELLING

Newark's business in electric bulbs, in the manufacture of which this city was second to none in this country, has fallen off greatly, the survey shows. Foreign bulbs are being shipped here in increasing quantities, at prices far lower than the domestic product. Tables compiled by Mr. Fagg indicate a steady increase in quantity of imported bulbs, but an equally steady decrease in the prices at which they are sold here. This not only affects the domestic makers of the glass bulbs, but also the manufacturers of the wire for filaments, the production of both of which is now but a small percentage of the former volume.

The survey by the Newark group will soon be completed. Reports from local industrialists to the chamber of commerce are increasing daily in number, each setting forth the damaging effects of low-priced, inferior foreign goods, and the inadequacy of domestic tariff provisions. The complete survey will be submitted to the National Legislature, Mr. Wollmuth stated, with the view of effecting relief for the industries of Newark and other manufacturing centers in the United States. Leaders in domestic industry have conferred with the chamber's executives, offering every facility for presenting a true picture of the present unemployment situation.

THE GOLD STANDARD

Mr. WHEELER. Mr. President, I ask that excerpts from an article by Hartley Withers in the *Spectator*, a London Conservative daily, and reprinted in the *St. Louis Post-Dispatch*, may be printed in the RECORD and referred to the Committee on Finance.

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

[Excerpts from an article by Hartley Withers in the *Spectator*, of November 8, 1931]

ENGLISH WRITER ATTACKS GOLD STANDARD AS OBSOLETE METHOD OF GAGING WEALTH—LONDON SPECTATOR CONTRIBUTOR SEEKS TO SHOW CHIEF ARGUMENTS FOR MONETARY SYSTEM ARE ERRONEOUS—OFF THE GOLD STANDARD

(Reprinted from the *Living Age*)

We read almost daily warnings from the financial writers of the danger of what is called "the flight from the pound." Direful pictures are painted of the ruin and havoc that will occur to the whole of our population if the pound ceases to be equivalent in exchange value to 113 grains of gold. Never was greater nonsense written.

The periods of this country's greatest industrial prosperity—measured by its output of goods—have been those periods when the pound was cheap; and the periods of our greatest industrial depression and social misery have been those during which the pound has been the dearest.

What is it that gives value to money and to credit? It is certainly not a paltry few millions of pounds of gold held in bank vaults. To-day we are all using the promissory notes of the Bank of England, against which there is not sufficient gold to redeem more than a small proportion. But this redemption is not legally obligatory on the part of the bank—except in special cases and only for amounts equivalent to 400 ounces of gold and over. The value of money is created entirely by the public and by the government when they accept it in exchange for goods and services. No one, except those engaged in international exchange, stops to think of the basis of the currency. The one and only question that arises is, "Will this money be acceptable to those whom I wish to purchase goods from and pay my bills to?"

John Stuart Mill announced three-quarters of a century ago that if every golden sovereign was replaced by a 1-pound note and the gold withdrawn entirely, each note would have precisely the same value as the golden pound. We have innumerable instances of this. During the war the Bank of Sweden refused to exchange its notes for gold. Gold was at a discount with paper. And to-day the value of gold is purely artificial, and is due to the legal-tender laws enacted by this and other countries since the war. And if the governments of Europe and of America were to do with gold what they did with silver half a century ago, gold would fall in value just as silver has done.

A COMMODITY LIKE OTHERS

Gold is a commodity like all others, and is affected by supply and demand. It is not owing to the demand in the arts that gold retains its high value. There is enough uncoined gold held in bank vaults to last the arts for the next 50 years. What would the value of cotton or wool or copper be if it were known that there was enough of these commodities held in storage to satisfy the industrial demand for the next half century?

Again, it is claimed by the advocates of the gold standard that the yellow metal furnishes a stable measure of value. How much longer will the public allow themselves to be deceived by such a baseless claim? We have only to go back to the war period and compare our treasury-note system, unbacked by gold, with the dollar of the United States, where nearly one-half of the gold supplies of the world were collected.

The only correct method of estimating the fluctuations in money is by means of index numbers. I quote the following from the speech of Reginald McKenna, chairman of the Midland Bank, delivered on January 27, 1925. After mentioning the variations of the pound sterling with the dollar during the war, he says: "In 1922 the mean deviation from the British average (index number) was 2.87 and from the American 6.34. * * * If we take the whole period, 1922 to 1924, the respective mean deviations were 4.30 and 4.90.

Thus, on the basis of the official index numbers, the price level in England has been more stable during the last three years than in the United States. Measured by the standard of purchasing power, the pound, which is not on the gold standard and has no regular restriction on its issue, has maintained stability better than the dollar, which is based on gold."

HOW FINANCIERS ENRICH THEMSELVES

Moreover, the value of gold can be seriously affected merely by its removal from circulation. Its use as the basis of currency provides a means by which financiers can enrich themselves to an almost unlimited extent. The bankers' magazine some years ago gave an illustration of this. It related how a certain American syndicate during a period of three weeks withdrew £11,000,000 in gold from the Bank of England and shipped it to New York. Before doing this they sold British securities heavily and bought American securities.

The withdrawal of this gold caused a fall in the prices of 325 of our leading securities of £115,500,000, while the expansion of credit in America, due to this additional gold, led to an advance in American securities to a similar extent. As a financial writer said at that time, "These speculators were playing upon two tables—one in London and the other in New York—at the same time, and winning on both without any risk of losing. They were gambling on a certainty!" Similar operations have taken place since this, and are in fact being continually practiced but without the same publicity.

There is not one scientific reason for employing gold as a basis for currency at the present time.

"New times demand new measures and new men;
The world advances, and in time outgrows
The laws that in our fathers' days were best;
And doubtless, after us, some purer scheme
Will be shaped out by wiser men than we,
Made wiser by the steady growth of truth."

LACK OF BANKING SYSTEM

What is the real position of this country in regard to its obligations? By the adoption of the gold standard the coalition government and its successors placed us at the mercy of that nation that was able to control most of the gold supplies of the world. Our keenest industrial rival in the world's markets managed to

secure one-half of the available gold, and consequently, since we are now a debtor nation, we have become to a large extent subservient to our trans-Atlantic neighbor. Consequently we must make such terms with our principal creditor as she demands.

Fortunately, the resources of Great Britain with her overseas Dominions would enable us to discharge our liabilities if we had a truly national banking system. The annual gold productions of South Africa and Australia (to which may be added Canada) would—under a league of British nations—furnish all the gold necessary for meeting our foreign obligations. Unfortunately, we have no such system. We have no national bank in the sense of a government bank functioning entirely in the service of British interests. On the contrary, the Bank of England is an international trading company, and is permitted to carry on its business as its directors deem most advantageous to themselves and their shareholders.

We now learn that the crisis that has given us a new government was precipitated through the policy of the bank in making long-time loans to Germany during her recent troubles. This necessitated borrowing from France and the United States—which loans were made for short periods. The publication of the economy committee's report, which was one of the most indiscreet acts on the part of the late government, created a feeling of uneasiness abroad and led to the calling in of loans and the reduction of the bank's gold reserves to the extent of about £35,000,000 within a week or so.

But think of a government's placing the whole of the national credit, together with the trade, commerce, and industries of this great nation, upon a basis of borrowed gold, which could be taken from us at any time! A more dangerous or more insane policy it would be difficult to imagine.

WHY POLICY IS FAVORED

It may be asked why the bankers of this country have adopted a policy that can end only in ruin. The reply is that they are merely continuing a policy that has been in existence for considerably more than a century, and that, whenever a crisis has arisen in their affairs, the Government has always obliged them by coming to their rescue and supporting their institutions with the national credit. Moreover, the gold-basis policy has been enormously profitable to the city of London. Owing to the insufficiency in the gold supplies and to the volume of legal tender based upon it, the bankers have created a substitute in the form of bank credit, which has no material existence. It consists of figures in the banks' books. But this invisible money, which exists only in the books of the banks, is loaned and draws interest charges precisely the same as if it had a material existence in the form of golden coins.

During the war period the amount of this bank currency was increased to the extent of £1,000,000,000! Is it any wonder that the system is attractive to those who deal in money?

LIKE BLOOD IN BODY

Money is the greatest power that man has yet created. It functions as the lifeblood of all nations, and, like the blood in the human body, it should have freedom to circulate. Interference in any channel may produce congestion, paralysis, and even death. It is a social instrument, and it is society that gives it its power. No individual or syndicate is responsible for the value or power of money. It is the creation of law, and obedience to law forms the basis of civilization.

In his *Modern Democracies*, published in 1921, the late Lord Bryce said: "Democracy has no more persistent or insidious foe than the money power, to which it may say, as Dante said when he reached in his journey through hell the dwelling of the God of Riches, 'Here we find Wealth, the great enemy.' That enemy is formidable because he works secretly, by persuasion or deceit rather than by force and so takes men unawares. He is a danger to good government everywhere." He continued as follows: "The truth seems to be that democracy has only one marked advantage over other governments in defending itself against the submarine warfare that wealth can wage, namely, publicity and the force of public opinion. So long as ministers can be interrogated in an assembly, so long as the press is free to call attention to alleged scandals and require explanations from persons suspected of an improper use of money or an improper submission to its influences, so long will the people be at least warned of the dangers that threaten them. If they refused to take the warning they are already untrue to the duties that freedom prescribes."

But what is to happen when these safeguards of publicity are taken under the control of the money power? And this is precisely what is happening. Never since the beginning of time has mankind been in greater danger of losing its freedom than now.

The inventions and discoveries of the past century—and particularly of the last 50 years—which it was believed would raise civilization to a far higher level than ever previously reached, may yet be employed in degrading and enslaving humanity, and some of us may live to see the beginning of another thousand-year night after the break-up of the British Empire—like that which followed the downfall of Rome!

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on the Judiciary, to which was referred the bill (S. 2655) providing for waiver of prosecution by indictment in certain criminal proceedings, reported it with amendments and submitted a report (No. 201) thereon.

He also, from the Committee on Indian Affairs, to which was referred the bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to direct the issuance of a patent to the Pueblo of Taos for certain lands described herein, and for other purposes, reported it with an amendment and submitted a report (No. 202) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (S. 1470) providing a nautical school at the port of New Orleans, La., reported it without amendment and submitted a report (No. 203) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 1096. An act for the relief of N. D'A. Drake (Rept. No. 204); and

S. 2375. An act for the relief of Roscoe Meadows (Rept. No. 205).

Mr. ODDIE, from the Committee on Naval Affairs, to which was referred the bill (S. 2062) for the relief of Adam Augustus Shafer, reported it with an amendment and submitted a report (No. 206) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2058. An act for the relief of William C. Rives (Rept. No. 207);

S. 2059. An act for the relief of Albert Ross (Rept. No. 208); and

S. 2060. An act for the relief of Otto Schluter (Rept. No. 209).

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 466) for the relief of the Allegheny Forging Co., reported it with an amendment and submitted a report (No. 210) thereon.

Mr. METCALF, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 432. An act granting permission to Harold I. June to transfer to the Fleet Reserve of the United States Navy (Rept. No. 211); and

S. 2242. An act granting six months' pay to Louis Soluri (Rept. No. 212).

Mr. CAPPER, from the Committee on the District of Columbia, to which were referred the following bill and joint resolution, reported them each with amendments and submitted reports thereon:

S. 1153. An act to provide for the incorporation of credit unions within the District of Columbia (Rept. No. 214); and

S. J. Res. 4. Joint resolution to provide for the naming of Montgomery Blair Circle (Rept. No. 213).

Mr. TYDINGS, from the Committee on Naval Affairs, to which was referred the bill (S. 1003) for the relief of Capt. Jacob M. Pearce, United States Marine Corps, reported it with an amendment and submitted a report (No. 215) thereon.

He also, from the same committee, to which was referred the bill (S. 1009) for the relief of George Edwin Godwin, reported it without amendment and submitted a report (No. 216) thereon.

Mr. KEAN, from the Committee on Naval Affairs, to which was referred the bill (S. 2200) to authorize the presentation of a medal of honor, posthumously, to the late Henry Clay Drexler, reported it with amendments and submitted a report (No. 217) thereon.

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. 2982. An act for the relief of J. G. Seupelt (Rept. No. 218);

H. R. 4145. An act for the relief of Thomas C. LaForge (Rept. No. 219); and

H. R. 4150. An act authorizing issuance of patents in fee to Benjamin Spottedhorse and Horse Spottedhorse for certain lands (Rept. No. 220).

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 1839) to authorize the creation of Indian trust estates, and for other purposes, reported it with amendments and submitted a report (No. 221) thereon.

He also, from the same committee, to which was referred the bill (S. 3409) authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands, reported it without amendment and submitted a report (No. 222) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. BRATTON:

A bill (S. 3590) to amend an act entitled "An act for the relief of settlers on railroad lands," approved June 22, 1874; to the Committee on Public Lands and Surveys.

By Mr. McGILL:

A bill (S. 3591) to amend the World War veterans' act, 1924, as amended; to the Committee on Finance.

By Mr. FLETCHER:

A bill (S. 3592) confirming the claim of Francis R. Sanchez, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

A bill (S. 3593) granting an increase of pension to Barbara A. Chamberlain (with accompanying papers); to the Committee on Pensions.

By Mr. ODDIE:

A bill (S. 3594) to reduce construction charges on certain lands within the Newlands irrigation project, Nevada; to the Committee on Irrigation and Reclamation.

A bill (S. 3595) authorizing Ralph F. Wood, lieutenant commander, United States Navy, to accept the decoration of an Italian brevet of military pilot honoris causa tendered to him by the Italian Government; to the Committee on Naval Affairs.

By Mr. REED:

A bill (S. 3596) to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department; to the Committee on Military Affairs.

By Mr. WATSON:

A bill (S. 3597) granting an increase of pension to Arpa Montgomery (with accompanying papers); to the Committee on Pensions.

By Mr. HAYDEN:

A bill (S. 3598) for the relief of Jessie Blout; to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 3599) for the relief of sundry building and loan associations; to the Committee on Claims.

A bill (S. 3600) granting relief to Clarence Loveberry; to the Committee on Finance.

A bill (S. 3601) for the relief of Thomas T. Gessler; to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 3602) authorizing the modification of a certain contract for the sale and purchase of the St. Johns Bluff Military Reservation, in Florida; to the Committee on Military Affairs.

By Mr. COPELAND:

A joint resolution (S. J. Res. 99) authorizing an appropriation to defray the expenses of participation by the

United States Government in the Second Polar Year program, August 1, 1932, to August 31, 1933; to the Committee on Foreign Relations.

RELIEF OF UNEMPLOYMENT—AMENDMENTS

Mr. LEWIS submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 3045) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. WAGNER submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 3045) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table and to be printed.

RAILWAY MERGERS

Mr. DILL submitted a resolution (S. Res. 164), which was ordered to lie on the table, as follows:

Resolved, That the Interstate Commerce Commission be directed—

1. Forthwith to transmit to the Senate a full and complete transcript of the testimony taken in Commission Docket 12964, Consolidation of Railroads Into a Limited Number of Systems, on January 6, 7, 8, and 9, 1932;

2. As promptly as practicable, to transmit to the Senate a full and complete statement and analysis of all holdings of stock and bonds in any railroad or holding company affected by or interested in the so-called 4-system plan for the eastern region, dated October 1, 1931, now under consideration by said commission, to the extent that such holdings of stock or bonds are by or on behalf of any railroad corporation, holding company, or trustee affected by or interested in said 4-system plan, such statement and analysis to include the number of shares of stock, with their par value, and the par value of all bonds, together with their original cost per share or per \$100 of par value of bonds, and their total cost, and also to include their present worth at the market prices current at the latest available date;

3. As promptly as possible, to transmit to the Senate balance sheets of the Pennsylvania Railroad Co., the Pennsylvania Co., the Pennroad Corporation, the Alleghany Corporation, the Chesapeake Corporation, the Van Sweringen Corporation, the Virginia Transportation Corporation, the Chesapeake & Ohio Railway Co., and the New York, Chicago & St. Louis Railroad Co., as of the latest date available, showing in detail all the holdings of said corporations in other corporations, with the amounts at which each and every of said holdings are carried on the books of said corporations and their value at current market prices; and

4. As promptly as possible, to transmit to the Senate a detailed statement of all moneys obtained by any railroad corporation or other corporations herein referred to by the sale or hypothecation of any stock, bonds, or equipment obligations at any time within the six years that ended with December 31, 1931.

"AMERICA AND THE FAR EAST"—ADDRESS BY SENATOR LEWIS

Mr. HALE. Mr. President, the junior Senator from Illinois [Mr. Lewis] a short time ago made a very interesting speech in the National Radio Forum on the subject of "America and the Far East." I ask that it may be printed in the RECORD.

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

ADDRESS OF HON. J. HAMILTON LEWIS, OF ILLINOIS, WASHINGTON, D. C., FEBRUARY 1, 1932

Ladies and gentlemen of the radio audience, I beg to thank my friend, Mr. Kuhn, for his flattering reference to me. As one of my friends, he finds it agreeable to be generous to an extent quite beyond my dues. I thank the committee of Senators who presented me as a spokesman for the occasion.

I have been asked to speak to you on the subject of the present complications in Asia, I assume because it is known that I spent some time in the Orient, first following the war between Russia and Japan and later upon other matters that threw me in touch with the particular territory that is now both under discussion and assault.

When I was in Manchuria I had to observe that which all would have discovered—that the railroad was built as a main line of communication to connect Moscow, Russia, with Peking, China. It was equally plain that the road was the one source for the distribution for war material and was created as a military agency.

Let it be understood that the controversy of Japan for the railroad and that of China for the possession of its neighboring land, Manchuria, now of Chinese occupation, as well as the claim of Russia for the road, as asserted from Moscow, has for its object the possession of China and adjacent territory. With this consummated, there will be a continuous control from Japan to the border of Siberia. This connection between Japan and Siberia

will leave Japan as the master director in the affairs of Asia. This is the ultimate object and apparently the prime purpose of Japan. You will observe that the scheme to pacify and supervise all Asia is a natural one on the part of Japan. It is one that could have been expected, particularly by the United States of America. And it should have been anticipated when one considers the history of the immediate past and prospect of the present. Japan patterns after a policy and action of the United States. We will not forget that we took such course in behalf of our own United States to pacify North America when we entered Cuba, then Mexico, and later the Central American countries. Let us recall that the United States of America assumes to maintain the Monroe doctrine, and under it protect the destinies of Central and South America, so as to assure these lands against dominion of any European government.

Here we pause to make the parallel and to note openly and without reserve that which is the apparent truth. Japan is preparing an Asiatic Monroe doctrine. The example of the United States is before Japan, and with this lesson Japan proceeds in the pursuit of her policy at a time when China is in distraction. She takes possession and control both of the territory and directs the privileges of all Asia. This is following the course Japan took when she centered upon and appropriated Korea. The movement is upon the assumed right of Japan of forcing peace and preserving Asia for the Asiatics, as we hope to preserve America on the American continent for the Americans. While this movement on the part of Japan is to conquer China and to put it under the sovereignty of Japan in her control of Asia, it lessens to a great degree the opportunity of America to trade on equal terms with Japan or with the countries of the world in Asia.

From this result there arises before us a much more serious phase than the loss of trade. I hesitate to pronounce an alarm to my countrymen, but I must not withhold from the reflection of our citizens the threatening destiny. And here, in the words of a watcher at the approaching specter in "Hamlet," "I will cross it though it blast me." Reflect that Russia has grievances against America for disrupting the commercial treaties between America and her country. She continues her grievances against the administration of Taft, Wilson, and Hoover for refusing to recognize the Bolshevik administration. And with this she carries a further resentment for our holding up the present Russia to the world as unworthy of equality with the Republic of the United States. For all these irritants Russia carries secretly her curved sword in its restless scabbard.

The countries of Japan, China, and Russia—they remind us that the United States has excluded their people from residency or citizenship. They turn scornfully to us to assert that however justifiable such policy of exclusion could have been before the World War, on the theory of the right of each nation to hold aloof its people from any other nation, yet these Asiatic countries of Japan and China invite attention of the world to the fact that in the World War conflict the United States accepted them as allies in the partnership with America, France, and England.

Japan now insists in diplomatic contention that this contractual relationship in the war changed the situation between the governments as it had existed in the past. She claims that as we in America reserved the right now to keep out the Asiatic people, including Russia, from all America, she (Japan), as the guardian of Russia, under the Asiatic Monroe doctrine, reserves the right to protect Asia from any possession of enjoyment or of any privilege in Asia by the Americans.

Here we have again the beginning of the old issue of Asiatic safety—the east against the west. Our history records how often this particular contest, controversy, and rivalry has been played upon the stage of creation, and we will not forget to summon in the name of Christianity the memory that this moved as far west until it reached Tours in France, and there driven back by the forces of Christianity, led by a Russian and a Prussian general. These two were guided by the great Pole, whose masterful judgment and superior tactics commanded the zone and saved the situation.

Now, with this phase such as I have remarked upon as it exists to-day in Asia, with its threat to the United States, let it be expected that soon America will confront a union of Japan and Russia. This will confront the United States with a defiance, and at such hour, my fellow countrymen, we will be fortunate if, under the guise of some alleged offense by the United States, Russia will not be incited by influences to seize Alaska, her former possession, now disclosed as rich in all resources. At the same time of this invasion Japan will move to take the Philippines for all their uses. This move, as will be observed surely by all military tacticians, would divide the American defenses thousands of miles apart, and in these distractions bring us to a point of danger where it is assumed by the Asiatic master that to avoid the results of a conflict between ourselves and the now combined Asia the United States would yield to a new proposed relationship, accepting an international equality with the new alliance of Asia.

Here is where I tender my opposition to the disarmament meet now under way at Geneva. In this aspect of the eastern world as I have described it and of the world as we know it, I am forced to say that to me any effort to lessen the national defense of our country, or to weaken its power to defend itself against the combination which now threatens, is a serious error filled with tragedy. Asia now notes the temper of Europe toward the United States as lately expressed in many forms and many aspects touching the matter of the foreign loans and the efforts of our land to collect them. Asia consoles herself in the security of thought that not

one European nation can be brought to our aid in the hour of our peril. I must insist that in such surroundings from the world, for us at any point and in any assembly to demand of any world nation that it should limit its armaments below that which each feels is its necessity, is to give these world nations the reciprocity right to demand the limitation of the arms of defense of America, and thus cut from us the necessary capacity in both quantity and quality of that which would repel any assault which they or their Asiatic allies contemplate making against us.

It has, to my thinking, become a sad hour when two classes of our citizenry have divided themselves one against the other. First is one who repels any expenditure in behalf of our national defense and its preparation merely because it takes some of our taxable possessions in order to pay for the defense. Others sincerely feel that the very possession upon our part of the capacity to defend our Nation against an advance is an affront to other nations and invites them to assail us because we have prepared to meet such assault. Between these two well-meaning and, let us believe, well-intending people our Nation has been brought to a condition where none can say what is our capacity for national defense at this time, and more regrettably we have divided that spirit of patriotism in our country where one side feels that it is to commit an offense against society and religion to demand preparation for national defense, while another assumes that they are regarded as outlaws against humanity if they merely protest against other nations having the right to direct the course of the life and death of this our Republic—to direct her life in order to compass her national death.

Let America look up and look out. The hour calls upon us to be on guard and for our citizens to be watchful. Let us all know that we are living in a new era and that the order of action fitted for yesterday, in the days of friendship and international good will, was one thing, while the rules for the new order that has wedged itself between America and the world, leaving us in our defense standing alone, is wholly a different thing. We hope for the new day—that new era making for friendship from all Asia and Europe. We dream of the hour when in ourselves will be the love for all mankind, but until this Heaven's grant is realized America has from her people but one order: It is vigilance by her citizens, guardianship by her Nation, and a just preparation and continuous strength that shall preserve the United States as the true Republic of honor and freedom under God—the pride of her children and the glory of the world! I thank you.

ARTICLE ENTITLED "RESCUED GERMANY" REPLIES

MR. COPELAND. Mr. President, some time ago I gained consent to insert in the RECORD an article by Garet Garrett on "The Rescue of Germany." I hold in my hand an interesting reply entitled "'Rescued Germany' Replies." I ask that it be printed in the RECORD.

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

[From the American Monthly for January, 1932]

"RESCUED GERMANY" REPLIES

Garet Garrett's article in the Saturday Evening Post of September 26, 1931, entitled "The Rescue of Germany," bears the stamp of propaganda work which in its one-sided distortion of facts and events can hardly be surpassed and vividly recalls French pamphlets published during the war and at the time of the occupation of the Ruhr district. The object of the article is to demonstrate that Germany, acting as a dissembling and cunning sinner, contrived to deceive her unwitting creditors, and not only attempted to evade her obligations but to lead a life of luxury, and to strengthen her economic and social institutions at the expense of her creditors.

In his undisguised animosity, the author shrinks neither from depicting Germany as a fraudulent bankrupt without adducing even the shadow of a proof, nor from casting suspicion upon the representatives of many nations. These representatives, more fully realizing the trend of events, were willing to extend a helping hand in time to protect their own countries against more disastrous consequences, accusing them, aided by the evil debtor Germany, of leading on the creditors—first of all, the American, English, and French claimants—to ever-growing sacrifices.

Garrett says:

"Almost daily the governor of the Bank of England had New York on the telephone to tell American bankers how desperate the situation in Germany was, how it grew worse from day to day, and why the United States should proceed to take measures on a large scale. If the governor of the Bank of England did not call up New York, the British Government called Washington to convey there the same information."

Guided by such views, Garrett overlooked, contrary to his better knowledge and judgment, taking into consideration that the events which have led to a consolidation of the nations with respect to world economics, have brought about a condition where the welfare of each nation is dependent upon that of another. Also, the world economy, in view of the structure it has assumed since the war and of the rapidly developing depression prevalent during the past months, can not afford to look on inactively while important links are suffering and languishing. America and England are merely acting as prudent merchants and far-seeing bankers. We may well assume that romantic conceptions are, indeed, foreign to them.

Garrett charges in the main that Germany, with malice aforesought, has evaded her obligations as a debtor. He claims that Germany never paid reparations, but always employed foreign credits for the purpose. He completely conceals the fact that even prior to the time when the Dawes plan went into effect, i. e., before the flow of foreign credits inaugurated by the Dawes plan set in, Germany had already paid reparations which, according to the Reparation Commission's own figures, amounted at the end of 1922 to 7.9 billion reichsmarks, according to the estimate of the American Institute of Economics to 25.8 billions, and according to German calculations to 41.6 billion reichsmarks. After 1923 and until the Dawes plan became effective additional 1.7 billion gold marks were paid. Garrett further declares:

"Germany's first reparation payments were made by those foreigners who during the inflation period placed confidence in the reichsmark, or speculated in it. As in the case of every speculation, losses were incurred by foreigners, for which, however, they were compensated by the acquirement of German values by means of German paper marks."

Moreover, Garrett overlooks that during Germany's inflation period she was repeatedly compelled to part with values on reparation account which partly represented payments in actual gold and partly in gold marks. In 1922 every 10 days a payment in exchange of 31,000,000 gold marks was made. After the Dawes plan and the Young plan went into effect Germany truly endeavored, voluntarily and completely, to fulfill the obligations assumed. The total amount of these payments and the extent of the sacrifices made are apparent from calculations showing that Germany's payments to the victorious nations, and other absorptions of capital, were estimated to equal half of Germany's national wealth prior to the war.

The realization which is gaining ground that Germany, in the long run, will be able to pay only with the proceeds from her economy, but not out of her capital—that is to say, within the limits of her economic capacity only—led to the Dawes committee being instructed to find ways and means for an adjustment of the Budget of the National Commonwealth. In addition, the committee was to consider measures for the stabilization of the German currency, with a view to establishing in this way a solid foundation for Germany's capacity to pay. It was intended to force Germany to pay up to the utmost limit of her capacity. As the introduction to the Dawes report shows, the experts in investigating this question were deeply impressed by their responsibility toward the reparation commission and toward the conscience of the world. Garrett, on the other hand, maliciously claims that the creditors showed greater timidity than Germany. With regard to the third committee, the "Wiggin committee," he even insinuates that it was won over to efforts for the protection of Germany against her creditors. The task developing upon both the Dawes and the Young committees consisted in establishing by exact figures Germany's annual obligations in reparations; both committees, however, clearly realized that definite proposals could not be made. The goal to be attained by the Dawes plan was:

"(a) To transform the question of Germany's capacity to pay from a theoretical into a practical problem.

"(b) To make possible a final and comprehensive agreement respecting all questions relating to reparations as soon as circumstances permitted."

Even the Young plan, while it reduced the normal payments to be made by Germany from 2.5 to 1.8 billion reichsmarks, failed to make proposals for a complete and final adjustment of the reparation problem. Although the total amount was fixed and also the amount of annual payments to be made, the division into protected and unprotected annual payments and the appointment of the "advisory special committee" by the Bank for International Settlements was equivalent to an admission that an absolute fixation of Germany's capacity to pay for the future was not possible. At the outset, both committees deemed a loan to Germany necessary in order to give temporary relief to Germany after having passed through a period of exhaustion. This was not, as Garrett states, with a view to permitting reparation payments at the expense of new creditors. After the adoption of the two plans, it was, indeed, to Germany's advantage to earnestly fulfill her obligations, thus serving her own interests, but, above all, to preserve her credits abroad for the perpetuation of her economy.

That Germany would not be able to get along without foreign assistance was conceded in both reports. Even the Wiggin report considers the granting of foreign credits a matter of course. The responsible German authorities had constantly stressed the point that an economic body bled white by the war and its disastrous consequences, could only regain its strength by the greatest possible and continuous assistance on the part of foreign countries. In an address delivered at Bochum the former president of the Reichsbank, Schacht, declared:

"If a country has been deprived of its liquid capital by war, or by inflation to such an extent as we witnessed in Germany, it is perfectly justifiable and only natural that during the interim credit facilities are sought, just as it is done in private economy."

The MacMillan report also confirms that Germany, being forced to replenish her working capital to bear the burdens of reparations, and to build up a gold reserve, was compelled, as a matter of necessity, to seek credits in large amounts. It was for the very purpose of meeting her obligations that Germany accepted foreign money, even at excessively high rates of interest; it took money in the form of short-term loans since it could not obtain it on long terms, and invested it. On the other hand, it must not be forgotten that Germany did not only seek foreign money but that in

view of the prevailing high rates of interest it was abundantly offered, nay, even forced upon her. Germany was by no means unaware of the dangers lurking in an excessive indebtedness, and, above all, in an excessive indebtedness in the form of short-term loans.

The former president of the Reichsbank, Schacht, in his address at Bochum in November, 1927, also declared:

"The amount of our foreign indebtedness ought to be kept within reasonable bounds."

The activities of the advisory body should be mainly directed toward calling a halt in the increase of municipal indebtedness. It is true that reparation payments and foreign loans are related but, so far as Germany was concerned, foreign moneys to be used for economic purposes would have been necessary even without reparations. Even if there has been no necessity for paying reparations Germany would have required foreign aid in order to start again her economic machinery; she would, for a long time to come, not have been in a position to make payments out of her economic surpluses. Furthermore, as the president of the Reichsbank, Doctor Luther, stated at the press evening at the Leipzig Fair in March, 1931:

"Money paid as reparations is, in a sense, running uphill. It is not carried along by the flow of an economic river, but a political pump work forces it onward in an economically wrong direction. After having reached the summit of the political mountain, it does not flow downward, but political and psychological circumstances keep it back like dammed-up water and prevent the money from being redistributed for fructification as capital."

The economic folly inherent in the demand for political payments in amounts such as Germany is called upon to pay, rises in magnitude if, as in the case before us, payments with borrowed money are involved. Every payment with borrowed money weakens the future capacity, since, in the course of time, the burdens arising from the payment of interest and the repayment of the capital constantly grow. The continuation of the irrational movements of capital between the various countries would finally, even if the flow of foreign moneys were continued for some time, lead to a catastrophe. The breaking down of the capacity to pay followed as a matter of absolute necessity because (1) the strain upon the creditor was carried too far.

The actual value of the reparation payments, which were nominally reduced by the Paris conference of the year 1929, rose by one-fifth as a result of the fall in the price level throughout the world. Reduced revenues from taxes, growing expenditures for the unemployed, repeatedly unbalanced the Budget of the National Commonwealth, as well as of the States and municipalities in the year 1930, and made necessary the issuance of increasingly restrictive measures (emergency decrees) in order to forestall a financial collapse which would have endangered the raising of the necessary funds for the payment of reparations.

Since in the year 1931 the expected improvement in the conjunction failed to appear, it became absolutely necessary for the rehabilitation of the national finances, for unemployment insurance, emergency relief, and municipal welfare work, to squeeze out of a suffering economy during a period extending from July 1, 1931, to March 1, 1932, the enormous sum of (1) three and three-fourths billion reichsmarks by curtailing expenditures and opening up new sources of taxation. The extremely precarious economic condition of the commonwealth imperatively demanded an alleviation in Germany's unbearable reparation payments.

(2) The system of payments heretofore in force was bound to break down because the difficulties which confronted Germany herself were augmented and continually aggravated by the extraordinary world-wide depression—a depression which in the words of the Layton report "was characterized by a sharp decline in wholesale prices in the markets of the world, by a considerable falling off in the world's trade, by widespread unemployment in the industrial countries, and by acute financial difficulties in agricultural regions dependent upon foreign commerce."

(3) Germany was liable primarily to be affected by this economic catastrophe, being the weakest link in the chain of highly developed industrial nations, because of the bleeding she had been subjected to during the war and in post-war times.

Germany did not, as Garrett repeatedly stated, live beyond her means, but, because of her great vulnerability, always was one of the first countries reflecting the symptoms of a general decline in the conjuncture. The Layton report also acknowledges that Germany is particularly sensitive to economic disturbances. Inasmuch as these symptoms indicating the growing impoverishment of Germany and the constantly advancing shrinkage of her economy, could not remain a secret to foreign money lenders, Germany, of course, was the first country which, by reason of the dwindling confidence in a favorable development, was bound to feel the effect of the withdrawal of short-term loans. In view of her inability to meet the demands for repayment that assumed enormous proportions, Germany was also necessarily the first to be placed in a situation not unlike insolvency.

To insinuate, as Garet Garrett does, that Germany purposely brought about her insolvency is equivalent to closing one's eyes to the events of the last months. It also indicates a complete disregard to the reaction which it necessarily must have upon other countries which either granted Germany credits or accepted credits themselves. The present situation in England and the United States is as logical a development as that which was witnessed a few months ago in Germany. The international holiday established by the Hoover year is not, as Garrett declares, an American idea for the rescue of Germany, but it is equally in the well-considered interest of America.

What Germany needs at present is not so much new credits but a breathing spell, and the cessation on the part of her foreign creditors who granted her short-term loans to abstain from further withdrawals, i. e., to bring matters to a standstill for the present and then to agree upon an economically reasonable settlement.

Other reproaches made by Garrett have reference to the use Germany made of the foreign moneys placed at her disposal. It is particularly the construction work undertaken in postwar times which disturbs the correspondent of the Saturday Evening Post. By the publication of impressive pictures of exposition buildings, stadiums, and modern homesteads, it is intended to create the impression that Germany is the best-equipped country and has the best housing facilities in the world. This one-sided description is entirely erroneous, since, in the first place, the construction of homesteads only sufficed to mitigate to a small extent the lack of dwellings resulting from a cessation of all building activities during a period of 10 years. These homesteads are hardly within the reach of the ordinary worker. Moreover, the number of empty dwellings has trebled during the past half year in consequence of the growing economic misery, so that these buildings represent a liability rather than an asset. An objective observer would, in all fairness, have contrasted the pictures of these new homesteads with the abandoned wharves, the laid-up commercial vessels, the empty factories and business houses. Material evidence of Germany's state of misery would have been available in great abundance.

Garrett further attacks Germany on account of the flight of capital, and claims that Germany would have been able to help herself if this flight of capital had been prevented. According to Garrett, the entire present crisis can be explained simply and solely by this flight of capital. Even if we disregard the fact that Germany's indebtedness on short-term loans amounts at least to 12,000,000,000 reichsmarks as compared with Germany's claims against foreign countries in the form of short-term engagements, aggregating about two and one-half billions, even if she were to utilize her own invested capital to the fullest extent, there would still remain a balance of debts in short-term loans of about 8.5 billions. This would be a complete misconception of the nature of, and the motives underlying, the flight of capital. One of the principles in our capitalistic system governing the world economy is the free movement of capital, which finds its orientation on the basis of economic considerations, or of the confidence of the money lenders. These can not be regulated by governmental decrees. No authority in Germany would be able through official measures to recall even a fraction of the capital sent abroad. That this also applies to other countries is exemplified by England as well as by the ineffectiveness of all decrees relating to bills of exchange.

Contrary to Garet Garrett's assertions, past and future international measures and the investigation of Germany's capacity to pay do not contemplate the altruistic rescue and the welfare of Germany. The Dawes plan already stressed the fact that the reconstruction of Germany did not constitute an end in itself, but formed part of a larger problem—the reconstruction of Europe. To-day we must admit that in view of the close relations existing between the national economies the problem to be solved is the reconstruction of the world economy itself.

To accomplish this it is necessary to abandon the principle of collecting political debts. Political debts, especially if they can only be met by securing additional credits abroad, are elements of danger in the normal cycle of world economy. Germany is determined to pay her private debts. This is a fact which is substantiated by continued payments, despite the aggravation of the situation, of interest and amortization charges on her private foreign obligations. This fact was unequivocally expressed in the words uttered by the president of the Reichsbank, Doctor Luther, on the occasion of the press evening at Leipzig Fair in March, 1931:

"Germany in no wise contemplates, whatever the circumstances may be, to cease payments founded upon civil law or payments to private individuals."

Germany's full economic capacity, however, will only be reached when the material and psychological possibilities of economic life have once more been developed on a sound basis.

"UNCLE SAM AS JOB FINDER"

Mr. BLACK. Mr. President, I present an address delivered by the junior Senator from New York [Mr. WAGNER], broadcast over the National Broadcasting Co. network on February 9, 1932, under the auspices of the National League of Women Voters, which I ask may be published in the RECORD.

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

The discussion this evening is presented to you under the title "Uncle Sam as Job Finder." I wish I could truthfully report to you that Uncle Sam ranks high as a job finder. I wish it were possible for me to inform you that while the United States was developing and perfecting its methods of production and manufacture it was also building up a system of employment exchanges to assist the employer in finding his men and to help the idle man to find his job. No such report can be made to you. The fact is that the United States is at the tail end of the procession

of civilized nations in this respect. Every industrial country of the world has to-day in operation a system of employment offices which is superior to the organization upon which we rely.

Every man who has ever had the actual experience of searching for a job needs no description from me of the cruel waste of effort and morale which our present methods involve. From door to door he wanders, aimlessly searching, groping in the dark, vainly hoping that there may be an opportunity in the next plant he will visit. This sorry condition prevails not only in times of depression but also in periods of prosperity. And the worker is not the only sufferer from the present state of disorganization. The employer is likewise handicapped. He has as much trouble in securing the right man as the worker in finding the right job. The consequences are a needless waste of time and money, loss of production, and continuous maladjustment.

The realization of these incontrovertible facts has moved me, as it has moved everyone who has taken an interest in the problem, to the conclusion that the operation of employment offices was properly a function of government; that this country needs a system of employment offices, nation-wide in extent, easily accessible to workers and employers, operated by men and women specially equipped and trained for this very difficult task, and so organized as to enjoy the confidence of employers, workers, and the public.

The realization of this goal was in sight at the end of the last session of Congress, when both the House of Representatives and the United States Senate passed the employment office bill I had introduced. The President, however, withheld his signature from the bill. And thus was the effort to provide an adequate employment service for the United States for the time being frustrated.

Since then the administration has attempted, without new legislation, to expand the existing so-called United States Employment Service. About a million dollars has been appropriated in the effort. But it seems to me we are no nearer a satisfactory employment service. The administration's effort has, in my judgment, been a failure and is bound to be a failure. The existing Employment Service can not succeed because it is organized on the wrong principle, staffed in the wrong method, and does not enjoy the confidence of the people whom it is intended to serve.

The first question that must be faced in the organization of a nation-wide employment service is this: What shall be the relation between the Federal Government and the States in the conduct of such a service?

We know that the Federal Government can not alone perform the entire task. Many of the employment problems are local, requiring knowledge of local conditions for their proper solution. At the same time we know equally well that the States can not separately provide for the interstate placement of workers which is essential in dealing comprehensively with the problem of unemployment. Certainly we do not want the Federal Government to duplicate the work of the States. Certainly we do not want the Federal Government to compete with the States. Common sense points to the solution, namely, the creation of a cooperative system wherein the Federal Government and the States join together in the conduct of the employment service. Then each of the States retains responsibility for the local offices and control over their management and the Federal Government performs the duties which are interstate in character.

This principle of cooperation is the corner stone of the bill which I have reintroduced in the United States Senate. It is absent from the organization which is now in existence. The result is that from all parts of the country—from Kentucky, from Tennessee, from New York, from Virginia, from Connecticut—reports reach me of noncooperation between Federal and State authorities, of duplication of effort, of downright competition. No satisfactory service can be built upon such a foundation.

Another major question must be answered in the formation of a system of employment offices. How shall we secure for such a service the confidence of employers and employees? This question touches the vital spot of the problem. Obviously, if employers will not use the service to hire the workers they require, or if employees will not resort to the service when they are in search of jobs, then the whole enterprise is futile. Experience has demonstrated that both employers and employees will not utilize the facilities of a public-employment service unless they are fully satisfied of its fairness, its impartiality, its competence, and its freedom from politics.

In the bill which I advocate two methods are used to create the kind of service which would justify such confidence. The first is the provision that every Federal employee in the United States Employment Service shall be selected on merit alone, through proper examination, and without regard to his political affiliation. In addition, the bill provides that in Washington and in each State there shall be an advisory council of men and women representing the employers and employees in equal numbers. Upon these councils is imposed the duty of insuring for the service impartiality, neutrality, and freedom from political influence.

What is the condition in the existing Federal employment service in these respects? It has neither the protection of the civil service nor the protection of the advisory council. It is known that many employees in the existing employment service have secured their positions through the method of political patronage.

Such a system can never enjoy the confidence of the American people. There is, in my judgment, grave danger that a system so organized will in time regard every private job as the legitimate spoils of the party in power. I regard that possibility as a menace against which we should take every necessary precaution.

An employment service created under the terms of the bill I have introduced would, in addition to its general functions, provide us with prompt information of employment and unemployment, of available opportunities for work throughout the length and breadth of the Nation. It would provide special facilities for veterans. It would make available a specialized service for the farmers.

Eleven years ago in the city of Washington a great conference was held to consider ways and means of combating the unemployment of 1921. One of the recommendations of that conference was the establishment of the kind of employment service described in the bill I have introduced.

Since then three congressional committees, after full hearings, have each independently come to the conclusion that the bill I introduced should become law.

How much longer will the taking of this intelligent step be delayed?

Had such an employment service been in operation in 1928 and 1929, we could not possibly have been caught as unprepared as we were by the storm which broke loose upon the country more than two years ago and has not yet spent its fury.

Each of us hopes and devoutly prays that the present distress of our Nation may soon pass away. We expect to see agriculture again become a profitable way of life, and trade and industry resume their busy existence. When that time comes we shall be faced with the problem of guiding 8,000,000 men and women back to employment. Will the return be accomplished with wisdom, with order, with a view to leading every worker to the place most suitable to his capacities, and thus sustaining and lifting the standard of living of the American people?

If you would make sure of an affirmative answer to that question, you must exert every effort to provide the United States promptly with a nation-wide, cooperative, nonpolitical employment service.

PHILIPPINE INDEPENDENCE

MR. BINGHAM. Mr. President, I ask unanimous consent to have printed in the RECORD two articles relating to the Filipino question.

THE VICE PRESIDENT. Without objection it is so ordered.

The articles are as follows:

[From the New York Times, February 6, 1932]

SELF-RULE DEMAND LESSENS IN MANILA—LEADING DAILY IS FOR CAUTION BECAUSE OF THE CONFLICT IN THE FAR EAST—OUR PROBLEM RECOGNIZED—ISLANDS HELD AS VITAL FACTOR FOR AMERICA NOW—LITTLE INTEREST IN WASHINGTON HEARING

MANILA, February 5.—A change in Filipino opinion toward gaining independence under the present disturbed world conditions was sharply indicated by an editorial this morning in the Tribune, a leading Filipino daily.

The Tribune, nonpartisan and influential, is usually fairly representative of conservative Filipino opinion. The editor is a regent of the university, closely allied with political movements and leaders. The editorial discussed the reasons why the present situation changes the aspects of the demand for freedom, calling for caution and stating:

"There is a coincidence that the occasion for a favorable settlement of the Philippine problem comes simultaneously with the outbreak of hostilities in the Far East.

"Regardless of all other factors that must serve to make America less able fully to attend to the issue of our future, we have become immediately a detail of her larger interest in the whole Far East.

YIELD TO SITUATION

"Under such conditions the independence movement necessarily suffers a setback. Our own national demand for emancipation, supreme though it be, our conception of what is best and permanent for our welfare, must give way to the international situation that has developed at our very door.

"Due regard must be given, furthermore, to the sense of responsibility of the American Government. That Government has consistently declared its intention to transfer to Filipino hands the powers of sovereignty in these islands. If there has been delay in the redemption of that pledge, the reason has been the high-minded care with which America would discharge her obligations to the Filipino people.

"If with conditions in the Far East normal America has had no occasion to perform that duty, there is much less of an occasion now, with war actually unsettling conditions. We would venture the suggestion that for America to leave the islands now, even in recognition of our right to a sovereign existence, would be for her possibly to be accused of quitting under fire.

"The Philippines are admittedly a weak point in America's problem of defense in the Pacific. That might be linked with a grant of freedom by the United States to cast reflection upon her as a power.

"We sense in the American character a conviction that would make for the protection of the American name, hence the postponement of independence."

FEAR SELFISH MOTIVES

This may help to explain the comparative apathy of the Filipino press regarding the independence hearings at Washington. Aside from a party convention's endorsement of statements by Speaker Manuel Roxas, there has been little comment on the testimony given.

An additional factor is probably the feeling that the American proponents of Filipino independence thus far testifying are actuated solely by selfish motives.

One voice heard, however, is that of Gen. Emilio Aguinaldo, who issued a formal statement this afternoon attacking Manuel Quezon's idea of a period of autonomy in preparation for independence and contending that the only possible position is for the Filipinos to demand immediate independence.

Local opinion was inclined to regard General Aguinaldo's statement as purely political, inspired by his long-standing feud with Mr. Quezon. General Aguinaldo once was a staunch supporter of the American idea to defer independence until the proper time, but became a strong advocate of immediate independence after a falling out with Mr. Quezon, who is president of the Philippine Senate.

[From the American Chamber of Commerce Journal, November, 1931]

HAVE OUR AMERICAN PRODUCERS BEEN BLINDED BY PROPAGANDA?

By John R. Wilson, secretary American Chamber of Commerce
The following notice appeared in Manila newspapers of October 15, 1931:

(By United Press)

"WASHINGTON, October 14.—* * * of the American Farm Bureau Federation, declared that he expected that the Philippine question will be one of the principal topics at the forthcoming session of Congress.

"Farm support of independence comes from sugar-producing States, dairy interests, and cotton-producing regions, because Philippine products are providing competition."

And on October 16 the following:

(By United Press)

"VANCOUVER, B. C., October 15.—* * * The American Federation of Labor to-day adopted a committee report resolving in favor of the exclusion of all Filipino laborers and the independence of the Philippine Islands."

Both entities are the blind victims of subtle propaganda and come as near emulating the ostrich as is possible by a vertebrate of the genus homo.

It is not intended to discuss in this article the question of independence, nor the whys and wherefores thereof; for the time being we will leave that to the politicians. However, if independence does become a reality it will not be a result of the lamentations of the "subject people," but rather the direct result of vicious propaganda and politics in the United States.

We do desire to call the attention of American farmers, producers, manufacturers, and labor to a possibility that is much nearer realization than many people suspect; viz, the restriction of free-trade privileges now enjoyed on Philippine products entering the United States.

Do the American producers wish to hold one of their best customers? The present world-wide crisis has shown that you can not sell your goods unless you buy the other fellow's. If you deprive us of our earning power you are the ones who will suffer as much as we. If we have money, we spend; but if we have not, we can still exist even though our diet, dress, and personal comforts may be limited.

There are two sides to every question. If the United States Congress insists upon levying a customs duty upon sugar, coconut oil, copra, and other Philippine products, there is no just reason why the Philippine government should not be accorded like privileges as regards the levying of customs duties upon United States goods entering the Philippine Islands.

Now, let us get on with our story. For a number of years there has been an insidious campaign on the part of Cuban sugar interests to restrict the importation, duty free, of Philippine sugar into the United States. Knowing full well they could never hope to gain their point with sugar alone, the Cuban interests have enlisted the aid of domestic sugar producers of the United States and other producers, principally cotton and dairy, of the United States in the clamor for restriction of Philippine products entering the United States, such as sugar, coconut oil, tobacco, etc.

SUGAR

Let us first take up the item of sugar. Philippine sugar does not compete with United States domestic sugar and never will as long as it is necessary to import two or three million tons from Cuba. If either the full United States duty or the Cuban duty (80 per cent of the full duty) is applied to the Philippine product, the sugar industry of the Philippine Islands would immediately become nonexistent. Without the United States market, under free-trade arrangements, sugar could not be grown in the Philippines at a profit. There was a time when Philippine sugar, made by the open-kettle method, had a market in China and other oriental countries. The introduction of the centrifugal process

in Java and the development of the industry in Formosa and other oriental countries has killed the market for such open-kettle sugar, except for a very limited amount made by isolated planters and marketed at a ridiculously low price. Practically all Philippine sugar of to-day is centrifugal and the cost of production is so high that it can not compete with Cuba, Java, or any other oriental country. This cost of production is due to several causes, the principal one being the cost of labor. Since American occupation the standard of living of the Filipinos has risen to a much higher standard than any other oriental country and they demand as necessities what other orientals would consider unobtainable luxuries.

There was a time not so many years ago that the stock in trade of the small stores supplying the working classes consisted mainly of rice and dried fish. To-day these stores have shelves, and the shelves are filled with America's highest grades of canned goods, also many brands of American cigarettes. Speaking of cigarettes, 25 years ago the Filipino was content to smoke Philippine cigarettes costing not more than one-sixth of a cent. Now he must have an American cigarette costing one-half cent each before he is satisfied. Twenty-five years ago the laborer was content to walk through life without shoes. To-day the United States sells shoes and leather for shoes costing \$2,000,000, and the socks to go with them.

There is also the smaller production of sugar per acre than is obtained in other countries. Hawaii, Cuba, and Java produce two and three times as much sugar per acre at less than half the cost. If the sugar industry of the Philippine Islands is killed, the result is obvious, viz., that the purchasing power of the Philippines will be reduced in an amount equal to the value of the sugar now produced, which was \$49,312,657 in 1930. This is a staggering figure when it is considered that the entire exports of the Philippine Islands for 1930 amounted to \$133,167,127. In other words, the reduction would be 37 per cent on account of sugar alone. The money realized from exports is largely spent in the purchase of foreign goods to be consumed in the Philippine Islands. In 1930 the total imports of the Philippine Islands amounted to \$123,092,953, or nearly 92 per cent of the total exports. Of this amount, 63 per cent, amounting to \$78,133,028, was spent in the United States. Deducting the pro rata of the sugar loss would leave the maximum amount of purchases from the United States at \$53,564,000, or a loss of sales to the farmers, producers, and manufacturers of the United States amounting to \$24,618,000, or practically one-third of the total. Do the farmers, producers, and manufacturers of the United States wish to forego sales of \$24,000,000 for the sole purpose of benefiting a country foreign to the United States, such as is Cuba. If our sugar industry is abolished, you will see sales of \$24,000,000 walking off the United States stage at the same time. It is more likely that the loss of sales would be nearer double.

COTTON

The cotton and dairy interests have been particularly antagonistic to coconut oil. They have been given to understand that inasmuch as coconut oil, like cottonseed oil, is an edible fat, it is therefore entirely competitive with cottonseed oil on the market. This is not the case. Although both oils may be used in the manufacture of edible and soap products and both cakes may be used for stock food or fertilizers, yet cottonseed oil is preferable for edible purposes, particularly lard compounds, and as such commands and must continue to command a higher price. Coconut oil, on the other hand, is very largely a soap oil and as such has certain advantages over cottonseed oil. Thus coconut oil competes with cottonseed oil only in the lower fringes, and as long as there is a demand for edible oil cottonseed will get the call at higher prices. Normally speaking, the cottonseed crop is just about sufficient to take care of the demand for edible oil, and any barriers erected against coconut oil and copra would result, first of all, in an increased cost of soap, thus making every American family help shoulder the burden of this senseless exclusion without materially benefiting cottonseed oil.

While cottonseed-oil cake and copra cake can be utilized for the same purpose, cottonseed-oil cake has a higher food value and always commands a far higher price than copra cake. Thus as long as cottonseed cake is offered, copra cake can only be sold at a much lower price.

There is another side to this angle and in a few words we will show what the Philippines mean to the United States cotton growers.

WHAT THE PHILIPPINES MEAN TO THE UNITED STATES COTTON GROWER

In 1930 the Philippines was the largest export customer for American cotton goods. This may surprise you, but it is nevertheless a fact. In 1930 the Philippines imported United States cotton goods valued at \$8,650,000. In 1929 the value was \$15,848,000.

To corroborate our statement that inability to sell our products at profitable prices would be directly reflected in our purchases, please note that the value of Philippine copra and coconut oil exported in 1930 was \$14,000,000 less than for 1929. American cotton suffered half this difference, or to be exact, \$7,198,000.

Does not the cotton-textile trade with the Philippines more than offset any loss on cottonseed?

COCOON OIL AND COPRA

Copra is the dried meat of the coconut, after the water content of the coconut meat has been evaporated, either by sun drying

or artificial means; then the oil is pressed out. After pressing there are two commodities ready for market—oil and copra meal, the percentage being about 60 and 35, respectively.

As matters now stand, copra enters the United States from all countries of the world free of duty. As long as this condition exists, no protection will be given the cotton people. They would have the same amount of competition from coconut oil and there would be an additional 85,000 tons of copra cake to compete with cottonseed meal, the only difference being that the oil would still be in the copra upon arrival in the United States. If you are going to put a restriction on coconut oil to protect the cotton interests, why not place a corresponding duty on copra and in this way divert both the copra and oil to Europe, throw the American oil-mill labor into the unemployed class, and allow the consumers of the United States to foot the bill for increased costs and the tariff of \$10,000,000 annually? This increased cost of oil purchased from European oil mills would accrue to foreign labor, while our own labor walks the streets. The United States oil manufacturers enjoy an export trade in coconut oil of about half a million dollars annually simply because they can secure the raw product mostly from a country now under our own flag. Would they be willing to sacrifice this trade on account of friendship for the cotton and dairy interests? Just try to put a duty on copra and see how long this friendship would endure.

DAIRY

The fight of the dairy interests has been bitter. They claim that coconut oil is used in the manufacture of oleomargarine and other edible products that compete with butter. Cottonseed oil is used principally in lard substitutes for the simple reason that it does not froth when heated and coconut oil does. It is true that coconut oil used in the manufacture of soap does release a corresponding amount of cottonseed oil for cooking compounds.

The mere placing of a duty upon Philippine coconut oil would not help the dairy interests one iota. The milling of the copra would simply be transferred from the Philippines to the United States, thereby increasing the copra-meal supply of the United States by over 80,000 tons. This meal now goes mostly to Europe from the Philippines. Copra meal is used for stock food, and this amount would make quite a difference to some United States farmers who raise other kinds of stock food and in a way benefit the cotton raisers by providing a competitive stock food.

WHAT THE PHILIPPINES MEAN TO THE UNITED STATES DAIRY INTERESTS

We can reiterate the statement made in connection with cotton.

In 1930 the Philippines was the largest export customer of United States milk. During that period the Philippines imported 29,000,000 pounds, valued at \$2,700,000. Add to the milk 203,000 pounds of butter and 486,000 pounds of cheese with a value of \$176,000.

How many United States cows does it require to produce the above items?

All that holds the milk market for the United States is again the protection of the customs duty against foreign goods. If anyone wishes proof of this statement, just investigate the milk market of Cuba and note that Cuba gets its milk from Europe, notwithstanding the fact that Cuba is at the threshold of the United States and grants a 20 per cent customs preference to United States goods. United States milk is protected in the Philippines by a 10 per cent ad valorem duty on foreign milk.

OTHER COMMODITIES PURCHASED FROM UNITED STATES FARMERS—FLOUR

During 1930 the Philippine imports of United States flour amounted to 136,056,383 pounds, valued at \$3,981,186.

Do you realize that this means the wheat produced on 244,000 acres of American farms? Free entry of United States flour made this possible. Flour from countries other than the United States must pay a tariff of 21 cents per 100 pounds.

During 1901 there was imported United States flour valued at \$356,000; 1908, \$507,000; 1930, \$3,981,000. The increase in purchases of 1930 over 1908 was about 700 per cent, this 700 per cent increase over 1908 being due to Philippine tariff protection. If you restrict our purchasing power, you simply force us to eat rice and forget flour. Cut us adrift and what flour we will buy will come from Australia and China. An additional amount of \$266,000 must be added to the wheat item on account of other breadstuffs imported.

FRUIT FARMERS

Apples

In 1930 we ate 5,000,000 pounds of apples, valued at \$282,514. Ten years ago it was 1,800,000 pounds, valued at \$114,000.

How many acres in apple orchards does this represent?

Oranges

The 1930 imports of oranges from America amounted to 3,262,000 pounds, valued at \$139,000.

VEGETABLE FARMERS

United States vegetables, fresh and canned, valued at over half a million dollars were consumed in 1930.

If you will consult the detailed statement herewith, you will see that nearly every farmer grows something we buy in the Philippines.

FISHERIES

In 1930 the Philippines consumed United States mackerel, salmon, and sardines weighing 22,209,523 pounds and valued at \$1,313,358, nearly 2 pounds for each man, woman, and child in the Philippines.

TOBACCO

There has also been some opposition to Philippine tobacco registered by the cigar and cigarette interests of the United States. This opposition, however, has subsided of late, probably due to the fact that the Philippine Islands imported last year 1,075,737,000 cigarettes, valued at \$2,031,792, plus tobacco leaf amounting to \$304,000 and chewing tobacco amounting to \$445,000, totaling \$2,780,792, which was practically the same as the value of the cigars exported from the Philippines to the United States during the same period.

A REMINDER TO UNITED STATES LABOR

In addition to the labor requirements of the farmers in growing the produce already written about, it might be well to consider the following figures:

In 1930 the Philippines imported from the United States manufactured brass to the value of \$61,000; electrical machinery, \$4,414,000; manufactures of iron and steel, \$14,918,000; the total of the three items being \$19,793,000. Undoubtedly a considerable portion of this amount represents wages paid American workmen, but the labor leaders are willing to see this money spent in other countries where labor is cheaper. If labor leaders would worry one-tenth as much about furthering the interests of American workmen engaged in manufacturing for export trade that they do over the question of a few thousand Filipinos living in the United States, they would be doing something constructive rather than destructive.

It is as much the affair of labor to protect itself in the matter of export trade as it is that of the manufacturer, and it is high time labor was taking steps to protect itself as far as Philippine trade is concerned. Its action in recommending restriction of Filipinos entering the United States will prove a double-edged weapon. When you refuse them this privilege and give them independence you just lose \$78,000,000 of trade. What labor might gain in wages now paid Filipinos in America it would lose a thousandfold in wages paid Americans working on export-trade commodities.

American labor, through its organizations, wishes to smash a ready-made market that provides work for tens of thousands of Americans. This object they can accomplish in either one of two ways—cutting us adrift or raising a tariff wall against us. In the first case our purchases would be made in the cheap-labor countries of Europe and Asia, and in the second case you would simply curtail our revenues and purchasing power by at least half, thereby forcing us to curtail our desires and buy only necessities of low standard.

It is desired to bring to the attention of the farmers, producers, manufacturers, and labor of the United States the fact that they are being grossly deceived and that there is a possibility of losing an export market of great value to them through the restriction of free-trade privileges on goods entering the United States from the Philippine Islands.

Just how many sane farmers, producers, manufacturers, and laborers would knowingly throw away an opportunity for legitimate profit on a large scale?

A little study of actual conditions will show (1) that there has been no analysis made of the United States trade with the Philippines, or (2) there has been deliberate concealment of the facts on the part of those who are fostering the anti-Philippine propaganda. The propagandists against the free entry of Philippine products do not tell the producers the true story. The only reason the United States interests enjoy the trade of the Philippine Islands to the extent they do is on account of the free trade, existing both ways, between the United States and the Philippine Islands. To restrict Philippine products entering the United States without restricting the free entry of American products into the Philippine Islands free of duty would be just plain dishonesty. To play fair and allow the Philippine Islands to impose restrictions upon American goods would kill the Philippine market for such goods as completely as one could imagine. Our dairy interests would cease to sell their products in this country, and the market would be gobbled by Norway, Switzerland, and other countries of Europe the same as it has been in Cuba.

It is suggested that the leaders of the dairy interests investigate this point and advise Members accordingly that the same loss of trade would be true in the Philippine Islands. As regards cotton goods, Japan, China, and Europe would immediately take the Philippine buying market. Take the one item of bleached cotton cloth; in 1930 the consumption of this article from Japan increased more than 100 per cent over 1929, while the export from the United States to the Philippines decreased more than 50 per cent in the same period. The same result with varying percentages holds good right through the list of cotton fabrics. There is a remedy for this condition, and our cotton manufacturers in the United States are the ones to see that the same is applied.

This article is intended primarily for American farmers and dairy interests, and in order that they may have some idea of what the Philippine Islands consume yearly of their products, attention is called to the following table showing the quantity of each product, and the value thereof, imported into the Philippine Islands during the year 1930. It is suggested that every farmer and manufacturer of farm products read the table carefully and see if the Philippine market means anything to him:

Philippine imports from the United States for 1930

	Pounds	Value
Dairy products:		
Milk—		
Condensed.....	8,303,849	\$1,047,716.00
Evaporated.....	19,869,350	1,629,316.00
Natural.....	322,586	20,241.00
Malted.....	88,422	25,812.00
Switzerland and Norway.....	1,711,778	143,350.80
Powder.....	333,091	53,482.00
Butter—		
Fresh.....	12,344	4,564.00
Australian.....	630,522	200,537.00
Canned.....	190,962	85,837.00
Australian.....	142,320	46,912.00
Cheese—		
Netherlands.....	486,116	86,047.00
	278,550	73,819.00
Meat:		
Beef—Fresh		
United States.....	22,655	5,644.00
Canada.....	12,608	4,092.00
Australia.....	4,511,249	419,195.00
Pork—Fresh.....	369,019	75,409.00
Poultry and game—		
Australia.....	53,110	16,640.00
Other fresh meat—		
Canned beef.....	56,861	14,698.00
Argentina and Uruguay.....	420,655	48,703.00
Pork.....	349,393	45,215.00
Sausage.....	766,218	116,936.00
Bacon.....	69,418	27,176.00
Hams—		
China.....	191,741	49,257.00
Australia.....	202,070	55,039.00
China.....	341,017	105,214.00
Australia.....	859,364	204,100.00
	182,360	66,403.00
Vegetables:		
Beans—		
Canned.....	585,318	51,342.00
Dry.....	196,704	18,572.00
Cabbage, fresh.....	2,032,261	90,536.00
Corn, canned.....	305,991	21,432.00
Onions—		
China.....	235,310	7,132.00
Japan.....		
Australia.....	20,147,549	253,095.00
Egypt.....		
Potatoes—		
China.....	397,984	13,610.00
Japan.....	19,932,433	283,655.00
Other, fresh—		
Peas, canned.....	1,009,058	65,514.00
Tomatoes, canned.....	1,019,436	64,410.00
Spain.....	903,381	46,406.00
Other vegetables—		
Canned.....	673,195	30,088.00
Pickled.....		
Apples.....	1,120,154	109,835.00
Grapes.....	462,888	39,224.00
Lemons.....		
Oranges.....		
Pears.....		
Other.....		
Fruit, dried:		
Prunes.....	59,626	5,957.00
Raisins.....	508,508	42,379.00
Other.....	140,767	16,627.00
Fruit, preserved:		
Pineapples.....	62,383	6,415.00
All other.....	1,453,478	134,653.00
Olives, pickled.....	63,129	9,103.00
Other.....	208,031	21,459.00
Fay.....	2,348,126	25,471.00
Hides and skins.....	180,701	16,975.00
Honey.....	16,944	2,955.00
Hops.....	10,692	2,292.00
Horn and bones.....		
Oils:		
Animal.....	136,226	11,301.00
Castor.....	135,080	23,625.00
Cottonseed.....	144,731	23,663.00
Linseed.....	273,567	37,601.00
Olive.....	2,789	505.00
Spain.....	283,461	37,018.00
Other.....	252,302	23,289.00
Starch—		
Java.....	1,405,835	376,755.00
Glucose.....	2,682,187	74,998.00
Refined sugar.....	1,986,155	86,286.00
Tobacco products:		
Leaf.....	166,835	304,277.00
Cigarette.....	1,075,737,000	2,031,792.00
Chewing.....		
Turpentine.....	143,710	15,623.00
Breadstuffs:		
Bran, etc.....	91,973	2,095.00
Bread and biscuits.....	1,139,732	174,884.00
Macaroni, etc.....	130,290	15,196.00
Wheat flour—		
Canada.....	136,055,383	3,981,186.00
Australia.....	4,803,840	139,993.00
Other cereals.....	14,229,923	367,051.00
		27,589.00
Total breadstuffs from United States.....		4,310,605.00
Fish:		
Fresh.....	71,251	9,565.00
Canned—		
Mackerel.....	2,694,412	178,488.00
Salmon.....	1,227,426	107,859.00
Sardines.....	18,287,684	1,027,011.00
Shellfish.....	78,586	14,915.00

Number.

Principal exports

[Quantities in kilos except where otherwise indicated]

Commodities	September, 1931			September, 1930			Monthly average for 12 months previous to September, 1931		
	Quantity	Value	Per cent	Quantity	Value	Per cent	Quantity	Value	Per cent
Sugar	6,323,034	\$573,502	9.9	24,418,048	\$2,915,958	12.4	64,430,851	\$8,440,775	44.5
Hemp	8,017,977	948,179	10.8	12,732,143	2,228,082	14.7	11,810,057	1,694,606	9.0
Coconut oil	12,026,334	1,961,804	23.5	11,580,867	2,909,753	19.2	14,903,836	2,978,481	15.7
Copra	10,099,549	884,702	10.0	20,370,782	2,982,659	19.6	14,278,726	1,698,697	9.0
Cigars (number)	15,854,316	601,015	7.1	15,828,280	625,969	4.0	14,903,174	590,309	3.2
Embroidery		546,698	6.7		693,333	4.5		96,253	6.6
Maguey	485,130	30,601	.4	1,007,701	112,648	.6	534,812	62,245	3.3
Leaf tobacco	2,249,803	550,695	6.8	558,571	144,867	.8	1,627,330	513,227	2.8
Desiccated and shredded coconuts	2,004,401	426,520	5.3	1,373,591	417,800	2.6	1,206,754	299,792	1.7
Hats (number)	51,636	77,465	.9	85,671	252,133	1.5	56,882	155,522	.9
Lumber (cubic meters)	7,869	241,395	3.0	9,345	327,916	2.0	5,547	219,952	1.2
Copra meal	10,760,010	318,297	3.9	11,344,196	474,894	3.0	9,502,089	280,949	1.5
Cordage	290,596	104,998	1.3	425,606	199,697	1.2	429,487	175,615	.9
Knotted hemp	1,091	2,420		104,460	295,057	1.8	61,516	137,578	.7
Pearl buttons (gross)	55,766	48,873	.6	66,314	59,528	.3	71,057	62,878	.3
Canton (low-grade cordage fiber)	230,232	17,470	.2	484,247	49,783	1.2	357,047	32,254	.2
All other products	649,197	8.1		613,476	3.9			1,299,189	6.8
Total domestic products		8,187,732	98.8		15,281,553	99.3		18,618,789	99.4
United States products		83,137	1.0		94,398	.5		100,960	.5
Foreign countries products		12,962	.2		39,072	.2		18,573	.1
Grand total		8,283,831	100.0		15,415,023	100.0		18,738,322	100.0

Principal imports

Trade with the United States and foreign countries

Country	September, 1931		September, 1930		Monthly average for 12 months previous to September, 1931	
	Value	Per cent	Value	Per cent	Value	Per cent
United States.....	\$17,211,140	68.7	\$25,230,284	70.0	\$25,323,874	72.5
United Kingdom.....	837,054	3.2	3,069,174	7.3	1,103,355	3.3
Japan.....	2,284,774	9.0	2,132,984	5.0	1,230,351	3.6
China.....	1,338,160	5.2	1,130,298	3.2	1,065,135	3.1
French East Indies.....	82,254	.4	85,587	.3	41,124	.1
Germany.....	724,869	2.8	1,009,290	2.8	809,371	2.4
Spain.....	683,386	2.7	603,649	1.7	748,795	.2
Australia.....	258,692	1.0	221,867	.7	199,060	.7
British East Indies.....	176,458	.7	323,054	1.0	440,210	1.4
Dutch East Indies.....	329,784	1.3	347,098	1.1	512,929	1.6
France.....	309,629	1.2	495,162	1.5	372,141	1.1
Netherlands.....	217,017	.5	139,754	.4	182,228	.5
Italy.....	46,938	.2	317,750	1.0	270,985	.8
Hong Kong.....	69,076	.3	133,300	.4	75,354	.2
Belgium.....	128,309	.5	193,330	.6	306,604	.9
Switzerland.....	185,427	.7	215,388	.7	125,772	.4
Japanese China.....	107,244	.4	162,340	.5	132,180	.4
Siam.....	11,275	—	29,639	.1	21,943	.1
Sweden.....	104,807	.4	113,152	.4	93,838	.5
Canada.....	57,355	.2	147,507	.5	73,495	.2
Norway.....	14,860	.1	35,962	.1	44,144	.1
Austria.....	10,879	—	7,168	—	8,029	—
Denmark.....	18,684	.1	31,767	.1	22,205	.1
Other countries.....	109,713	.4	187,328	.6	1,298,553	3.7
Total.....	25,317,784	100.0	34,620,812	100.0	34,501,674	100.0

POPULAR SELECTION OF CANDIDATES FOR PRESIDENT AND VICE PRESIDENT

Mr. STEIWER. Mr. President, my attention has been called to a very interesting address delivered by Hon. Joseph I. France, formerly a Member of the United States Senate, before the Progressive Republican League of North Dakota, September 16, 1931, on the subject of the direct selection by the people of nominees for President and Vice President. It is a most important and timely subject and is worthy of the consideration of citizens everywhere in America. I ask unanimous consent that extracts from the address may be printed in the RECORD.

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

The extracts are as follows:

Because of the enormous powers now centralized in a President, and his power of appointment and removal of the members of the various commissions now established in our country, the popular selection of candidates for presidential and vice presidential nominations under our form of government is most important.

For many years I have been an ardent advocate of popular rather than delegated or invisible government.

It would probably take several decades before a Federal constitutional amendment could be enacted either for the direct election of President and Vice President or for the direct selection of nominees by the two great parties of their choice for President and Vice President.

It is, however, feasible and most highly desirable that every State in the Union should adopt a constitutional amendment or law enabling the electorate of the two great parties to instruct their delegates to national conventions as to who they should vote for, both for the presidential and vice presidential nominations, and to further instruct their national delegates to vote for a rule in the convention declaring that whoever should receive the greatest number of votes in that convention for President and whoever should receive the greatest number of votes in that convention for Vice President would thereby become the party nominees of said national convention for these respective offices.

Such a rule would thereby abolish the present rule of requiring a majority vote in the Republican national convention and a two-thirds vote in the Democratic national convention.

National delegates would thus become mere messengers as far as selecting their nominees for the Presidency and Vice Presidency, conveying to their respective national conventions the wishes of their State party electorates in this particular.

The declaration by each State of its choice for President and Vice President would be in no sense a wider departure from the Constitution than was the transformation of the Electoral College into a mere registering and recording board, yet no one thinks such change is any wise revolutionary.

The Nation as a whole and the world in general would immediately know who the nominees of the two parties would be for both President and Vice President as soon as the State holding the last presidential preference primary has expressed its choice in each party primary for party nomination for the Presidency and the party nomination for the Vice Presidency.

Thus accountability to the people alone would be established and aspirants for the Presidency and Vice Presidency would be

freed from the necessity of consulting the wishes of the few men who so often make and manipulate conventions.

The power of the Federal machine to renominate a President or Vice President or determine their successors would thereby be absolutely destroyed.

Presidents and Vice Presidents would thus become accountable to the people as a whole, rather than to a few large campaign contributors and a few political manipulators.

The people would select and then elect for their chief public servants the individuals enjoying the greatest confidence at the time of the general election.

Confidence in our Government is a prerequisite for national contentment and happiness and business efficiency.

ADDRESS OF HON. JOUETT SHOUSE

Mr. TYDINGS. Mr. President, I ask to have printed in the RECORD a speech delivered by Mr. Jouett Shouse, chairman of the Democratic National Executive Committee, at a dinner at the Hotel Kanawha, Charleston, W. Va., on February 5, 1932.

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

WHAT OF DEMOCRATIC PROSPECTS?

I come to West Virginia primarily at the invitation of the younger Democrats of the State, but it is a happy development of my trip that this gathering to-night represents not merely the younger element of the party but every element of the party, men and women alike, and that it is state-wide in its scope.

It is particularly a pleasure to have the opportunity to address an audience such as this in the State that has honored itself by giving to my good friend Senator M. M. NEELY the largest majority ever accorded to any man running for public office in West Virginia. In selecting him you have shown judgment, sense, and discretion. He is a man of ability, a man of character, a man of courage, a man of good, hard common sense, who represents most satisfactorily the aims and the aspirations and the needs of your State in the most important deliberative body in the world. The majority that you gave Senator NEELY in 1930 indicates that West Virginia should be and easily can be made a Democratic State. It is but another in the galaxy of Commonwealths where the prospect of Democratic success looms large in the elections of 1932 if the Democratic Party conducts itself with courage, with patriotism, with wisdom.

WARNS AGAINST OVERCONFIDENCE

I have said before, and I think it well to repeat here, that the gravest peril that confronts our party prospects at the present time is the danger of overconfidence. It is true that the Republican Party will be compelled to renominate the most unpopular President of the past half century. It will renominate him, but it will do it unwillingly, ungraciously, sullenly. It is true that the record of his administration, upon which the next campaign will be conducted, is a record of ineptness and vacillation. Its only two legislative acts of consequence to which any man can point are the so-called farm relief bill, which has left the farmers in worse plight than they were at the time of its passage and which has projected the dangerous experiment of the Government in business, and the Hoover-Grundy tariff bill which has destroyed our foreign trade and has done more to continue the hardships of the Hoover panic than all other forces combined. Upon the record as it stands Democratic success would seem well-nigh assured. The danger is that Democrats in their overconfidence may feel that they can elect any candidate upon any platform, and therein lies the possibility of real peril.

The last thing in the world that I would discuss is the matter of candidacies. Our national headquarters has not thrown, and will not throw, the weight of its influence to any one of the several eminent gentlemen who very properly aspire to the nomination for President, or to any one of those who while not active candidates have been mentioned in connection with that distinguished honor. Our duty is to get ready to elect the ticket that is nominated, and the activities that have been carried on unceasingly in our headquarters at Washington for the past two and a half years have made ready the party to achieve a remarkable political victory.

UNPRECEDENTED DEMOCRATIC VICTORY IN 1930

In 1930 in the by-elections we administered to the Republican Party the most crushing defeat that any Republican administration has ever received in the middle of a presidential term. We wiped out a Republican majority of more than a hundred in the House of Representatives and elected a Democratic Speaker, for the first time since 1917, by the votes of Democrats, without entangling alliances and without promises of favor or patronage to any Member of the House. We reduced the Republican majority in the Senate from 16 down to 1, and while the party of Mr. Hoover is in nominal control of that body, it is so rifted and divided that the only cohesive and effective force is the Democratic membership.

The work that our headquarters has done the past two and a half years will be carried on with even greater vigor up to the convention, and we shall be prepared to turn over to the new national committee then created a party organization such as we have not had before, at least for many, many years. The organization will be ready, the Democratic story has been told to the people, and they are in a receptive mood to show preference to Democratic candidates.

Without reference to who he may be, I need scarcely call your attention to the fact that the character and the quality of the candidate nominated is of the highest importance. This is a time when America is crying for leadership as never before, and not merely America but the entire world. The world can look only to America for the leadership that it needs and that it desires, and unless America supplies that leadership then the plight of the world will be sad indeed. It has become woefully apparent that Mr. Hoover does not possess the qualities of leadership. It has been sadly and tragically impressed that the time-worn policies of the Republican Party will not answer the demands of the hour. There is required of us that we give of the best that is in us, and if we so give we shall place the Democratic Party in power not merely for a presidential term but for 20 years to come. It is with that picture and not the mere success of one election that I am particularly concerned.

As I have said, we administered to the Republican Party in 1930 a crushing defeat, but we won for the Democratic Party not so much a victory as an opportunity. If we take advantage of that opportunity, if we show ourselves possessed of courage and vision and wisdom and determination to effect for the people those things of which they are so sadly in need, then we shall win, and we shall deserve to win not merely in 1932 but again in 1936, in 1940, and for years to come.

HOOVER RECORD VERSUS DEMOCRATIC PROGRAM

It is true that the Hoover administration will be an important issue in the coming campaign, but in passing upon its claim for a second term the country should not take into account merely the sins of omission and commission that have characterized its tenure of office. It should also give due weight to the substitutive program which the Democratic Party may see fit to offer. Under the form of government that has prevailed in America for more than a hundred years, regardless of what may have been the intent of the framers of the Constitution, we have had a definite rule by party. I, for one, believe that such rule should continue. I believe that responsibility should be assumed and discharged in accordance with a party program and that the members of the legislative branch of the Government, elected with a President of their party, should stand ready and willing to carry out the mandate of the people in placing them in power. A platform promise is a sacred pledge. No party has the right to make a declaration of principles that it does not intend to fulfill. Each Member of Congress stands as definitely upon the platform as does the candidate for the Presidency. Thus there devolves upon the membership of Congress the implied duty and obligation of cooperation to carry out the party pledge.

Let me make clear that no individual—indeed, no group of individuals—can attempt to outline the course of action that may be expected of the Democratic Party. The national platform of the party is written each four years by its national convention. The declarations of that platform constitute party policy. The only enunciation of principles now standing before the American people as authoritative expression of our party is the platform written at Houston in 1928. A new platform will be adopted at the Chicago convention in the summer of 1932. I do not know what it will contain. Any suggestions that may be made by me are mere personal expressions representing my view of what my party may most wisely indorse and enunciate.

DEMOCRATS' POSITIVE PLATFORM ON ALL ISSUES

Within the past two years it has been my business to get in touch with political opinion among different groups and in different sections of the country. I have made it a point to attempt to secure particularly some idea of the attitude of the younger generation, and I have found that a very large number of those who have recently become voters, or those who are about to become voters, voice a feeling of intolerance if not disgust with each of the two major political parties on the score that they are ruled largely by expediency. This dissatisfaction of the younger element applies particularly to political platforms. The accusation is made, and with entire justice, that the object in view in writing a platform is apparently to avoid saying something rather than to attempt to declare concretely, accurately, honestly, and courageously the program for which the party stands and the things which may be expected of it if put in power.

As a Democrat, I do not hesitate to admit my party has been guilty of procedure of this character. Certainly it is well known that the Republican Party has been similarly guilty. Indeed, in the last campaign even the personal views of the Republican candidate upon at least one of the important problems confronting the American people were in doubt. In his Palo Alto speech accepting the nomination Mr. Hoover said of prohibition: "Our country has deliberately undertaken a great social and economic experiment, noble in motive and far-reaching in purpose. It must be worked out constructively." On the basis of that statement dry Republican newspapers of the West claimed that he was absolutely opposed to any change in the present situation, while wet Republican newspapers of the East claimed that he was definitely in favor of modification.

The youth of the land demands courage and character. It demands these qualities of candidates. It demands them of political parties. It has a right so to demand, and I am hopeful that the demand may be vocal enough and influential enough to compel both of the parties, in the platforms to be written this year preliminary to the presidential election, to state concretely their stand upon the questions of the day.

PLATFORM SUGGESTIONS

As to the position the Democratic Party will take, I can only surmise. Recently in response to a request from the Democratic Bulletin of the Woman's National Democratic Club of Washington I outlined in a very tentative and incomplete way some of the things that I believe the next Democratic platform must encompass. Of course, it was merely a personal suggestion, nor did it purport to cover all of the issues that will be of probable consequence in the next campaign. It did attempt to deal with perhaps the most outstanding of present-day problems that the people of the country generally—and particularly the younger group—are discussing.

It may be of interest to refer briefly to some of these problems. With the Nation in the throes of a panic, the severity and extent of which are unequalled in our history, there immediately comes into every mind the question of possible remedy by legislation for the conditions that so distress us. Admittedly there may be little that can be accomplished legislatively, but there should be taken whatever steps may help to avoid for the future the recurrence of such a situation as now prevails.

The most dire consequence upon any panic is widespread unemployment. To-day there are more than 7,000,000 men out of work. In addition, there are many millions more dependent upon those forced into idleness and there are additional millions who are working only part time with their incomes consequently reduced to a minimum. In some of the large industries wage cuts have already been instituted. In others they are now pending. Because the reserves of many families have been exhausted the threat of actual want and suffering this winter is more widespread and severe than last year.

WAGNER EMPLOYMENT BILL VETOED

There is, of course, no actual panacea for unemployment. There are sane and intelligent steps that can be taken to meet such a situation. Measures of this nature were early advocated and long urged by Senator ROBERT F. WAGNER, an able Democrat, of New York. Briefly summarized they provide machinery for accurate determination of the extent of unemployment, they fixed definite provision for long-time planning of Government projects to enable the incidence of the actual work at the most desirable time, and they set up joint agencies of State and Federal Governments to find work for the unemployed. The conversion of these measures into legislation was impeded in every possible way by the administration, and, finally, when, despite such opposition, through the force of public opinion the bills passed Congress, the most important of them was vetoed by President Hoover.

It is not here suggested that the bills promptly enacted into law, with adequate appropriation to carry out their provisions, could have cured the unemployment situation. It is, however, most definitely contended that the provisions of these bills effective two years ago, as they would have been, save for administration opposition, would have offered definite means to remedy in part the trying situation which has grown constantly worse rather than better. I do not hesitate to predict that the Democratic Party will carry through the Wagner program, and I further assert that if placed in control of the Government it will exercise the same assiduity in attempting to find sane and reasonable preventives for the curse of unemployment as it did when last in power in creating, through the Federal reserve act, the machinery necessary to avoid mere monetary panics.

OPPOSES FEDERAL UNEMPLOYMENT INSURANCE

One of the steps involved in the problem is the question of unemployment insurance. On two recent occasions prominent spokesmen for the Republican Party, no doubt coached by the publicity division of the Republican National Committee, have charged that I indorse Federal unemployment insurance which these gentlemen described as nothing more or less than the dole. This statement is quite as accurate as many of those emanating from such sources. I challenge the assertion that I have ever voiced approval of Federal unemployment insurance. On the other hand, I do not favor it, but I do favor and earnestly hope my party will recommend unemployment insurance by industry, made compulsory by the States in the same manner as workmen's compensation. Unless compulsory it will never become generally effective. And I hold that industry owes something to the working man, who through no fault of his own is thrown out of a job and who is entitled to a measure of protection from becoming a charity charge upon the community.

What, after all, is the so-called dole? If it be a dole for the Federal Government to make an appropriation to feed starving people, is it any the less a dole for these people to accept aid at the hands of private charities or at the hands of city or county or State? I, for one, believe that every private agency should be used to the uttermost to take care of those who can not find employment and who are in destitution and want. But if through the agency of private benefaction the situation can not be cared for, if appropriations made by city, county and State prove inadequate and can not be enlarged, then so far as I am concerned I am in favor of direct appropriation by the Federal Government to prevent American men and women and children from starving during the remaining months of this winter. If that be a dole, then make the most of it.

FOREIGN RELATIONS

Another thing that the people of the country are thinking about, and particularly to which the youth of the land are giving earnest consideration, is the relationship of America to the rest of the world. If proof of the fact were needed it must have be-

come apparent to all who are not blind that America can not live as a nation apart. A relationship so close that it can not be escaped has been established by modern conditions, modern trade relations, modern methods of transportation, and unless America does its part in the world picture the people of America are bound to suffer as a result of their own neglect. We can not build up tariff walls that create an embargo on foreign goods and expect foreign nations to buy from us. We can not slap in the face the best of our customers and expect them not to retaliate. The Republican policy of protection gone mad, carried to its logical extreme of an embargo tariff, has destroyed our foreign trade. The Hoover-Grundy tariff bill, first in its threats and later in its actualities, has been the one most potent factor in bringing about the panic from which we are suffering, and until that fact is realized and remedied there is no hope for the restoration of permanent prosperity.

REDUCTION OF ARMAMENT

The people of the world to-day are weighted down with an intolerable burden of armament. At a time when governments are tottering on the verge of bankruptcy this tremendous expenditure goes on. Unfortunately we are witnessing in the Far East what appears to be an attempt at aggressive and unjustified conquest by an ambitious nation bent on its own aggrandizement. The force which it seeks to exercise can be counteracted only by united action. Extreme measures by the rest of the world may be necessary before the war dogs which that country apparently is intent on loosing can be got under control. There may be no alternative except to teach the Japanese race the lesson which apparently they richly deserve. But that does not argue against every proper and sane movement that may be made for the reduction of armament. Indeed, on the contrary, it is the strongest argument in favor of such a plan, because Japan, curbed in its military effectiveness, controlled in the matter of armed force by land and sea, would not dare to make upon China an unjustified and a selfish military attack and could not be in a position to threaten seriously the peace of the world.

FOREIGN WAR DEBTS

No man is wise enough to foresee what may be the ultimate adjustment of the billions of dollars that are owed to us by foreign nations. I for one voice the hope that regardless of what we may collect of these just debts—and for the sake of our debtors as much as for the sake of our own people the debts should be paid in full—I voice the hope that we may properly utilize our position as the greatest creditor nation the world has ever known to force upon the world such limitation of armament as will ultimately result in the thing for which through the ages men have longed and women have prayed—the abolition of the means of war.

In a general way the domestic problems which are confronting us can be solved largely if we will initiate two major policies—internationally cooperation and good will, nationally a return to the basic conception of our Government with its well-defined principles of State rights.

There is no issue to-day more compelling in its clarion call than that of State rights. Throughout the length and breadth of the land resentment is evident against the constantly increasing bureaucratic powers of Federal Government. This applies not merely to one question; it applies to many. But perhaps its application is more apparent in relation to prohibition than to any other of the various issues that are being widely discussed.

SUBSTITUTE FOR EIGHTEENTH AMENDMENT

My personal views on the subject of prohibition are, I take it, fairly well known. Because of the conditions that have grown up since the passage of the eighteenth amendment I feel that the eighteenth amendment must give way to some other plan. I would not suggest mere outright repeal without a substitutive formula. Too many of the American people are fearful of the confusion that might in such circumstances arise. But I would, as soon as Congress can be induced to pass it, submit to the States for ratification some alternative scheme that would permit the different States to take over the question of liquor control if, after a referendum of the people of each State, such demand was clearly evidenced by a majority vote. The principle of State rights here applied would meet the exigencies of the situation, and it would seem reasonable that Members of Congress who may personally be opposed to any change in the eighteenth amendment should at least be willing to submit the question to the States for action so that if the requisite number of States ratified a new constitutional provision the right of the individual State to handle this problem in its own way would be justly and properly established.

SENATOR SHEPPARD ON STATE RIGHTS

For such a suggestion there is distinguished precedent. In the debate on the submission of the eighteenth amendment on July 30, 1917, Senator MORRIS SHEPPARD, of Texas, one of the authors of the amendment, made the following statement:

"The Member of Congress who will not vote for the submission of a constitutional amendment to the decision of the States, where it belongs, unless he personally believes it should become a part of the Constitution, usurps the function of the States, arrogates to himself and the Federal Government a prerogative that belongs to the States and violates the very essence of their sovereignty. * * *

"Were I opposed on principle to nation-wide prohibition, I would vote to submit the amendment to the States in order that they might exercise one of their fundamental rights. An issue is thus presented by the nation-wide amendment entirely inde-

pendent of prohibition." (CONGRESSIONAL RECORD, vol. 55, pt. 6, 65th Cong., 1st sess., p. 5553.)

The contention of Senator SHEPPARD was well founded. Applying properly as it did to the eighteenth amendment, it applies with equal force to the possible submission of a substitutive provision for which there is widespread demand.

I am not wedded to any particular plan for reform, but I am as everlastingly opposed to the intolerable conditions that have grown up under the present system of attempted prohibition as I was to the conditions that in the old days characterized the saloon system. One real benefit that has come from the eighteenth amendment has been the abolition of the licensed saloon. It must not be allowed to return. But the American people can and will show themselves capable of evolving a substitutive plan which without returning the saloon will handle the liquor problem in a sane and reasonable way.

Immediately I would amend the Volstead Act to permit the manufacture and sale of light wines and beer. From every standpoint, in my opinion, this is desirable, certainly from the standpoint of the fiscal affairs of the Treasury of the United States where an ever-increasing deficit confronts the country.

Unless I am wholly mistaken as to what the younger generation is thinking and feeling it will demand of both political parties a frank and honest statement of position on the prohibition question, and it will favor that party which courageously meets this demand. Not that prohibition is so important that it warps into insignificance other questions of consequence, but because the attitude of political parties and of politicians concerning it is symptomatic of the deceit and expediency which many have come to associate with politics.

ATTEMPTED DICTATION

The suggestions that I make, as stated in the beginning, are merely personal suggestions. Only the Democratic Convention can write the Democratic platform. But may I be permitted to venture the prediction that the platform will be written and the candidate, whoever he may be, will be nominated by those who are Democrats and who have a right to speak as Democrats.

Two weeks ago there was held in Washington a meeting attended by many well-intentioned men and women and a number of paid censors of the public morals. It was a gathering of a body known as the Anti-Saloon League and other forces aligned on the side of what has come to be known as prohibition. In passing, let me say that to me the word "prohibition" is extremely obnoxious—just as obnoxious as the terms "wet" and "dry." Why not substitute the word "temperance"? Until there was placed in the Constitution of the United States police power that sought to regulate the personal habits of the citizenship of America our Nation was progressing rapidly toward temperance, but during the last 12 years I think you will agree that we have forgotten temperance, we have tried to do by law what should be accomplished by moral precept, and the result upon the youth of the land particularly has been unfortunate in the extreme.

We have in America, of course, a secret ballot. It would be impossible, therefore, to say with accuracy who of those who participated in the Washington meeting two weeks ago vote the Democratic ticket. This, however, is undoubtedly true—that a very large number of the most active participants were openly opposed to the Democratic nominees in 1928, have been opposed to Democratic nominees subsequent to 1928 even where the so-called prohibition issue was not involved, and are actively allied with organizations, many of them in the pay of organizations, which are nothing more nor less than recognized adjuncts of the Republican Party.

I have no quarrel with this convocation at Washington. These men and women had a perfect right to assemble. Men and women interested in any subject have the right of peaceful assemblage and free speech in any city of the land. But when this group, which will not support the Democratic ticket in the coming election, no matter who may be its nominee or what its platform; when this group attempts, as it did at every session of its Washington meeting, to dictate to the Democratic Party those whom it may or may not nominate; when it attempts, as it did, to prescribe what may or may not be included in the Democratic platform, I, as an individual Democrat, challenge the right of any such suggestion. I spurn the suggestion, and I say to those assembled at Washington and to their cohorts in whatever section of the country that the Democratic Party will write its platform and will nominate its candidate without reference to the impudent suggestion of those who have no proper part in Democratic councils and who will not support the Democratic ticket. Moreover, I can not fail to wonder and to question how much attention should be paid to the attempted mandates of any gathering which would hold up as a hero and by resolution try to exonerate a man now resting under serious accusation, even indictment by the courts, for his failure properly to account for campaign funds placed in his hands by Republican leaders in 1928 for the purpose of fomenting bigotry and intolerance in the South and in the border States.

But enough of that. The Democrats who assemble at Chicago will go there with serious purpose in view. They will be imbued, first, with the idea of doing what is best for their country; and second, what is best for their party; and their actions at Chicago with reference to both platform and ticket will be characterized by the solemn realization of the grave responsibility that rests upon them.

SPEAKER GARNER'S LEADERSHIP

There is being unfolded now from day to day the picture of what may be expected at the hands of the Democrats if they are

vested with power as a result of next November's election. Two months ago one of the most skilled and accomplished legislators who has ever served in the Congress was made Speaker of the House of Representatives. From the day he assumed the duties of that important office, second only to the Presidency itself in its power and influence and significance, he has made a record which, with due regard to other distinguished Speakers, has not been equaled in half a century. With a bare majority of 5 or 6 of his party, the compelling leadership of JOHN GARNER is such that he is putting through with expedition and vigor and intelligence a legislative program of far-reaching value. The Democratic House has not played cheap partisan politics. Where it could accept recommendations of the President it has done so promptly and generously. Where it has felt the necessity of going outside or beyond those recommendations it has the courage to assume responsibility on its own account. What it has accomplished, what it will accomplish, represents to the American people the constructive program and the intelligent administration of affairs that may be confidently anticipated at the hands of a Democratic Executive and a Democratic Congress following the election of 1932.

MISSION OF THE DEMOCRATIC PARTY

The Democratic Party is more than a hundred and thirty years old. It is the one political party that has survived the vicissitudes of time. For 60 years prior to the Civil War, with only brief exception, its policies were the policies of the State. Temporarily disrupted because of the slavery problem it returned to power in the late seventies and the early eighties to redeem the country from the iniquities of special privilege that characterized tariff legislation and from the corruption that had grown up in public office through the long tenure of Republican rule. Again 20 years ago the Democratic Party was called upon to rescue the country from the intolerable conditions that then prevailed in the Government, conditions that represented deception and dishonesty in dealing with the interests of the people.

To-day there is a call to our party of a consequence as great as any in the past. It has a mission of tremendous importance. With world conditions as they are, with the very capital system itself hanging in the balance, it may be the province of the Democratic Party to prove itself the agency for the preservation of American institutions as we know them.

The Democratic Party is not static. It never has been. It has shown itself capable of moving forward with the urge of new life and new ideas. It has shown itself able to deal with arising problems and pressing needs. It will, I hope and believe, meet constructively and patriotically the grave situation which now menaces our people—perhaps the most threatening in its dire possibilities the Nation has ever been called upon to face. But the Democratic Party can do its duty adequately only if it has the courage to confront the issues that the younger generation is discussing, only if it tries to find the answer to all of the knotty problems that are now so apparent. Otherwise, winning perhaps a temporary victory it will neither be able to remain in power to fulfill the mission that lies so definitely in front of it nor will it deserve so to remain.

In the belief that my party has the capacity and the courage, I call upon you to lend it your countenance and your support, and your help in meeting the issues without equivocation or evasion and in measuring up to the possibilities of usefulness that await.

UNEMPLOYMENT LAW OF WISCONSIN

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD the law recently enacted by the State of Wisconsin on the subject of unemployment insurance. It is the first law enacted in this country on that subject.

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

CHAPTER 20, LAWS OF SPECIAL SESSION 1931

An act to create chapter 108, section 20.573, subsection (10) of section 71.03, subsection (10) of section 71.04, and subsection (5) of section 20.57, and to amend subsection (9a) of section 101.10 of the statutes, relating to unemployment reserves and compensation, providing penalties, and making appropriations

The people of the State of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. Legislative intent: (1) The legislature intends through this act to make it certain that by July 1, 1933, at least a majority of the employees of this State will enjoy the protection of fair and adequate systems of unemployment compensation. The largest organization of employers in the State having declared it to be the intention of its members voluntarily to establish unemployment-fund systems, it is the intent of the legislature to give employers a fair opportunity to bring about the purposes of this act without legal compulsion. If, by June 1, 1933, the employers of not less than 175,000 employees have voluntarily established plans which comply with the standards prescribed in section 108.15 of this act, then the compulsory system provided for in section 2 shall not take effect; otherwise, it shall take effect July 1, 1933. Should this provision for any reason be held invalid it is the intent of the legislature that the compulsory plan shall take effect July 1, 1933.

Sec. 2. A new chapter and a new section are added to the statutes to read:

CHAPTER 108

UNEMPLOYMENT RESERVES AND COMPENSATION

108.01. Public-policy declaration. As a guide to the interpretation and application of this chapter the public policy of this State is declared as follows:

(1) Unemployment in Wisconsin has become an urgent public problem, gravely affecting the health, morals, and welfare of the people of this State. The burden of irregular employment now falls directly and with crushing force on the unemployed worker and his family and results also in an excessive drain on agencies for private charity and for public relief. The decreased and irregular purchasing power of wage earners in turn vitally affects the livelihood of farmers, merchants, and manufacturers, results in a decreased demand for their products, and thus tends partially to paralyze the economic life of the entire State. In good times and in bad times unemployment is a heavy social cost, now paid mainly by wage earners. Industrial and business units in Wisconsin should pay at least a part of this social cost, caused by their own irregular operations. To assure somewhat steadier work and wages to its own employees a company can reasonably be required to build up a limited reserve for unemployment, and out of this to pay unemployment benefits to its workers, based on their wages and lengths of service.

(2) The economic burdens resulting from unemployment should not only be shared more fairly but should also be decreased and prevented as far as possible. A sound system of unemployment reserves, contributions, and benefits should induce and reward steady operations by each employer, since he is in a better position than any other agency to share in and to reduce the social costs of his own irregular employment. Employers and employees throughout the State should cooperate, in advisory committees under Government supervision, to promote and encourage the steadiest possible employment. A more adequate system of free public employment offices should be provided, at the expense of employers, to place workers more efficiently and to shorten the periods between jobs. Education and retraining of workers during their unemployment should be encouraged. Governmental construction providing emergency relief through work and wages should be stimulated.

(3) A gradual and constructive solution of the unemployment problem along these lines has become an imperative public need.

108.2. Definitions: As used in this chapter—

(a) "Commission" shall mean the industrial commission.
(b) "Workmen's compensation act" shall mean sections 102.01 to 102.35.

(c) "Employee," except where the context clearly shows otherwise, shall mean any person who is employed by an employer and in an employment subject to this chapter, or who has been so employed within the last six months; provided, that an independent contractor shall be deemed an "employer," and that all persons employed by subcontractors under him shall be deemed his "employees" for the purposes of this chapter.

(d) "Employer," except where the context clearly shows otherwise, shall mean any person, partnership, association, corporation (or legal representative of a deceased person, or a receiver or trustee of a person, partnership, association or corporation), including this State and any municipal corporation or other political subdivision thereof, who or whose predecessor in interest has for four months or more within the preceding calendar year employed 10 or more persons in employments subject to this chapter. There shall be included in such calculation all persons thus employed by the employer throughout the entire State, and all of the several places of employment maintained within Wisconsin by the employer shall be treated as a single "employer" for the purposes of this chapter; provided, moreover, that where any employer, either directly or through a holding company or otherwise, has a majority control or ownership of otherwise separate business enterprises employing persons in Wisconsin, all such enterprises shall be treated as a single "employer" for the purposes of this chapter.

(e) An "employment," except where the context shows otherwise, shall mean any employment, during any week, in which all or the greater part of the person's work is performed within Wisconsin, under any contract of hire, express or implied, oral or written, including all contracts entered into by helpers and assistants of employees, whether paid by employer or employee, if employed with the knowledge actual or constructive of the employer; except that for the purposes of this chapter an "employment" shall not include:

1. Employment as a farm laborer;
2. Employment in the personal or domestic service of an employer at his home;
3. Employment on a governmental unemployment relief project, approved as such by the commission;
4. Employment as an elected or appointed public officer;
5. Employment by a governmental unit on an annual salary basis;
6. Employment as a teacher in a private or public school, college, or university for the regular term for which such school, college, or university is in session;
7. Employment of a person who is unable or unwilling to work normal full time and who, before accepting a part-time job, has registered at his district public employment office as a part-time worker, in such written form as the commission may prescribe: *Provided, however, that for the purposes of this chapter no person shall be treated as a part-time worker who customarily works half*

or more than half the full-time hours per week which prevail in such establishment for full-time employees:

8. Employment by railroads engaged in interstate transportation and employment in logging operations.

(f) An employee's "weeks of employment" by an employer shall mean all those weeks during each of which the employee has performed any services at all for the employer.

(g) "Benefits" shall mean the money allowance payable to an employee as compensation for his wage losses due to unemployment as provided in this chapter.

(h) "Wages" shall mean what is customarily meant by the term, except that it shall include bonuses and the reasonable value of board, rent, housing, lodging, or similar advantage received from the employer.

(i) An employer's "full-time hours per week" shall be determined for each general class of his employees (classifying together all those usually employed on substantially the same schedule of weekly hours). The commission shall calculate an employer's full-time hours per week, applicable to all his employees of the given class, by averaging the weekly hours worked by the majority of such employees for each week during the preceding calendar year in which such prevailing hours were 40 or more; provided, that in cases where it finds that the above method can not reasonably and fairly be applied the commission may adopt such other comparable method or methods of determining an employer's full-time hours per week as it deems reasonable and suitable under this chapter.

(j) An employee's "average weekly wage" shall mean the weekly earnings such employee would average from the particular employer if employed that number of full-time hours per week of such employer which is applicable to such employee. Accordingly, each employee's "average weekly wage" shall be calculated by multiplying such applicable full-time hours per week by the employee's average earnings per hour from such employer. Each employee's earnings per hour (averaged for 100 or more hours of employment, so far as possible) shall for this purpose be calculated at such times and in such manner and in accordance with such suitable rules as the commission may prescribe with a view to determining benefits under this chapter.

(k) "Fund" shall mean the unemployment reserve fund established in section 108.16.

(l) "Employer's account" shall mean the separate unemployment reserve account of an employer with the above fund.

(m) "Reserve per employee" shall refer to the status of an employer's account at the beginning of a calendar month. It shall be calculated by dividing the net amount such employer's account then has (or would have if all contributions due under this chapter had been paid) by the maximum number of employees subject to this chapter employed by such employer in any week during the preceding six months.

(n) "Administration fund" shall mean the fund established in section 108.20.

108.03. Payment of benefits: (1) Benefits shall be paid by the commission to each unemployed employee from his employer's account in the fund under the conditions and in the amounts stated in this chapter, except that employers exempted under subsection (2) of section 108.15 shall pay benefits directly to their unemployed employees under the conditions and in the amounts stated in the plan approved by the commission as the basis for the exemption.

(2) No benefits shall become payable from any employer's account, nor shall any employer's benefit liability begin to accrue under section 108.06, until one year after he has begun to make the regular and continuing contributions required of him under this chapter, except as otherwise provided in subsection (5) of section 108.15 and subsection (8) of section 108.16; provided, that at the end of such year period each employer's benefit liability shall begin to accrue and benefits shall accordingly become payable from his account.

(3) The commission shall determine or approve the time and method of payment of benefits.

108.04. Eligibility for benefits: (1) No employee shall be deemed eligible for benefits for partial or total unemployment unless he gives the notification of such unemployment required under subsection (1) of section 108.08, or unless such notification is waived by the commission in accordance with such section.

(2) No employee shall be deemed eligible for benefits on account of either partial or total unemployment during any calendar week unless such employee was physically able to work and available for work whenever with due notice called on by his employer to report for work. Nor shall any employee be deemed eligible for benefits for total unemployment for any calendar week in which he has suitable employment, as defined in subsection (6) of this section; provided that nothing in this section shall render an employee ineligible for total unemployment benefits for any calendar week on the ground that such employee is employed on a governmental unemployment-relief project under section 108.25.

(3) An employee shall be deemed partially unemployed in any calendar week and shall at once be eligible for benefits for such partial unemployment whenever his week's wages are less than the amount of weekly benefit to which he would be entitled under this chapter if totally unemployed.

(4) An employee shall be deemed totally unemployed in any calendar week when he performs no services whatsoever for his current employer during such week. An employee thus unemployed shall be eligible for benefits for total unemployment for each week of total unemployment occurring subsequent to a

waiting period of two such weeks. No benefit shall be or become payable for this required waiting period, but not more than two such weeks of waiting period per employer shall be required of any employee in any 12 months in order to establish his eligibility for total unemployment benefits under this section. The commission may approve in an approved voluntary unemployment benefit plan such longer or shorter waiting period as will comply with the requirements of subsection (2) of section 108.15.

(5) An employee shall not be deemed eligible for any benefits for total unemployment based on his past weeks of employment, and no such benefits shall be payable to the employee under any of the following conditions:

(a) If he has lost his employment through misconduct;

(b) If he has left his employment voluntarily without good cause attributable to the employer;

(c) During any period for which he has left and is out of employment because of a trade dispute still in active progress in the establishment in which he was employed;

(d) For any period during which he is out of employment because of an act of God affecting his place of employment;

(e) If he has received in wages \$1,500 or more during the 12 months preceding the date on which he became totally unemployed;

(f) If he is ordinarily self-employed, but has been temporarily (for not more than five months) employed in an employment subject to this chapter and can, at the termination of such temporary employment, reasonably return to his self-employment;

(g) If he attended a school, college, or university in the last preceding school term, and has been employed by his employer only during the customary summer vacation of schools, colleges, and universities.

(6) A claimant shall no longer be eligible for total unemployment benefits and the liability of his past employers to pay him such benefits based on his past employment shall cease for any period after he has, without good cause, refused to accept suitable employment when offered to him, or has failed to apply for suitable employment when notified by the district public employment office. Suitable employment shall mean either employment in his usual employment or other employment for which he is reasonably fitted, regardless of whether it is subject to this chapter, provided such employment is in the vicinity of his residence or last employment and gives him wages at least equal to his weekly benefit for total unemployment or provides him work for at least half the number of hours normally worked as full time in such occupation or establishment; and provided further, that whenever in any specific case the commission finds that it is impracticable to apply any of the foregoing standards, the commission may apply any standard reasonably calculated to determine what is suitable employment.

(7) Nothing in this section shall require an employee to accept employment; nor shall any employee forfeit his right to benefits by refusing to accept employment under either or both of the following conditions:

(a) In a situation vacant in consequence of a stoppage of work due to a trade dispute.

(b) If the wages, hours, and conditions offered be not those prevailing for similar work in the locality or are such as tend to depress wages and working conditions.

(8) No employee shall be deemed eligible to receive benefits under this chapter on account of any period of partial or total unemployment unless such employee has been a resident of Wisconsin for the two years preceding the beginning of such period of unemployment or has been gainfully employed in the State for 40 weeks within such 2-year period; provided, that an employee's ineligibility under this subsection shall modify his employer's benefit liability only as specifically provided in subsection (5) of section 108.06.

108.05. Amount of benefits: (1) Each eligible employee shall be paid benefits for total unemployment at a rate of \$10 a week, or 50 per cent of his average weekly wage, whichever is lower; except that when 50 per cent of such wage is less than \$5 a benefit of \$5 a week shall be paid.

(2) The benefit payable for partial unemployment in any week shall be the difference between the eligible employee's actual wages for the week and the weekly benefit to which he would be entitled if totally unemployed.

(3) Benefits shall be paid to each employee for the calendar weeks during which he is totally or partially unemployed and eligible for benefits; but no employee shall ever receive in any calendar year more than 10 weeks of benefit for total unemployment nor more than an equivalent total amount of benefits either for partial unemployment or for partial and total unemployment combined.

(4) The amount of benefits payable to any eligible employee shall be limited also by the benefit liability of his employer's account, as provided in sections 108.06 and 108.07.

108.06. Benefit liability of employer's account: (1) An employer's account shall be liable to pay benefits to an employee in the ratio of 1 week of total unemployment benefit (or an equivalent amount of partial unemployment benefit) to each 4 weeks of employment of such employee by such employer within the 52 weeks preceding the date on which such employee last performed services for such employer. But no liability for the payment of benefits to an employee shall accrue unless the employee has been employed more than two weeks by the particular employer within such preceding year, or in the case of an employee employed on a fixed monthly salary unless the employee has been employed more than one month by the particular employer within such preceding year.

(2) In no case shall an employer's account remain or be liable to pay benefits to an employee for any unemployment occurring more than six months after the date on which such employee last performed services for such employer.

(3) No employer's account shall at any time be liable to pay benefits beyond the current resources his account has or would have if all contributions due under this chapter had been paid.

(4) The liability of any employer's account to pay benefits for weeks of partial or total unemployment occurring within or mainly within any calendar month may be reduced, depending on the adequacy of such account at the beginning of such month. Such adequacy shall be determined at the beginning of each month on the basis of the net reserve per employee which the employer's account then has or would have if all contributions due for payment under this chapter have been paid. (Whenever during any month the maximum benefit payable from an employer's account for any week of total unemployment is reduced hereunder, this reduced maximum shall also be observed in calculating the benefits payable from that account for partial unemployment during that month.) In each calendar month an employer's account shall be liable to pay the benefits otherwise due his eligible employees for their weeks of unemployment occurring within such month only in accordance with the following schedule:

(a) When its reserve at the beginning of the month amounts to \$50 or more per employee the account shall be liable for and shall pay in full all valid benefit claims for unemployment during the month.

(b) When such reserve amounts to over \$45 but less than \$50, all such valid benefit claims shall be paid, except that no eligible claimant shall receive for total unemployment a benefit of more than \$9 per week.

(c) When such reserve amounts to over \$40 but less than \$45 dollars no claimant shall receive a benefit of more than \$8 per week.

(d) For each further periodic drop of \$5 in the reserve per employee there shall be a corresponding further drop of \$1 in the maximum benefit per week payable to any claimant for total unemployment.

(5) Any employee who has neither been a resident of Wisconsin for the past two years nor been gainfully employed in the State for 40 weeks within such 2-year period, and who is, therefore, under subsection (8) of section 108.04 ineligible to receive benefits under this chapter, shall be known as "a nonqualified employee." Whenever such a nonqualified employee loses his employment, under conditions other than those enumerated in subsection (5) of section 108.04, his employer's account shall be at once liable to pay in lieu of benefits to such person a lump-sum amount to the commission. This payment shall be made at the rate of \$5 for each four weeks of employment of such person by such employer during the period of employment just ended; but not more than \$5 shall be so payable for each \$5 reserve per employee in the employer's account at the beginning of the current calendar month. The employer's liability under this subsection shall be reported by him and shall be determined in amount in accordance with suitable rules to be prescribed by the commission. The amount found to be due shall in each such case be paid over from the employer's account into the administration fund established by section 108.20.

108.07. Liability of successive employers: (1) When an employee is employed by more than one employer within any 12-month period, the payment of benefits due such employee for total unemployment shall be made from the successive employer's accounts in inverse order to such successive employments. Until the last employer liable shall have met or been unable further to meet his benefit liability to an eligible employee no previous employer shall be due to pay benefits to such employee.

(2) When an eligible employee becomes employed in an employment or by an employer not subject to this chapter, such employment, except as provided in section 108.25, shall postpone but not terminate the liability of any former employer to pay benefits to such employee: *Provided, however,* That if the employee fails to return to regular work offered him in his former employment by the written request of his former employer, made in good faith and not inconsistent with subsection (7) of section 108.04, such employee's right to benefits from such former employer shall be extinguished.

108.08. Notification: (1) Any claimant of benefits must give notice of his unemployment at the public employment office for the district in which he is or was last employed, within such time and in accordance with such rules as the commission may prescribe. Thereafter he shall give notice of the continuance of his unemployment as frequently and in such manner as the commission may prescribe. But the notification prescribed under this subsection may, as to any case or class of cases, be waived by the commission for good cause (including administrative feasibility), provided the commission finds that no party in interest will be prejudiced by such waiver.

(2) The commission may require from any or each employer notification of the partial or total unemployment of his employees within such time, in such form, and in accordance with such rules as the commission may prescribe.

108.09. Establishment of claims: (1) Claims for benefits shall be filed with the superintendent of the public employment office for the district in which the claimant is or was last employed, or with a deputy of the commission designated for the purpose. Claims shall be filed within such time and in such manner as the rules of the commission may prescribe.

(2) If a claim appears to the superintendent or deputy invalid, he shall reject the claim; if it appears valid, he shall state the amount of benefits apparently payable to the claimant while eligible. In either case he shall notify the claimant in writing, giving his reasons. If the claimant is dissatisfied, he may within a time limit after notification to be set by the commission have recourse to the method set up in section 108.10 for settling disputed claims.

(3) If a claim appears to the superintendent or deputy valid, he shall notify the liable employer in writing of the amount of benefits apparently payable thereunder. If the employer does not contest the claim within a time limit after notification to be set by the commission, the amount of benefits stated by the superintendent or deputy shall, subject to the limitations set up in this chapter, become payable to the claimant from such employer's account and shall be so paid by the commission. If the employer wishes to contest the claim, he may, within a time limit to be set by the commission, have recourse to the method set up in section 108.10 for settling disputed claims.

108.10. Method of settling disputed claims: (1) The manner in which disputed claims shall be presented, the reports thereon required from employers, and the conduct of hearings shall be governed by rules and regulations to be adopted by the industrial commission.

(2) Disputed claims, whether involving employers exempted under section 108.15 or those contributing to the fund, shall be decided in the first instance by the superintendent of the district public employment office or by a deputy of the commission designated for the purpose.

(3) Within a time limit after notification to be set by the commission, either the employer or employee may take an appeal from any decision of the superintendent or deputy, to an appeal board to be appointed in each employment-office district by the industrial commission. Such district appeal board shall consist of 1 employer or representative of employers, 1 employee or representative of employees, and 1 person who is not an employer, employee, or representative of either.

(4) Decisions of a district appeal board shall be reviewable by the commission or its representative upon appeal of either party within a time limit and in accordance with other rules and regulations to be laid down by the commission. The commission may authorize a commissioner or an examiner to hear such cases and to make decisions under rules to be adopted by the commission.

(5) Either party, if dissatisfied with the decision of such commissioner or examiner, may petition the industrial commission to review it as a commission. Such petition shall be in writing, specifying in detail the particular errors alleged. If no such petition is filed within 10 days from the date when a copy of the decision of the commissioner or examiner was mailed to the last known address of each party in interest, such decision shall be considered the decision of the industrial commission, unless set aside, reversed, or modified by such commissioner or examiner within such time. Within 10 days after the filing of any such petition the commission shall, on the basis of the evidence previously submitted in such case, affirm, reverse, set aside, or modify such decision, or direct the taking of additional testimony. Any decision made by the commission shall, if not modified or changed by it within 20 days, become the final decision of the commission, and shall then be subject to judicial review on the same grounds and in the same manner as decisions of the industrial commission under the workmen's compensation act may be reviewed.

(6) The commission shall have the power to remove or transfer the proceedings pending before a commissioner or examiner, and may on its own motion set aside, modify, or change any decision, whether made by a superintendent or deputy, by a district appeal board, by a commissioner or examiner, or by the commission as a body, at any time within 20 days of the date thereof, if it shall discover any mistake therein or upon the grounds of newly discovered evidence.

(7) In the discharge of their duties under this section the superintendent of any district public-employment office, any member of a district appeal board, and any member, examiner, or duly authorized employee of the industrial commission shall have power to administer oaths to persons appearing before them, and by subpoenas (served in the manner in which circuit court subpoenas are served) to compel attendance of witnesses and the production of books, papers, documents, and records necessary or convenient to be used by them in connection with any disputed claim.

(8) A full and complete record shall be kept of all proceedings in connection with a disputed claim, and all testimony shall be taken down by a stenographer appointed by the commission.

108.11. Modified procedure: The commission may modify the procedure prescribed in sections 108.08, 108.09, and 108.10, with a view to such establishment and determination of claims against employers exempted under section 108.15, as will be suitable to such cases and fair to the parties in interest.

108.11. Agreement to contribute by employees void: (1) No agreement by an employee or by employees to pay any portion of the contributions required under this chapter from employers shall be valid. No employer shall make a deduction for such purpose from wages. Any employee claiming a violation of this provision may, to recover wage deductions wrongfully made, have recourse to the method set up in section 108.10 for settling disputed claims.

(2) But nothing in this chapter shall affect the validity of voluntary arrangements whereby employees freely agree to make contributions to a fund for the purpose of securing unemployment compensation additional to the benefits provided in this chapter.

108.12. Waiver of benefit void: No agreement by an employee to waive his rights to benefits or any other rights under this chapter shall be valid.

108.13. Assignment: No claim for benefit under this chapter or under any approved voluntary unemployment benefit plan shall be assignable before payment, but this provision shall not affect the survival thereof; nor shall any claim for benefit awarded, adjudged, or paid be subject to be taken for the debts of the party entitled thereto.

108.14. Administration: (1) This chapter shall be administered by the industrial commission.

(2) The commission shall have power and authority to adopt and enforce all rules and regulations which it finds necessary or suitable to carry out the provisions of this chapter. All such rules and regulations shall be published in the State's official newspaper and shall take effect 10 days after such publication. A copy of such rules and regulations shall be delivered to every person making application therefor. The commission may require from employers, whether subject to this chapter or not, any reports on employment, wages, hours, and related matters which it deems necessary to carry out the provisions of this chapter.

(3) The commission may appoint, employ, and pay as many persons as it deems necessary to administer and to carry out the purposes of this chapter, and may make all other expenditures of any kind which it deems necessary or suitable to this end. But it shall not pay to any member of a district appeal board more than \$5 of compensation per day of services.

(4) The commission may create as many employment districts and district appeal boards and may establish and maintain as many free public employment offices as it deems necessary to carry out the provisions of this chapter. The commission shall have power to finance either partly or completely such public employment offices as it deems necessary under this chapter from the funds appropriated to the commission for its expenses under this chapter, whether or not the political subdivision in which such office is located agrees to pay or does pay any part of the expenses of such office.

(5) The commission shall appoint advisory employment committees, by local districts or by industries or for the whole State, consisting in each case of one or more representatives each of employers, employees, and the public, who shall assist the commission, without compensation but with reimbursement of necessary expenses, in administering and carrying out the purposes and provisions of this chapter.

(6) It shall be one of the purposes of this chapter to promote the regularization of employment in enterprises, localities, industries, and the State. The commission, with the advice and aid of its advisory employment committees, shall take all appropriate steps within its means to reduce and prevent unemployment. To this end the commission may employ experts, and may carry on and publish the results of any investigations and research which it deems relevant, whether or not directly related to the other purposes and specific provisions of this chapter. At least once a year the commission shall compile and publish a summary report stating the operations and status of each employer's account or other unemployment reserve and covering such other material as it deems significant in connection with the operations and purposes of this chapter.

108.15. Exemption: (1) The commission shall exempt from the provisions of this chapter, except sections 108.12, 108.14, 108.15, 108.19, 108.21, 108.22, and 108.24, any employer who guarantees, under a plan approved by the commission, to all his eligible employees (and to each new eligible employee who is continued in employment after a probationary period of 1 month), in advance for a stated 1-year period, at least 42 weeks of work or wages, for at least 36 hours in each such week, if satisfied that the employer can and will make good such promise under all circumstances. The words "eligible employee" in this subsection shall mean an employee who, if unemployed, would not be barred from eligibility for benefits by any of paragraphs (e), (f), and (g) of subsection (5) of section 108.04 or by subsection (8) of section 108.04. But such employer shall not be required to make good such guaranty in the case of any individual employee who loses his employment under any of the conditions enumerated in subsection (5) of section 108.04.

(2) The commission shall exempt from the provisions of this chapter, except sections 108.03, 108.04, 108.07, 108.101, 108.12, 108.13, 108.14, 108.15, 108.19, 108.21, 108.22, 108.23, 108.24, 108.25, and 108.26, any employer or group of employers submitting a plan for unemployment benefits which the commission finds (a) makes eligible for benefits at least the employees who would be eligible for benefits under the compulsory features of this act; (b) provides that the proportion of the benefits to be financed by the employer or employers will on the whole be equal to or greater than the benefits which would be provided under the compulsory features of this act; and (c) is, on the whole, as beneficial in all other respects to such employees as the compulsory plan provided in this act. If under such a plan any contributions are made by employees, the accounts of the plan shall be so kept as to make clear what proportion of the benefits is financed by the employer or employers and what proportion by the employees. If under such a plan any contributions are made by employees the commission may require that such employees be represented, by representatives of their own choosing, in the direct administration of such plan, and the commission may take any steps necessary and appropriate to assure such representation to contributing employees.

(3) No employer or group of employers exempted under this section shall be permitted to insure the liability to pay benefits

or wages in any insurance company; and if such employer or employers enters or enter into an agreement for any form of insurance coverage such action shall automatically operate as a revocation of such exemption.

(4) As a condition of granting exemption the commission may require the employer or group to furnish such security as the commission may deem sufficient to assure payment of all promised benefits or wages, including the setting up of proper reserves. Such reserves and other security, and also the manner in which an exempted employer carries out his promises of benefits or employment shall be subject to inspection and investigation by the commission at any reasonable time. If the commission shall deem it necessary, it may require an exempted employer to furnish additional security to assure fulfillment of his promises to his employees.

(5) If an exempted employer or group of employers fails to furnish security satisfactory to the commission, or fails to fulfill the promises made to employees, or willfully fails to furnish any reports that the commission may require under this chapter, or otherwise to comply with the applicable portions of this chapter and the rules, regulations, and orders of the commission pertaining to the administration thereof, the commission may, upon 10 days' notice and the opportunity to be heard, revoke the exemption of such employer or group. In such case or in case any exempted employer or group voluntarily terminates exemption, such employer or each of such group of employers shall at once pay into the fund an amount equal to the balance which would have been standing to his account had he been making the contributions to the fund and paying out the benefits provided in this chapter; provided that in any case where such balance can not reasonably and definitely be determined, and specifically in the case of an employer exempted under subsection (1) of this section, the commission may require such employer to meet his liability under the present subsection by paying into the fund a lump-sum amount equal to the contributions he would, if not exempted, have paid into the fund under section 108.18 during the 12 months preceding termination of his exemption. The account of any employer whose exemption has been terminated shall thenceforth be liable to pay to his employees the benefits which may remain or thereafter become due them, as if such employer had not been exempted under this section; and such employer shall thenceforth pay all contributions regularly required under this chapter from nonexempted employers.

(6) Each employer exempted under this section shall be liable to make all contributions, to pay directly to employees all benefits, to pay all penalties, and otherwise to comply with all the provisions of this chapter, except as specifically provided in this section and in suitable rules to be formulated by the commission consistent with the purposes and provisions of this chapter.

(7) Such plan shall provide that upon the going out of business in this State by any employer, or the legal abandonment of the plan, the funds which shall have been contributed under such plan shall be retained for a sufficient period to meet all liability for benefits which may thereafter accrue, and that at the end of such period the proportion then remaining of employer contributions shall be released to the employer or his assigns and the proportion then remaining of employee contributions shall be distributed in such equitable manner as the commission may approve.

(8) The rules and regulations for the government of such plan must be submitted to and approved by the commission. A plan, so approved, shall, when put into effect, constitute a contract between each employer and every other employer participating in that plan and between the employer or employers, on the one hand, and, on the other hand, all employees who come under it, and shall not thereafter be abandoned or modified without the approval of the commission; provided, that at any time after five years from and after the passage of this act the commission may, on the petition of any interested party or on its own motion, and after public hearing, modify any such plan to conform to the standards then provided by the law for approved voluntary unemployment-benefit plans.

108.16. Unemployment reserve fund: (1) For the purpose of carrying out the provisions of this chapter there is established a fund to be known as the "unemployment reserve fund," to be administered by the State without liability on the part of the State beyond the amount of the fund. This fund shall consist of all contributions and moneys paid into and received by the fund pursuant to this chapter and of properties and securities acquired by and through the use of moneys belonging to the fund.

(2) A separate account shall be kept by the industrial commission with each employer contributing to said fund, and this separate employer's account shall never be merged with any other account except as provided in subsection (3) of this section.

(3) Whenever two or more employers in the same industry or locality desire to pool their several accounts with the fund with a view to regularizing their employment by cooperative activity, they may file with the commission a written application to merge their several accounts in a new joint account with the fund. If in its judgment the plan has merit, the commission shall establish such a joint account, provided that the several employers each accept such suitable rules and regulations not inconsistent with the provisions of this chapter as may be drawn up by the commission with reference to the conduct and dissolution of such joint accounts.

(4) All contributions payable to the unemployment reserve fund shall be paid to the industrial commission, and shall daily be paid over by the commission to the State treasurer and credited to the unemployment reserve fund. Payments from said

fund shall be made upon vouchers of the industrial commission. The State treasurer shall be ex officio the treasurer and custodian of the unemployment reserve fund. He shall give a separate and additional bond conditioned upon his faithful performance of these duties in such amount as may be recommended by the industrial commission and fixed by the governor. All premiums upon the bond required pursuant to this section when furnished by an authorized surety company or by a duly constituted governmental bonding fund shall be paid from the interest earnings of the unemployment reserve fund.

(5) The unemployment reserve fund shall be invested by the annuity and investment board in the readily marketable obligations of the United States of America, of any of its 48 State governments, including this State, and of any city, county, or other governmental subdivision of this State, all having a maturity of not over five years from the date of purchase. The investments of the fund shall be so made that all the assets of the fund shall always be readily convertible into cash when needed. When so directed by the industrial commission the board shall dispose of securities belonging to the fund to secure cash needed for the payment of benefits. All expenses of the annuity and investment board in the investment of the unemployment reserve fund shall be paid from the interest earnings of said fund, as provided in subsection (1) of section 20.725.

(6) All net earnings on moneys belonging to the unemployment reserve fund shall be credited thereto, and shall at the close of each fiscal year be apportioned by the commission equitably to the several employers' accounts.

(7) If any employer shall become exempted under section 108.15 or shall cease to be subject to this chapter, or shall permanently go out of business in this State (except as provided in subsection (8) of this section), such employer shall, upon the expiration of six months (or prior thereto if he shall furnish surety satisfactory to the commission for the payment of benefits becoming due under this chapter during the remainder of such 6-month period), receive the balance then standing to his credit in the fund.

(8) If any employer shall transfer his business in whole or in part or shall otherwise reorganize such business, the successor in interest is hereby required to take over (in proportion to the extent of such transfer, as determined for the purposes of this chapter by the commission) the resources and liabilities of such employer's account, and to continue without interruption the payment of all contributions and benefits which would have been due for payment under this chapter in case such employer had continued in business without such transfer or reorganization.

108.17. Payment of contributions: (1) On and after the 1st day of July, 1933, contributions shall accrue and shall become payable by each employer then subject to this chapter in accordance with its provisions. Thereafter contributions shall accrue and become payable by any employer on and after the date on which he becomes newly subject to this chapter.

(2) All contributions required under this chapter from employers shall be paid to the industrial commission, at such times and in such manner as the commission may prescribe, except as provided otherwise in the case of employers exempted under section 108.15.

108.18. Contributions to the unemployment reserve fund: The contribution regularly payable by each employer into his account with the fund shall be an amount equal to 2 per cent per annum of his pay roll. (In order that reserves shall be built up for all employees potentially eligible to benefits, "pay roll" shall include all wages, salaries, and remuneration paid to employees subject to this chapter; except that it shall not include the amount paid to an employee or officer employed on a contractual basis for a fixed period at a fixed monthly salary which will aggregate at least \$1,500 if said period is less than 12 months, or amount to at least \$1,500 dollars per annum if such period is 12 months or more, provided such contract is duly reported to the commission by the employer; nor shall it include any salary or wage of \$300 or more per month.) During an employer's first two years of contribution payments, and whenever thereafter his account amounts to less than \$55 reserve per employee, the employer shall make contributions to the fund at the rate of 2 per cent per annum on his pay roll. If the employer has been continuously subject to this chapter during the two preceding years, the rate of contributions may be reduced or suspended under the following conditions:

(1) Whenever the employer's account amounts to \$55 but less than \$75 reserve per employee, such employer shall pay contributions to the fund at the rate of 1 per cent per annum on his pay roll.

(2) Whenever and while the employer's account has a reserve per employee of \$75 or more, no contributions to the unemployment reserve fund shall be required of such employer.

108.19. Contributions to the administration fund: Each employer subject to this chapter, including every employer exempted under section 108.15, shall regularly contribute to the unemployment administration fund created in section 108.20 at the rate of 0.2 of 1 per cent per annum on his pay roll as defined in section 108.18. But the commission may prescribe at the close of any fiscal year such lower rates of contribution under this section to apply to classes of employers throughout the ensuing fiscal year, as will in the commission's judgment adequately finance the administration of this chapter, and as will in the commission's judgment fairly represent the relative cost of the services rendered by the commission to each such class.

108.20. Unemployment administration fund and appropriation: (1) To finance the administration of this chapter and to carry out

its provisions and purposes there is established the "unemployment administration fund." This fund shall consist of all contributions and moneys paid to the industrial commission for the administration fund as provided in subsection (5) of section 108.06, and in sections 108.19 and 108.22.

(2) All amounts received by the commission for such fund shall daily be paid over to the State treasurer and credited to the unemployment administration fund, and, as provided in section 20.573 of the statutes, are appropriated to the commission for the administration of this chapter.

108.21. Record and audit of pay rolls: Every employer, whether exempted or not, shall keep a true and accurate employment record of all his employees, whether qualified and eligible to unemployment benefits or not, and of the hours worked for him by each and of the wages paid by him to each employee, and shall furnish to the commission upon demand a sworn statement of the same. Such record shall be open to inspection by the commission or its authorized representatives at any reasonable time.

108.22. Collection of contributions in case of default: If any employer, whether exempted or not, shall default in any payment required of him under this chapter, he shall become additionally liable for interest on such payment at 12 per cent per annum from the date such payment became due, such interest to be paid to the administration fund. If after due notice this payment plus interest at 12 per cent per annum is not made, it shall be collected by a civil action in the name of the State, the defaulting employer to pay the costs of such action. The payment originally due shall be paid to the commission, and credited, as may be proper in each case, either to the fund and to the defaulting employer's account or to the administration fund. The interest thus collected shall be paid to the administration fund.

108.23. Bankruptcy: In the event of bankruptcy or insolvency of any employer, unpaid claims for benefits and unpaid amounts due the fund under this chapter or to a fund or reserve under any approved voluntary unemployment benefit plan shall have the same preference as is accorded in subsection (1) of section 102.28 to unpaid claims for compensation or compensation insurance.

108.24. Penalties: (1) Any person who willfully makes a false statement or representation to obtain any benefit or payment under the provisions of this chapter, either for himself or for any other person, or to lower any contribution required of him, and any employer who makes a deduction from the wages of any employee in order to pay any portion of the contribution required of such employer under this chapter, shall, upon conviction, be deemed guilty of a misdemeanor and be punished by a fine of not less than \$25 nor more than \$100, or by imprisonment in the county jail not longer than 30 days, or by both such fine and imprisonment; and each such false statement and each such deduction from wages shall constitute a separate and distinct offense.

(2) Any employer who willfully refuses or fails to pay any contribution required of him under this chapter, and any person who willfully and unlawfully fails or neglects to appear or to testify or to produce books, papers, and records as required at any hearing under this chapter, shall, upon conviction, be deemed guilty of a misdemeanor and be fined not less than \$25 nor more than \$100, or be imprisoned in the county jail not longer than 30 days, or be punished by both such fine and imprisonment; and every day of such refusal, failure, or neglect shall constitute a separate and distinct offense.

(3) On complaint of the commission the fines specified in this section may be collected by the State in an action for debt.

108.25. Use of unemployment reserve for public works: (1) If the State or any of its political subdivisions during a period of unemployment, either directly or through a contractor provides work which, in the opinion of the commission, is an unemployment-relief measure, and which conforms to standards of wages and conditions prescribed by the commission, such work shall be deemed suitable employment within the meaning and subject to the limitations of subsection (6) of section 108.04: *Provided*, That an employee who accepts such work for any calendar week in which he would otherwise be totally unemployed and eligible for benefits shall be entitled to receive such benefits in the form of wages paid him for such governmental work. To this end the State or subdivision giving such work and wages to such employee in any calendar week shall receive his benefits for such week, for the purpose of partially financing such employee's work and wages on such governmental unemployment-relief project.

(2) Benefits payable under this section to an employee in the form of wages from this State or a political subdivision for work on a relief project shall cease, as provided in subsection (6) of section 108.04, for any period after such employee has without good cause failed to apply for suitable employment other than such governmental work when notified, or has refused to accept suitable employment other than such governmental work when offered him.

108.26. Vocational education: When any employee is unemployed and eligible for benefits under this chapter, he may be recommended by the superintendent of the district employment office to attend vocational or other school during his unemployment. If he attends school under conditions approved by such superintendent and does satisfactory work in his classes, he shall be eligible for an additional benefit of \$1 per week, to be paid from the administration fund. The education shall be furnished at public expense and any fee which may customarily be charged for attendance at such classes must be paid by the town, village, or city in which such employee resides.

108.27. Separability of provisions: If any provision of this chapter, or the application thereof to any person or circumstance, is held invalid the remainder of the chapter and the application of

such provision to other persons or circumstances shall not be affected thereby.

20.573. Unemployment administration fund: All moneys paid to the industrial commission and deposited by it with the State treasurer pursuant to section 108.20 are appropriated to the industrial commission for the performance of the functions of the commission under chapter 108, including its conduct of public employment offices and its other efforts to regularize employment; to pay the compensation and expenses of appeal boards and the expenses of advisory employment committees; and to pay allowances stimulating education during unemployment. Any balance remaining in this fund at the close of any fiscal year shall not lapse but shall remain available for the purposes herein specified.

SEC. 3. Voluntary systems of unemployment compensation: (1) In accordance with the legislative intent expressed in section 1 the compulsory features of section 2 and section 5 of this act shall not take effect until July 1, 1933, nor shall they take effect on that date if the commission finds that on or before June 1, 1933, employers then employing in the aggregate at least 175,000 employees as defined in section 108.02 shall have established plans previously approved by the commission as plans which would be entitled to exemption under section 108.15 of the compulsory act.

(2) At any time after the taking effect of this act employers may submit to the industrial commission voluntary plans for guaranteed employment or for unemployment compensation. If, after investigation, the commission is satisfied that a plan thus submitted would be entitled to exemption under section 108.15 of the compulsory act, the commission shall give its written approval of such plan, and such approval shall apply for the purposes of the present section of this act.

(3) As soon as possible after June 1, 1933, and not later than June 15, 1933, the industrial commission shall make a finding of fact whether or not employers employing (as of June 1, 1933) in the aggregate at least 175,000 employees as defined in section 108.02, have established on or before June 1, 1933, plans previously approved by the commission as plans which would be entitled to exemption under section 108.15 of the compulsory act. The commission shall file such finding with the secretary of state. Such finding of fact by the industrial commission shall be conclusive. In accordance with such finding and in accordance with subsection (1) of the present section the secretary of state shall give notice through publication in the official State paper of the taking effect or otherwise of the compulsory features of section 2 and section 5 of this act.

(5) If the compulsory plan shall not come into operation, the industrial commission shall continue its supervision over the voluntary plans of unemployment compensation established in this State. It shall be the duty of the commission to keep itself informed regarding the operations of such voluntary plans and it shall include pertinent statistics regarding such plans in its biennial reports.

SEC. 4. A new subsection is added to each of sections 20.57, 71.03, and 71.04 of the statutes to read: (20.57) (5) On January 1, 1932, \$25,000 to assist employers in the establishment of voluntary plans for unemployment compensation in conformity with the standards prescribed by law and for carrying out the purposes of chapter 108. This appropriation shall remain available until June 30, 1933.

(71.03) (10) Amounts contributed to an unemployment fund, compulsory or voluntary, or an unemployment reserve established in conformity with law, but not the amounts paid out of said fund or reserve.

(71.04) (10) Amounts contributed to an unemployment fund, compulsory or voluntary, or an unemployment reserve established in conformity with law, but not the amounts paid out of said fund or reserve.

SEC. 5. Subsection (9a) of section 101.10 of the statutes is amended to read: (101.10) (9a) * * * Any county, city, town, or village may enter into an agreement with the Wisconsin industrial commission for such period of time as may be deemed desirable for the purpose of establishing and maintaining local free employment offices, and it shall be lawful for any county, city, town, or village to appropriate and expend the necessary money and to permit the use of public property for the joint establishment and maintenance of such offices as may be agreed upon, or in counties containing 250,000 inhabitants or more in any city, town, or village therein to purchase a site and construct necessary buildings. * * * Provided, * * * That, in any county, city, village, or town therein, wherein there is a citizens' committee on unemployment, such committee shall have the power to rent, lease, purchase, or construct necessary buildings for the joint establishment and maintenance of such free employment office, subject to the approval of such plans by the industrial commission. The industrial commission may establish such free employment offices as it may deem necessary to carry out the purposes of chapter 108. All expenses of such offices, or all expenses not defrayed by the county, city, town, or village in which an office is located, shall be charged to the appropriation to the industrial commission provided in section 20.573.

SEC. 6. Sections 2 and 5 of this act shall take effect as provided in section 3 and all other provisions upon passage and publication.

RELIEF OF UNEMPLOYMENT

The Senate resumed the consideration of the bill (S. 3045) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes.

Mr. FESS. Mr. President, I do not believe there has been any debate in the Senate during my tenure of 10 years in this body which has shown more moderation and more poise in the presentation of the case, with greater preparation in the way of collecting data, than in the presentation of the particular measure now before us. I think the discussion has been of a very high order. I could take very little exception to anything that has been said; less on this occasion than upon the occasion of the discussion of any subject I have heard for a good while.

During the last session the Committee to Audit and Control the Contingent Expenses of the Senate reported a resolution, which had been submitted by the chairman of the Committee on Manufactures, looking to a survey and the collection of data by that committee in building up the case, if there be a case, for extending Federal relief in the emergency of unemployment. I think that the chairman of the committee is to be commended for the manner in which he presented those data to the Senate in the effort to establish a principle in which, I take it, he unreservedly believes. His presentation of the case was strongly supported by the coauthor of the pending measure in an able discussion of a second phase of the problem. The manner in which the substitute has been presented is free of the emotions that usually accompany such arguments rather to the disadvantage of the facts; and I am of the opinion that the subject has been presented in a very strong light.

I do not believe in the proposition that the Federal Government should be called upon to extend relief, at least until it has become quite obvious that there is no other way to meet the situation; and from listening to the arguments of my colleague from Ohio [Mr. BULKLEY] and others I do not think there is much difference between their view and my own on the real issue which is involved. The difference in our decision would lie in the consideration whether we have reached a point where local relief has broken down and where starvation is inevitable unless the Federal Government shall render assistance. I do not think that stage has as yet been reached.

I want frankly to state here, so that there shall be no misunderstanding of my view, that, with the country supplied with abundant food, I should not be one who would deny it in order to prevent starvation simply because I do not believe in the Federal Government taking that step. If I thought there was not anything else to be done, there would be with me no choice in the matter. So it seems that the difference is one of degree rather than of principle, so far as the substitute is concerned.

The difference, however, as to the original proposition is not one of degree, but it is one of principle. I want to speak briefly to that particular phase of the discussion. I am opposed to the Federal Government entering upon such a relief program, because when we shall embark upon it there will be no end to it, for I think it can not be denied by anyone that the demands will be steadily progressive. It is not the length of the step when first taken that is significant, it is the direction in which the step is taken. When it is first taken it may be a short step, and may be hesitantly taken, but the second step will be easy; the third one will be still easier; and before long the practice thus inaugurated becomes a permanent policy of the Government, and there can be no retreat from it. This is as inevitable as that the sun will come up to-morrow morning. For that reason, before we shall take this proposed step we ought to make sure that there is not anything else left for us to do.

I recall, as does every other Member of the Senate, whether he was in the Senate or out of the Senate at the time, the hesitancy expressed in both bodies of Congress when it was suggested that the Federal Government should come to the relief of a city that suffered from the ravages of a great fire. I refer to the city of Salem, Mass. There was general disinclination to respond to requests for relief to that city, but the suffering was so obvious that the case appealed to a large proportion of the citizens of Massachusetts; they made their representations here; and, while some of the Massachusetts people resisted the request, it appealed to the

sympathies of both Houses, and the relief was granted by the Federal Government.

There is no hesitation now in similar cases. When such relief was first granted it was reluctantly and tardily done; but when San Francisco was visited by an earthquake and a great fire and the call for relief came to the Congress, the proposition was debated for only a very short time. Not only was the first call speedily responded to—and at that time we thought the response was adequate—but when the relief rendered in response to the first call was found to be inadequate, and a second call for relief came, a million and a half dollars more were voted in a very short time to amplify the relief which had been rendered in the first instance. There was very little opposition to it. The people seemed to think that such action having been taken before, it should be taken again. So the next step will be still more easily taken.

The effect of such a step by Congress in establishing a precedent to guide the Senate and the House in the future was well illustrated last year in this body when the then Senator from Alabama was speaking on the drought situation, making a strong plea for assistance to sufferers from the drought in the southeastern part of the country, with special reference to his own State.

The Senator from California [Mr. SHORTRIDGE], who, I regret to say, is detained from the Senate floor because of illness, rose to question the Senator from Alabama. He wanted to know whether the native State of the Senator from Alabama was not willing to come to the relief of the people in the drought-stricken areas without calling upon the Federal Government. All of us will recall how the Senator from Alabama reminded the Senator from California that he did not raise that question when San Francisco was calling for aid. That rejoinder of the Senator from Alabama evidently had a very strong effect on the Senator from California, who afterwards not only spoke for the measure which he had been criticizing but voted for it. That is a very concrete illustration of the effect of taking the first step in a new direction. Once taken, even though reluctantly, it becomes easy later on to proceed further along the same line.

The Senator from Wisconsin, in the discussion last year on measures proposing relief for sufferers in drought-stricken areas, included in his speech, which appears in the CONGRESSIONAL RECORD under date of December 15, 1930, page 708, a very important list of Federal contributions made by our Government from time to time. It embraces numerous instances of contributions the Federal Government has made from time to time. Most of them grew out of events occasioned by what may be called acts of God, such as floods, fires, earthquakes, and so on—disasters for which the populations affected, of course, could not be held responsible. The list is most informative in corroboration of what I am saying—that when once such a step is taken it is not difficult to take it the second time, and after a while it will be taken without any reluctance whatever and, in fact, it will be regarded as a Federal duty.

Now, in the measure pending we are proposing to take a step that is a new one, one that we never have as yet taken, in that we are called upon to regard the Federal Government as being responsible for taking care of the unemployed. That is a new step, and it is one that it is going to be difficult to realize its results. If we take it, it will be under pressure, first, of localities and, second, on account of the great sympathy of Members of this body and the other body who do not want to be meticulous over a theory, provided the facts justify abandoning the theory. That is the stage in which we are to-day.

I mentioned a moment ago that if there is no other way to meet the situation we will have to meet it in some such way as has been proposed, and there are Senators all around me who will say the same thing; but my concern is that when we take that step then the floodgates are open, and we will come to a place—now mark what I say—where the Federal Government will be regarded as responsible not only for suffering caused by unemployment but will be called upon as in duty bound to relieve it by feeding the people rather

than finding something for them to do and making them self-supporting. That is the danger of the proposal now before us.

When we consider that the burden thus to be imposed upon the Federal Government is to be met by taxation the danger will appear to be cumulative, because the unemployed will regard it then as a right on their part to demand of the Government either work or food when they have not any work. If we have come to that place where we regard it as proper for the unemployed, for whatever reason may be assigned, to put in a claim of right that the Federal Government should relieve them, then we have started the building of an organization that will be much more powerful than any group that to-day is operating in our land, and there is not anybody here who is not awake to the power of the pressure of groups that become political in their activities.

I can recall, and the Vice President will especially recall, as will many other Members of this body, the time when the Civil War pensioner would resent the payment of a pension unless he was in a needy and hopeless situation. I have close friends who once resented the idea that they should be given a pension when they were in good position and able to provide their own livelihood. So for years a great body of Civil War veterans not only refused but resented the idea that pensions should be given to them. The time came when the distinguished General Sherwood, a brilliant Union officer of the Civil War, serving in the other body of Congress, introduced a service pension bill. It was backed by the prestige of a distinguished general, and he made a strong plea that it did not make any difference how long a soldier's service was or whether or not he was injured or whether or not he was needy or whether or not he had the wherewithal to live he ought to be paid a service pension.

When that law was considered, at first there was considerable opposition, not only in Congress but out of Congress, and among soldiers included in the bill. Ultimately, however, the bill became law—the service pension law—and then persons who before had refused to be beneficiaries said, "If you are going to do this for everybody, we, of course, want you to do it for us"; and Senators know the general practice that is now in vogue.

Not only is that true there, but it will be true in the future. It is that sort of thing to which I desire to call the attention of Senators—that we are entering upon a policy here the end of which we will never see; and the amount that will be demanded will always be uncertain, because conditions in different sections will be different, and the claims will not be the same. The amount that will be demanded from one group will not be demanded from another. There will be no measure of relief by which we can safely enter upon it; and the sum of the burden of taxation that must supply a permanent fund for looking after the unemployed, from whatever reason the unemployment exists, will be simply staggering.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from New York?

Mr. FESS. I yield for a question. I do not want to be interrupted in the consecutive statement I should like to make; but if the Senator desires to ask me something on what I am now speaking about, of course, I yield.

Mr. COPELAND. My question was, Is not this an emergency which is quite unlikely to happen very frequently in the history of our country?

Mr. FESS. Mr. President, the Senator from New York raises a question that I have in mind. All of these remedial efforts, as a rule, are emergent; but the Senator knows that although a matter may be presented at one time as an emergency, when the emergency again arises the same thing will be presented, and in many cases it will be presented if the emergency does not arise but when there is merely a semblance of the emergency; and what was taken as an emergency call and responded to as a matter of emergency relief will become a permanent practice, as the Senator knows has been the case in the past.

Mr. BROOKHART. Mr. President—

THE VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. BROOKHART. Do I understand that the Senator is favorable to the relief of these conditions by local taxation in the cities and States?

Mr. FESS. That is better than relieving them by local taxation. It should be done by voluntary methods rather than by local taxation.

Mr. BROOKHART. But as long as voluntary methods are not sufficient the Senator is in favor of local taxation?

Mr. FESS. Yes.

Mr. COUZENS. Mr. President—

THE VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. FESS. I do.

Mr. COUZENS. I desire to ask the Senator if I understood him correctly as thinking that all of this ought to be done by private contributions to charity?

Mr. FESS. Personally, I favor that method as far as it can be done. If the locality is not served by private contributions, however, I see no objection to the municipality, for example, assessing its own people in the form of local taxation.

Mr. COUZENS. Does the Senator see any reason why one group of citizens who are charitably inclined should assume the responsibility of relieving unemployment on behalf of the "tight wads" who sew up their pocketbooks and contribute nothing to the relief of unemployment?

Mr. FESS. I know that that is the query that comes from a great number of men and women who are sincerely thinking on this problem—whether unless relief is provided by taxation there will not be "tight wads" who will not respond. I think that is so. I regret that it is true; but, that being the case, I do not believe that is a justification yet for the Federal Government taking this step.

Another thing, there are no people in the world who have set the example for local relief like the people of the United States. It is provided not only in our counties but in every county of the Nation, in many of the townships, in most of the cities, and in all of the States. The charitable movements for the care of the welfare of the people are numerous, and they are stupendously important and great. There is not a first-class city in the country that does not have its various city hospitals, supported in part by voluntary contributions and in part by vote of the people of the city in the form of local taxation. There is not a State in the Union that does not have a splendid charitable organization for taking care, for example, of the unfortunate, the incurables, the imbeciles, those who lose their minds. The deaf and the dumb and the blind are taken care of in our State by a system of State education and industrial schools.

There is no movement in the country that is more prominent than local relief as seen in States, counties, and municipalities. I think every county has its home for the poor. Every county in Ohio has. I believe every county in the Nation has; and almost every county in the State has its children's home as a county institution. So I do not think one is justified in the assumption that voluntary contributions are to be ignored simply because some "tight wads" refuse to open up their pockets.

Mr. FRAZIER and Mr. CUTTING addressed the Chair.

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

Mr. FESS. I yield first to the Senator from North Dakota.

Mr. FRAZIER. Mr. President, I simply desire to correct the statement of the Senator in regard to county poorhouses. In the State of North Dakota, so far as I know, there are only 2 counties out of 53 in the State that have county poorhouses; but if these conditions keep on, they probably will all have to have them.

Mr. FESS. Is that due to the fact that you do not have among you the poor?

Mr. FRAZIER. Practically so; yes. It has been so in the past, at least.

Mr. FESS. I assumed that. I should not have made the statement as broad as I did—that these institutions exist in every county.

Mr. NORRIS and Mr. CUTTING addressed the Chair.

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

Mr. FESS. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to suggest to the Senator that in a very brief study I made of the question he is now discussing I found that it had become the practice in a great many localities where they had had county poor farms and poorhouses to dispose of them and take care of their poor in other ways.

Mr. FESS. That is new to me.

Mr. NORRIS. I think the practice of having poor farms—which, I think, as the Senator said, was quite general—is going the other way at the present time.

Mr. FESS. It is universal in Ohio to have these county homes for the poor. I had not had my attention called to the situation of which the Senator speaks. I knew nothing about that. That has not taken place in Ohio, where I am informed.

Mr. CUTTING. Mr. President—

Mr. FESS. I yield to the Senator from New Mexico.

Mr. CUTTING. I realize that we are intruding on the Senator's argument, and I do not want to press my question at the present time.

Mr. FESS. I am glad to yield.

Mr. CUTTING. I merely want to say that the evidence before the Manufactures Committee was overwhelming that the present system of voluntary and local relief had broken down. I hope at some stage in the Senator's argument he will give some constructive alternative which he thinks Congress ought to adopt; or is it the Senator's idea that we shall simply sit with our hands folded and let the unemployed starve to death?

Mr. FESS. Mr. President, I think the Senator from New Mexico is entirely justified in the interruption he has made—that if local relief has broken down, it then becomes a subject for constructive thinking as to what can be done to supplement the local relief.

I think the Senator must realize that if we select our witnesses we can very easily establish the allegation that local relief has entirely broken down. There probably is not a county or a municipality in the country where we could not find people who think that the Federal Government has a duty in this realm, and should come to the rescue; and they would make themselves believe that the local communities have gone as far as they could go, and therefore that this is a function that the General Government must undertake.

I read all of the statements put into the Record by the Senator from Colorado [Mr. COSTIGAN]. A great many of them are from social-service people. These people are the best people we have in any locality. They are people actuated by the finest motives in the world. There is not a bit of doubt that they feel that the Government should do this, and localities should not. There is not the slightest doubt that they would like to have respectability given to their efforts by recognition in the form of Federal appropriations. There is no doubt about it.

The difficulty is, as I sat and listened on another occasion to the testimony dealing with a similar question, and interjected a query that seemed to be somewhat adverse to what the proponents desired, all around me people were whispering audibly, "Well, what is the matter with FESS?" In other words, I was not responding to the emotional demands for Federal relief in a situation in which I did not think the Federal Government was obligated; and at once, amongst the best people in the world, I found ridicule because I did not respond to the call of these social-service people.

Take the cases that the Senator from Wisconsin [Mr. LA FOLLETTE] inserted in the RECORD. I have had them all analyzed, and some of them I analyzed myself. I especially

analyzed the letters from Ohio. I find that in certain cities in Ohio the mayors say, "We need your help. We have broken down. We have gotten to our limit, and we would gladly receive the aid of the Government"; and some of them are quite enthusiastic about receiving it.

For example, there is the city of Alliance, a great industrial city near Canton, Ohio, a city of 25,000 people, where there is a large industrial population. Naturally I would expect that city to ask for Federal relief. But the answer to that question is "no."

When we read the question sent out by the Senator it is very unexpected to find "no" as an answer. Let me read the question:

Do you favor a Federal appropriation to assist the local governments in meeting their emergency relief burdens?

If it stopped there it could easily be answered "yes" or "no," because that admits of an answer "yes" or "no." But that is not the whole question. Here is the other part of it:

And do you feel that such an appropriation would be of aid in providing more adequate relief for the needy or in lessening the burden on local taxpayers?

Who could answer that, "No"?

Of course, a Federal appropriation going to any city would relieve the burden on the local people in proportion to the amount given. So that when we read that query and then read the answers to it, we must decide that they reflect the feeling of the people of the cities to which the inquiry was sent.

Mr. WAGNER. Mr. President, if the Senator were persuaded that the local communities were unable, with both private and public contributions, to cope with the present emergency, would he then favor the intervention of the Federal Government for an appropriation?

Mr. FESS. That is the only basis on which I would favor it. Whether the Senator was in the Chamber or not I did not notice, but I stated that if there were starvation and no method of relief outside of assistance from the Federal Government, I would vote for relief by the Federal Government.

Here is a letter from Ashland. Ashland is a little town about 40 miles south of Cleveland, in a rich agricultural section, and with a high-grade population. To the question I have read Ashland answered "Yes." I do not know whether it is fair to say that the second part of that question compels the "yes" or whether the mayor of that city might have answered categorically "yes" on Federal relief, because I can see that a great number of people, without thinking of the extent to which it would go or where it would lead, thinking only of relief, would answer "yes." But I want Senators to note the two parts to that question and the difficulty of any mayor answering "no."

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. LA FOLLETTE. I would like to suggest to the Senator that there was no implication in the questionnaire that it was necessary for them to answer any question yes or no. There were many questions which could not be answered yes or no. The object was to elicit the opinions of these mayors.

Mr. FESS. I hope the Senator will accept my word that I am not criticizing his method at all. I am calling attention simply to the answers, and trying to indicate that the answers might or might not mean yes.

Mr. LA FOLLETTE. In many instances the Senator will find that the mayors responded with a long paragraph in answer to that question, as in answer to the other six questions.

Mr. FESS. I think the Senator did a real service when he undertook to get a cross section of opinion of the country, and I do not want him to think that I am indulging in criticism. I am trying to analyze the situation, just as he did in his presentation.

The city of Barberton is a suburb of Akron. Akron has had a more phenomenal growth than any other city in the

country, unless it would be Flint, Mich.; Huntington, W. Va.; or some town of that sort. I recall distinctly when Akron was a city of 27,000 inhabitants. It is a city now of nearly 300,000 inhabitants, its growth being due almost entirely to the rubber industry. Barberton is not a part of Akron municipally, but virtually is a part of that city.

I would have supposed that the reply of the mayor of Barberton would have been in the affirmative to the question I have read. Here is an example of a very long answer, an answer occupying nearly a column of the RECORD. It states:

We do not approve of the Federal Government extending any emergency relief to any political subdivision, except in the case of great disaster over which the community has no control.

And so on. In my judgment, that expresses the general feeling of the country at large. I think that feeling is entertained throughout the South, throughout the East, and the West, unless it would be in some of the great centers of population.

When we come to the centers of population, I want to call attention especially to the city of Cleveland, the home of my distinguished colleague [Mr. BULKLEY], who made a very able presentation of his views over the radio the other night, to which I listened, and which I read again last night, and who also presented his position in an admirable manner on the floor of the Senate yesterday.

Cleveland's answer to the question to which I have referred ought to put alarm into the heart of every person who does not want to take an unwise position. This is the answer:

Cleveland's feeling and slogan has always been, "Cleveland will take care of her own." We are certain that this attitude will continue and feel that the ability to do so will continue to exist.

Listen, I want every Member of the Senate to note this significant statement:

However, if any Federal appropriation to assist any local government should be made, Cleveland would, of course, expect to receive its proportionate share.

There is the danger! That is the thing that always exists. "We do not approve of it; but if you are going to do it, we want our share," and in a short time "our share" will be the law of the land. Just as the pensioner says, "I do not believe in this policy; but if you are going into business of distributing bonuses, we want ours." And then, if sufficient pressure can be exerted to start it, they get theirs, and then it ceases to be temporary; it becomes immediately permanent. The largest claim on the tax-burdened peoples of the United States will ultimately come from this fund if we ever enter upon it.

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

Mr. FESS. I yield to my friend from Nebraska.

Mr. NORRIS. Assuming, for the purpose of my question, that relief is necessary; assuming also that the distress is general all over the country; and then assuming that we are going to take care of the starving and suffering people—I think those are three fair assumptions—

Mr. FESS. They are.

Mr. NORRIS. Assuming those things, after all, is not the fairest way of all to bring the relief by taxation which comes from revenues collected from all the people?

Mr. FESS. I do not agree with that.

Mr. NORRIS. The Senator does not agree?

Mr. FESS. No; I do not believe that is sound.

Mr. NORRIS. Then, the Senator certainly means, it seems to me, that a part of the people who, as the Senator from Michigan said, are charitably inclined and are liberal must bear all the burden.

Mr. FESS. Not necessarily. There could be local taxation.

Mr. NORRIS. Then, the Senator would mean, if that is his position, that every place would have to assess itself locally. In other words, the Senator's proposition would mean the establishment of poorhouses everywhere, in every locality?

Mr. FESS. Oh, no.

Mr. NORRIS. And would not the burden be just the same, no matter what method was used, whether the money comes from one source or another, if everybody pays equally?

Mr. FESS. It would not mean more poorhouses. It would mean more effective community organizations to take care of the needy in a locality. I recognize that the Senator from Michigan puts his finger upon one of the objectionable features when he refers to leaving it simply voluntary. I think he is right, that there will be some people who, without the pressure of law, would simply do nothing and would not participate in the general relief. But they could be reached by local taxation, if that seemed necessary, and that is very much better than Federal taxation and the establishment of a permanent bureau to handle this matter.

Mr. NORRIS. Mr. President, let me ask another thing.

Mr. FESS. I yield.

Mr. NORRIS. Many States have gone as far as they can without violating their constitutions, and making higher assessments than they have made.

Mr. FESS. Would not the Senator agree that if there is any local inhibition in the law of a State which forbids it taking care of its own people, the law should be changed, rather than that they should come to the Federal Government for help?

Mr. NORRIS. Very well; in the meantime, the starving people are dying. That is the real objection to that.

Mr. FESS. That is an assumption.

Mr. NORRIS. People can not live a year without eating, and in some cases it would take two or three years to change the law.

Mr. FESS. There is no use for us to quibble over a matter of this sort. There is no doubt that there is not a city in the country which can not take care of its unemployed. Consider the wealth of New York City, for example, the one city about which there is so much talk regarding unemployment. To say that the wealth of that city is not sufficient to take care of their own is an indictment of the city, and there is no basis for it.

Mr. NORRIS. How are they to get at that wealth?

Mr. FESS. It is true that it will require more than the people want to give, but they can not and should not shunt the responsibility that belongs to them on the Federal Government. That is the position I take.

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

Mr. FESS. I yield.

Mr. COUZENS. I would like to ask the Senator whether he does not believe that the owners of real estate generally have stood all the taxes they can bear?

Mr. FESS. If that be true, then we had better reduce taxation by cutting the cost of the city governments.

Mr. COUZENS. That may be true, but I am speaking about the emergency situation, when millions of dollars of taxes have been uncollected, because the property owners can not pay the taxes. Millions of dollars are unpaid because people are out of work and can not even pay the installments on their homes. They can not pay taxes, and the municipalities can not collect any more real-estate taxes. And is it not true that the Federal Government has preempted the field of income taxes and profit taxes, so that these people of great wealth can not be reached?

Mr. FESS. Mr. President, it is true, of course, that the tax rates in the municipalities are so high that it is hardly profitable to own real estate in the cities any more. That is true. But it does not mean that the city or the property owners are so poor that they can not subject themselves to additional taxation to care for their own people.

Mr. COUZENS. They can not pay their taxes. Evidence from every community indicates the large amount of back taxes unpaid.

Mr. FESS. Let me make a comment upon the Senator's observation. His argument will be heard in this Chamber often, and unless some caution is exercised such a principle will become the law within 10 years. The Federal Government is going to be called upon to assist in paying share for share the State taxation in the country. Already bills have been introduced providing that the Federal Govern-

ment shall share in the expense of the education of the people of the States. Bills have been introduced providing that the Federal Government shall share in the building of roads in the States, and I am committed to that idea as long as it is primarily for the Federal Government. Bills have already been introduced providing that the Federal Government shall appropriate to the States in proportion to their rural population for the educational needs of the State. Such a bill as that has been introduced providing that the expenses of rural education in the States should be participated in by a pro rata payment from Federal funds.

The next step will be on the basis that the States are suffering from a rate of taxation that they can not endure, and the Federal Government will be called upon to assist each State in the payment of its taxes. Such a measure as that no doubt will be introduced in this body and become a law before 10 years more shall have passed.

Mr. LA FOLLETTE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield; and if so, to whom?

Mr. FESS. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I wish to draw the Senator's attention to the testimony of Mr. Raymond Clapp, director of the Welfare Federation of Cleveland, in connection with the Senator's statement that it is possible for the cities, the city of Cleveland in particular, with the wealth which resides in the city, to raise sufficient funds to meet the unemployment relief burden. I invite the Senator's attention to the fact that on two different occasions in his testimony Mr. Clapp expressed the definite opinion that it would be impossible, in view of the extraordinary generosity which has already been shown on the part of private contributors in Cleveland, to secure any large additional sums to make up the deficit which he finds in the relief funds in that city.

Mr. FESS. I will say to my friend from Wisconsin that I had stated that there is no doubt that we could find testimony to that effect in every city of the United States. Whether it is because they prefer to have the assistance of the Federal Government rather than to be compelled to look after the local contributions, in every city of the Nation there will be people calling for Federal appropriations on the basis that local needs could not be cared for by local contributions.

Mr. LA FOLLETTE. In justice to Mr. Clapp, I would like to point out that he has been for many years associated with the community chest and community fund of Cleveland, and has, of course, relied almost entirely, until this emergency came on, upon private contributions for funds, and therefore is committed to the proposal that the charities in ordinary times shall be maintained by private contributions.

Mr. FESS. That qualifies him as a better witness than the average man.

Mr. REED. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Pennsylvania?

Mr. FESS. I yield.

Mr. REED. The Senator is speaking of the ease with which such testimony can be obtained. I wonder if he recalls the very powerful case that was made to us here only a few weeks ago in behalf of the city of New York, where we were told that if we did not come to the aid of the city of New York within a week, she would be absolutely bankrupt, because she could not raise the money to meet her impending maturities.

Mr. FESS. I recall it very vividly.

Mr. REED. And we refused to do it, although a tremendously appealing case was made to us, and within the same week New Yorkers put their house in order and took care of their own needs at home.

Mr. BULKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield to his colleague?

Mr. FESS. I yield.

Mr. BULKLEY. I want to invite the Senator's attention to the fact that Mr. Clapp does not appear primarily as an

advocate of Federal aid. I understand that he is in favor of local responsibility. What he was testifying to before the committee was simply a statement of facts with respect to the difficulty of raising money in the city of Cleveland. I want to call attention clearly to the fact that since that testimony was given, it has been decided not to have another community-fund drive this spring in Cleveland, it being regarded as not a practicable thing to do. The needs of the city of Cleveland are even greater than was testified to by Mr. Clapp.

Mr. FESS. Mr. President, my colleague knows very well that there will be no further community drives in any city if there is any promise of the Federal Government doing the thing the cities ought to do. If the Federal Government causes it to be clearly understood that it is not going into that field, there will be no question about the money to take care of the needs of the people of Cleveland, because that city would not tolerate a failure to meet its responsibility in such a case.

Mr. VANDENBERG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. FESS. Certainly.

Mr. VANDENBERG. Upon the precise point which the Senator has just submitted, may I call his attention to the following sentence in a letter from the Secretary of the Chamber of Commerce of St. Joseph, Mich., written this week:

As we see the situation at the moment, it is merely giving local and State welfare organizations an excuse to sit back on the job and let the Federal Government care for the welfare needs.

That is precisely the point the Senator is making.

Mr. FESS. It is perfectly obvious that if there goes out from this Chamber a suggestion that the Federal Government is going into the cities to do what the cities ought to do for themselves, there will not be another dollar collected from the cities. They do not want to undertake the carrying of the burden when it is unnecessary.

Mr. BULKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield to his colleague?

Mr. FESS. I gladly yield.

Mr. BULKLEY. I dislike to interrupt again, but I think I may fairly say in behalf of the city of Cleveland that it is not soliciting Federal aid and that the decision to have no community drive is in no sense influenced by the expectation that this bill is going to pass, because nobody ever expected that it would pass. The situation in Cleveland is a very difficult one, and it has not yet been solved. I am, of course, not saying that it will not be solved, but it has not yet been solved, and its solution is not being held back by any expectation of Federal relief.

Mr. FESS. Mr. President, I do not want to seem to be antagonistic to what my colleague said. The city of Cleveland will not suffer so long as it has in it such men as the Senator on this floor who lives there. I know what I am talking about. It is a burden, but they will take care of the burden rather than let the people suffer.

Mr. WAGNER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from New York?

Mr. FESS. I wish the Senator would let me proceed.

Mr. WAGNER. Does the Senator refuse to yield?

Mr. FESS. Oh, no; I do not refuse to yield. I should like to proceed, but I will yield to the Senator from New York.

Mr. WAGNER. The Senator enumerated a number of instances where the Federal Government had been called upon to aid. Inadvertently he must have overlooked a recent instance to which both he and I are committed, namely, that the Federal Government was asked to help the railroads, the banks, and other financial institutions, to aid in their rehabilitation because of their distressed condition.

Mr. FESS. May I say that that reference calls to mind the matter referred to in the outset of my remarks, the only

thing that has been said in the discussion which is not up to the level of the general debate. The Senator has referred to a phase of the discussion which ought never to have entered this debate, namely, that under the provisions of the Reconstruction Finance Corporation bill we are aiding the railroads and aiding the banks as if it were donations as required by the measure now before us. That is a wholly different proposition in that it is a loan. It is not a gift. It does not mean, when once it is started, that it will be continued unless the payments of interest and principal will justify the aid as a business proposition. That is the only feature of the debate that is below the level upon which it ought to have been kept. To assert that we give to the railroads by that bill aid, but deny it to the poor starving people in this bill is to say something that never ought to have been said in debate of this kind.

Mr. PITTMAN, Mr. WAGNER, and Mr. MCKELLAR addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Ohio yield; and if so, to whom?

Mr. FESS. I must decline to yield to anyone just now.

The PRESIDENT pro tempore. The Senator from Ohio declines to yield.

Mr. FESS. Mr. President, the mayor of Wauseon wrote this letter:

NOVEMBER 28, 1931.

Hon. ROBERT LA FOLLETTE.

DEAR SIR: Received your questionnaire; take great pleasure in answering same. If there were any way possible to furnish work for the men in our locality instead of just giving them eats and clothing, they would be earning their way instead of calling it charity. If you could tell me of any way I could do this, sure would be fine.

Our town is overbonded at this time. I have plenty of work to do if we could float bonds.

Mr. LA FOLLETTE, I sure thank you for thinking of our small towns in a time like this. Anything you can do will be appreciated by us.

Sincerely yours,

GEORGE GEER, Mayor.

I have here the local paper published in Wauseon containing an article headed "\$375,000,000 Congress proposes to dole out in name of charity." Then it speaks of the nationwide drive for relief, and then says:

Thirty-nine Ohio mayors responded to Senator LA FOLLETTE's questionnaire, and of the 39, 19 favored substantial Federal relief and 19 expressed opposition, while 1 was noncommittal.

That is not quite true. There were more in opposition than there were in favor of Federal relief. Then the article continues:

Not only is there a great howl for these millions of dollars from the Federal Government for relief but we are being besieged to call a special session of the legislature that laws may be enacted to raise funds for relief, which means more taxes.

Then the article proceeds:

During the days of wild prosperity we lost our sense of responsibility to the community. At every emergency that arose the cry went up "let the Government do it," whether it was State or Federal, and the Government has been doing it until taxes have become so heavy that they have reached the breaking point. One thing is certain. If the Government spends money, the taxpayers will have to furnish it. Those in need should not be permitted to suffer for the want of the common necessities of life. To supply these is the business of the local community, and the sooner we buckle down to the job and do it the better off will we all be. To care for the poor is the responsibility of the local community, and not the Federal Government, unless a calamity overwhelms us.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. Just a few moments ago the Senator from Ohio made a distinction that is entirely clear to my own mind between the pending bill and the Reconstruction Finance Corporation law. I have received a number of communications characterizing the appropriation under the latter act as a dole. Whatever may be the true and applicable definition of that term, there is, of course, no dole intended in the Reconstruction Finance Corporation act. Losses may occur; they may not occur.

The substitute that has been offered for the pending bill incorporates the same principle as that embraced in the Reconstruction Finance Corporation act. It provides, in the event that there is a threatened immediate breakdown in local relief, and the governor of a State so certifies, that loans may be made to the State for the administration of emergency relief through State agencies.

I inquire of the Senator from Ohio whether, in his opinion, such a provision will not constitute a restraint on future appeals to the Federal Government which may or may not rest on an actual basis of immediate and emergency need? If a State, through its chief executive or its financial board, as the substitute provides, certifies to the Treasury that it can not provide and does not possess the funds or resources essential to meet the requirements of its citizens for immediate and emergency relief, what objection does the Senator find to permitting the Federal Government to extend to such a State the same measure of consideration and relief that is provided to financial institutions through the Reconstruction Finance Corporation?

I think the Senator's argument that the establishing of a precedent of the nature contemplated by this measure is of overshadowing importance, but, in view of the fact that the substitute contemplates that loans shall be made to the States, and made only when the executive authority of the State certifies that there is immediate and unquestionable necessity for it, and when it is provided that, in case a State, for any reason, fails to make provision for repayment within three years from the passage of the act, the advances to the State for emergency relief shall be deducted from allotments to the State under the Federal highway act, I think that the principle for which the Senator is contending has been fairly met.

Mr. FESS. Mr. President—

Mr. ROBINSON of Arkansas. I think I ought to say that since the Senator has taken the floor there has come to me from the President of the Ohio Chamber of Commerce a message setting forth, in brief, the views expressed by the Senator from Ohio. I presume the Senator from Ohio has also received that message. It is signed by Frank G. McMillan, president of the Ohio Chamber of Commerce, and asserts that the State of Ohio is amply able to take care of the requirements of those who are in distressed circumstances, and that the enactment of any measure of the character now contemplated will result in partial paralysis, at least, of the efforts of those who are trying to work out the problem through local assistance.

Mr. FESS. I am not sure that I have received such a telegram as the Senator from Arkansas, but I rather think I have.

Mr. ROBINSON of Arkansas. I pass the telegram to the Senator.

Mr. FESS. Let me say to the Senator from Arkansas that very frankly, without any hesitation, I say that if anything is to be done along the lines that have been suggested by the two proposals, far and away it is preferable to take the substitute, because it does deal with the subject locally. The Federal Government would be rendering the assistance through the medium of loans, and the responsibility of administration would be on the States and not on the Federal Government. That is a virtue of the substitute. If we are to do anything or render any assistance through the Federal Government, it should be by loans, and they should not go to individual cities nor to individuals but should be administered by the State authorities. That is my view if it is necessary for us to render this character of relief.

Mr. ROBINSON of Arkansas. Is it not also true that unless there shall be urgent necessity for it, no State will apply for assistance under the condition that it will repay the amount advanced?

Mr. FESS. I think that element is involved, in that the money has to be paid back. Therefore unnecessary borrowing, so far as the State under its constitution may borrow, would not be undertaken, because the money must be returned at some time. The only point is whether the governor of a State might not, in his extreme sympathy for those

in distress, go beyond what the Senator from Arkansas and I would think it essential for the Government to do. I do not want to be misunderstood. I have spoken to Senators around me and I believe they agree with me that if Federal aid has to be extended to local communities in order to take care of the situation and relieve those who are facing starvation, the substitute offers a legitimate method of accomplishing that end; but I am not convinced we have reached the point where that is imperative.

Mr. ROBINSON of Arkansas. Mr. President, one further statement and then I will not interrupt the Senator again at this time. He has been good enough to yield to me very generously.

I wish to point out to the Senator this fact—and it is a fact, in my humble judgment—that no governor of any State would be prompted to seek Federal assistance when the circumstances, in his opinion, did not exist that made such action urgent and necessary. No governor would be too quick to apply for funds under this bill, because that would imply his recognition of the inability of the State and of its local authorities and agencies to meet obligations which commonly are accepted as resting upon them.

Mr. FESS. Mr. President, I want to discuss briefly the substitute, but not at this moment. I want first to finish with the letters which were sent to the Senator from Wisconsin, and I will finish that portion of my argument now by asking to have inserted in the RECORD, without reading, an analysis of all the letters which were sent to the Senator from Wisconsin. The analysis opens with the last question propounded by the Senator from Wisconsin as to whether the recipient favored the extension of Federal aid. Then, State by State, the replies are listed—those in favor, those opposed, and those that did not take a position or whose position was not certain. Of the entire number 320 mayors of cities or spokesmen for such mayors favored the granting of Federal aid, 369 opposed it, and 86 were noncommittal.

I desire that information inserted in the RECORD as being a fairly safe representation of public opinion. It must be understood that the replies were all from cities where the problem is immediately facing them; they do not come from populations in the rural districts at all; and when we realize that in the cities, large and small, there is a considerable majority opposed to Federal relief being extended, even with the question being asked whether such relief would relieve the local communities, it is very significant.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Without objection, the analysis presented by the Senator from Ohio will be printed in the RECORD.

The analysis referred to is as follows:

Question: Do you favor a Federal appropriation to assist the local governments in meeting their emergency relief burdens, and do you feel that such an appropriation would be of aid in providing more adequate relief for the needy or in lessening the burden on local taxpayers?

Analysis of States on Federal relief

State	In favor	Opposed	Questionable
Alabama	5	5	3
Arizona	0	1	1
Arkansas	3	5	1
California	25	13	11
Colorado	3	2	0
Connecticut	0	8	0
Florida	5	3	4
Georgia	2	5	2
Idaho	4	2	0
Illinois	28	20	4
Indiana	11	16	0
Iowa	3	12	2
Kansas	3	9	2
Kentucky	5	4	1
Louisiana	4	1	0
Maine	4	1	1
Maryland	1	2	0
Massachusetts	14	13	4
Michigan	19	17	2
Minnesota	8	13	5
Mississippi	2	6	0
Missouri	8	10	1
Montana	1	5	0
Nebraska	4	6	1
Nevada	1	0	0
New Hampshire	2	2	1
New Jersey	16	21	4

Analysis of States on Federal relief—Continued

State	In favor	Opposed	Questionable
New Mexico	2	3	0
New York	14	22	8
North Carolina	6	5	2
North Dakota	0	3	1
Ohio	18	21	4
Oregon	2	3	1
Oklahoma	4	6	0
Pennsylvania	35	26	9
Rhode Island	1	1	0
South Carolina	2	7	0
South Dakota	1	3	0
Tennessee	7	4	1
Texas	7	21	1
Utah	4	0	0
Vermont	0	4	0
Virginia	5	7	2
Washington	5	11	0
West Virginia	8	6	0
Wisconsin	12	18	7
Wyoming	1	1	0
Total	320	369	86

Mr. FESS. Now, Mr. President, in reference to the substitute, let me say that I do not think we have reached the point where the remedy proposed is imperative. If it is imperative, if Federal funds should be resorted to, then, in my judgment, they should be distributed through the States and never as gifts, because if Federal funds shall be supplied as a gift, there will be less concern as to how they are administered. So in my opinion if Federal funds are to be provided, they ought to be provided in the form of loans, and they should carry with them the obligation to repay. I think they should be provided at a low rate of interest; I would favor that; but it ought to be specifically understood that the money is advanced as a loan and must be returned. The only difficulty in connection with the substitute, so far as the loan feature is concerned, is that some States are inhibited by their constitutions from borrowing money.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. FESS. I yield.

Mr. PITTMAN. I think that suggestion of the Senator is pertinent, and I think the Senator is correct. It was for that reason that I offered an amendment to the substitute, which was accepted by the proponents of it.

Mr. FESS. I favor the amendment of the Senator from Nevada, and I heard it read, I will say to the Senator.

Mr. PITTMAN. And the amendment places it absolutely within the power of the Federal Government to retain money to the amount of the loan from subsequent appropriations for highway purposes.

Mr. FESS. I think that is a safeguard to the substitute and certainly ought to be adopted. My point, I will say to my friend from Nevada, is that I have not thought we have reached the stage as yet where we ought to take this step.

There is a weakness in the loan feature that I do not think could be corrected, which is due to the limitations on a State loaning its credit; and I understand, for that reason, that it was written as it is. I am not criticizing it, only it does make it possible for a State not to pay back except as the Federal Government may subsequently withhold funds because of the debt that the State may owe it.

There is another feature of the matter that is subject to some criticism, and yet I do not know that that criticism is controlling. It is that these appropriations are not matched in our Federal-aid plan.

Heretofore, whenever we have made provision for Federal aid, we have always required the States to do so and so; but in this case we are not requiring it. There is one danger there. When we appropriate Federal money, the authority of the Federal Government always follows it in its application. In this case it could not do so, and there would be objection to having it done. In other words, it is not the idea of the Federal Government to go into any particular State and determine its school system, or determine its taxing system, or determine its road system. That is left to the State government, and it ought to be. We wrote

all these Federal-aid bills on that basis; but, at the same time, the Federal Government can state the conditions under which the appropriation is made. That is a weakening element in the substitute that I think everybody will observe.

As to the feature of making appropriations for public construction, I am for that. I believe it is sound as a relief measure, but it is open to dangers. Federal construction ought to be limited to that which has a reproductive element. Our aim ought to be not simply to put somebody to work to do a thing that we may not want or may not need, but to limit it to things that have a reproductive element. Otherwise the plan is not sound. I believe that feature ought to be considered very carefully before we expand too much along the lines of that program.

So, stating my view on the subject, if there is to be any Federal aid on the subject we are talking about, the proposal in the substitute is greatly preferable to the other. To me the other is impossible.

With reference to the Senator from Arkansas [Mr. ROBINSON] speaking of the dole, there are any number of people who resent any reference to this legislation as a dole. There is some basis for that if we want to be technical about what a dole means. If we say that only a certain type of Federal aid is a dole, then, of course, any other Federal aid that is not of that type, but that might have the same effect, would not be a dole. To say that it is not a dole, however, is no argument, because it amounts to the same thing. It has the same effect.

For example, I hold in my hand one of the best treatises that has ever been written on the subject, by a great English author, published in London. It is by John Barton Seymour. At the end of the book he gives seven pages of bibliography of authorities consulted in writing this book. He resents the idea that the present British system is a dole. He declares it is a misnomer. He says:

As a matter of fact, no form of the unemployment benefit can justly be called a "dole." This word is defined in the dictionary as meaning "alms or gratuity." The application of such a term to unemployment benefit overlooks the fact that the scheme provides for contributory insurance and that four-fifths of the unemployment fund is supplied by employers and workpeople.

And he denounces the stigma that is applied to the present British system of dole. Everybody knows that it is not a mere technical expression that we are talking about, however; it is the thing itself that we call the dole.

First, the British system was an unemployment-insurance system; and the provision was that two-fifths of the fund should be contributed by the employer, two-fifths by the employee, and one-fifth by the Government. Unfortunately, the law was so written that after so many contributions on the part of an employee he became a beneficiary, and the beneficiaries started to withdraw their funds before a substantial fund was created. Then came the sweep of unemployment, and that fund was immediately exhausted; and the unemployment-insurance system broke down, just as a fire-insurance company breaks down when there is a great fire and all the property in the town insured by that company is destroyed. It breaks the company, just as the unemployment in Great Britain broke down the insurance plan in Great Britain. Note that the obligation of the Government to make a one-fifth contribution while the employer made a two-fifths contribution and the employee made a two-fifths contribution indicated the function of the Government, showing an obligation to the unemployed; and when the fund was exhausted they demanded that the reservoir of the Government's treasury must be resorted to to replenish the fund, and it was done. It always will be done; and the result is to-day that two and a half million people in Great Britain are receiving a dole from the Government treasury, and they can not get rid of it.

Mr. BORAH. Mr. President—

Mr. FESS. Just a moment.

When Ramsay MacDonald, the Prime Minister of Great Britain, announced the necessity of balancing the budget, and stated that as a measure in balancing the budget he recommended a 10 per cent reduction of the dole—mark it, not the elimination of the dole but a 10 per cent reduction

of the dole—he was denounced and read out of his party. Then there took place the most magnificent demonstration of statesmanship and courage that I have ever read about, when several boroughs in England and Scotland solicited Mr. MacDonald to come to their boroughs and stand for election; but he said, "No; I am going back home to my own people, who have read me out of the party, and I am going to make them state whether or not they disapprove of what I am trying to do to save Great Britain."

When he went back, he was elected in his own borough—the most magnificent vindication I have ever known to take place in parliamentary history—and only 55 of over 600 elected members of Parliament came back to oppose him. All the rest stood for the thing he stood for; and his fight was to reduce the dole only 10 per cent. Had it been to eliminate the dole, it would have been an entirely different proposition.

Does the Senator from Idaho wish to interrupt me now?

Mr. BORAH. No; not now, Mr. President.

Mr. FESS. On the question of the dole, I do not care for names. If you do not like to call the contribution from the Federal Government for the purpose of relieving the unemployed a dole, it is simply because under the dictionary definition it is not included in that terminology.

Mr. BORAH. Mr. President, now I do desire to ask the Senator a question.

Mr. FESS. I yield to the Senator from Idaho.

Mr. BORAH. The Senator now has come back to the subject about which I wanted to ask a question a while ago. I have not been in the Chamber all the time the Senator has been speaking. Has the Senator determined in his own mind what is a dole?

Mr. FESS. I am going to do it now.

I hold in my hand the Dictionary of Political Economy, edited by Sir Robert Harry Inglis Palgrave, published in London:

Doles: A dole is defined by Doctor Johnson as "provisions or money distributed in charity," but the ordinary use of the term in modern times implies somewhat more than this. A dole is now generally understood to be opposed to regular or permanent help, and to be comparatively small in amount.

That element of smallness always goes with the term "dole." You say, "just a mere dole," or "doling it out."

Doles figure largely in the charitable bequests of old time. Thus at Oxford, on St. Thomas's Day, there were given away more than 70 such, ranging in value from 18s. 6d. up to £5, and hardly any town or parish in England is without them. Every kind of condition may be attached. They are confined to freemen, to residents in certain parishes, to regular attendants at church, to widows, to spinners, to servants, to young men, to old men, to cripples, and to the blind. The modern spirit, embodied in schemes issued by the charity commissioners, has abolished large numbers of them, but they still survive in places which resist reform. The objections to the dole system are numerous and weighty. "The practice of distributing doles," said Sir George Jessel in the famous Campden case, "should be more honored in the breach than in the observance. There is no doubt that it tends to demoralize the poor and benefit no one" * * * "the extension of doles is simply the extension of mischief." What are the grounds for so sweeping a condemnation? The first principle in administering charity is that it should be adequate to its purpose of relieving distress or reestablishing independence. Neither of these objects is secured by doles. They are not sufficient in amount to meet a crisis, nor continuous enough to provide for old age; in many cases it is expressly forbidden that the same person shall be a recipient on two consecutive occasions.

This is the old definition of a dole. It is to go to certain persons in small amounts, simply to relieve or prevent starvation or want.

When we come to more modern times, what are the results of the system as now pursued? This book was published in 1915, before the modern dole had shown such tremendously bad effects in England.

What are the results of the system pursued in many cases? It is said to demoralize and pauperize. "The poor, qualified by residence in parishes in which endowments exist to receive their benefits, look upon them as a right, apply for them regularly, irrespective of need, and accept them with thanklessness."

Mr. President, that is a terrible indictment, and yet that indictment is true. The first result of entering upon contribution from the Federal Treasury to relieve local situa-

tions of unemployment, whether we call it a dole or not, is to create a disposition in the minds of the recipients which will demand it as a right. They will receive it regularly.

Mr. BORAH. Mr. President—

Mr. FESS. I yield to the Senator from Idaho.

Mr. BORAH. The Senator refers to donations from the Federal Treasury. If the donation were from the State treasury the demoralizing effect would be just as bad, would it not?

Mr. FESS. No; it will not be as bad. It has the same element, but it will eliminate first the waste that is represented by the spread from the Federal Government to the one that receives it.

Mr. BORAH. That is a different proposition; but the effect upon the individual is the same.

Mr. FESS. No; it has not the same effect. To be sure, the element that the Senator has in his mind is in it. If a man takes anything from anybody, whether it be the Senator from Idaho or the county in which he lives or the State in which he lives or the Nation in which he lives, it will have the effect, it is true, of pauperizing him if he receives it as his right and in pursuance of a duty that we have to give it to him.

Mr. BORAH. Mr. President, assuming that there is a community where there is actual suffering and hunger, and where people are sick, and assuming that there must be help given, the Senator would, of course, not contend that there should be no help?

Mr. FESS. No.

Mr. BORAH. That being true, how does it affect the morals of the individual who receives it any differently coming from the Federal Government than coming from the State government? It may be that it costs more by reason of the distance from which it is administered, but I am speaking of the demoralizing and degrading effect of which we hear so much. How does it affect the citizen any more than a contribution from the Federal Government?

Mr. FESS. Mr. President, the Senator certainly sees the difference between a citizen in my town receiving a contribution from the citizens of my town to relieve his situation, and his right to demand of the Government that he be supported whether he is working or not; and that is exactly what will come out of the inauguration of the Federal system of contribution.

Mr. BORAH. Mr. President, the Senator puts into the proposition an element which I have not inserted. I am speaking of a community which is in want, which is in need, which must be taken care of, which is in a condition everybody will concede. Does it have any different effect upon the citizen himself if he is taken care of by the Federal Government than if he is taken care of by the State government?

Mr. FESS. As wide as the poles.

Mr. BORAH. What is the difference?

Mr. FESS. The difference is this, that if a person in a town meets with misfortune, whether it be through disease, or loss of health, or destruction of his property, the good people of the community come to his rescue and give him the necessities of life. That does not make him subservient to them, and he does not take their assistance as a right he can demand of his fellow citizens. But the moment the Federal Government starts to make appropriations coming from the taxes you and I pay to take care of such people, they will come to demand it as their right, and there is a world of difference in the effect on the character of the man who receives it.

Mr. BORAH. Mr. President, a few days ago the Legislature of the State of Illinois passed an act appropriating \$20,000,000 to take care of the needy of the State of Illinois. The money for that purpose will be raised by general taxation, and the taxes will be levied upon all the people of the State of Illinois. The appropriation is made, and the individuals suffering get the benefit. The money is raised by taxation. The State is acting. The State is authorizing the actions which it is necessary to put into effect in order to feed the people. What is the difference between that, so

far as the effect upon the individual is concerned, and the case where the Federal Government extends relief to the needy citizen?

Mr. FESS. The difference is as wide as the poles.

Mr. BORAH. I must say that I can not see it.

Mr. FESS. The Senator from Ohio is not responsible for the inability of the Senator from Idaho to see. Every city has its hospitals. In every hospital there is a provision for people who are not able to pay for an operation or treatment, the provision being made through gratuities of the people.

Mr. BORAH. The Senator is discussing something which I have not raised at all. If the Senator will discuss the proposition which I am submitting now, I think that, with my limited ability, I will still be able to follow him.

Mr. FESS. I doubt it very much.

Mr. BORAH. It may be; I have had some difficulty in understanding the Senator from time to time, but I am earnestly and faithfully trying to understand him.

Mr. FESS. I appreciate that the Senator has tried.

Mr. BORAH. I am speaking of a community which must have help in order to keep the people from starving. The State of Illinois levies a tax upon all its people.

Mr. FESS. The Senator is contending that there is no difference between a city taking care of its own and the Federal Government taking care of the people in the city; that in the one case it would have exactly the same demoralizing influence on a citizen that it would have in the other case. The Senator certainly does not think that.

Mr. BORAH. The Senator is not willing to discuss the proposition which I am putting to him.

Mr. FESS. The Senator from Ohio is willing to discuss any proposition the Senator from Idaho wants to put to him.

Mr. BORAH. The Senator is unwilling to discuss the proposition. When I say the State is levying a tax, the Senator runs off and talks about a city, a neighbor, a hospital which has a general provision for taking care of the needy. What I am asking is, What is the difference on the individual recipient between levying a tax upon the people of the State of Illinois to take care of the hungry through the operation of the State legislature and levying a tax through the operation of the Federal Government to take care of them?

Mr. FESS. Just as much of a difference as the Federal Government differs from the State government. Does the Senator understand that?

Mr. BORAH. No; I do not.

Mr. FESS. Well, the Senator from Ohio is not responsible for the misunderstanding.

Mr. BORAH. The Senator—

Mr. FESS. I do not yield further.

Mr. BORAH. I know the Senator does not want to—

Mr. FESS. The Senator from Ohio does not yield any further.

Mr. BORAH. I know the Senator does not want to yield any further, because he has gotten to a place where he can not yield; he is afraid to yield.

Mr. FESS. Mr. President, we will see whether the Senator from Ohio is afraid to yield.

Mr. BORAH. Very well. Now, tell me—

Mr. FESS. The Senator will please take his seat until I tell him.

Mr. BORAH. No; I will do nothing of the kind.

Mr. FESS. Very well; stand then. I am going to answer the Senator's question.

The Senator wants to know what is the difference between the service of a State to an individual and the service of the Federal Government to an individual.

Mr. BORAH. I did not ask any question of that kind at all. I asked what is the difference in effect upon the character of a citizen—how does it more demoralize or degrade a citizen—to receive money from the Federal Treasury than from the State treasury?

Mr. FESS. When the Senator is ready and takes his seat I will answer him.

Mr. BORAH. If my standing presence disturbs the Senator, I will sit down.

Mr. FESS. The Senator's presence very seriously disturbs me, because he does not wait until I finish my answer.

The Senator wants to know what is the difference in the influence upon the moral character of a citizen if he receives funds from State taxation or receives funds from Federal taxation. Is that the question?

Mr. BORAH. That is the question.

Mr. FESS. The difference is that the citizen receiving funds from the State taxation is nearer to the fountain where local administration is in the hands of the people of whom he is a part and who will understand his situation, and the man who receives funds from the Federal Government is receiving from a bureau operating from Washington, with no contact locally with the individual, and it leads to this conclusion—that he is the subject of charity by the votes of the people who know him, live with him, know his wants, and know how much will satisfy him, as contrasted with a bureau located in the Capitol that knows nothing about him except as his situation is represented to it.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. Mr. President, as I understand, the distinguishing difference is this—that in Illinois, for instance, the taxpayer would know the needy man and the needy man would know the taxpayer because he is closer to him.

Mr. FESS. Yes.

Mr. BORAH. Suppose we consider the substitute which has been offered, and assume that instead of operating this matter from the Federal Government we should loan a State a million dollars, or \$10,000,000, and the State should administer it. Then what would be the difference, in moral effect, between a citizen receiving the money in that way and one receiving it from Washington?

Mr. FESS. The difference would be just the same as I have mentioned. In the second place, under the substitute, the administration of the relief will be by those who have contact with the individual community, while in the case of the Federal Government it will be administered by a bureau.

I know the Senator well enough, I know his mind well enough, I have heard him speak often enough, to know he sees the difference between local relief for people we know and Federal relief administered by a bureau of the Government. The one carries with it something of the heart and soul which go out to relieve the poor. The other is merely a soulless bureau administering a fund which will be voted as a right, demanded as a right, received regularly, and will be demoralizing, as the Senator must know.

Mr. BORAH. Mr. President, I have read, and I think it is correct to say, that in a number of the cities of the United States they are now allowing \$5 per week to a family of three and four. The Senator knows perfectly well that with an income that small such a family would be on the ragged edge of starvation. It is not living; it is sheer existence, and that is all. The Senator knows, furthermore, that when a family is fed in that way, as soon as disease comes in at the door they are utterly unable to resist its attack.

Mr. FESS. Mr. President—

Mr. BORAH. Wait a moment. The Senator knows perfectly well that if that father and mother should receive an additional \$5 from the Federal Government of the United States it would not demoralize them or degrade them; it would cause them to appreciate the great Government under which they live and for which they are willing to give their lives. [Manifestations of applause in the galleries.]

The PRESIDING OFFICER rapped with his gavel.

Mr. FESS. Mr. President, the Senator has inadvertently announced the vicious element in this proposal, too vicious for anyone to contemplate with equanimity. He specifies an amount for a family. He sits in this Chamber, distant from the point, and criticizes as he will when it comes to doling out the Federal contribution. He refuses to permit the people on the ground who are administering the money to say

what is the amount that is necessary to keep the wolf from the door. He immediately makes the Federal dole a football of politics, and every community will demand in its own right the amount it specifies, just as in this city we see people finding fault and saying that they do not receive sufficient gratuities and want a politician who will popularly announce what will bring applause from the gallery, that "We want more than what those on the ground say is what the Government can afford to give."

When you open the way for that populace represented by the people to-day in the gallery to say how much the Federal Government must give to an individual out of the Federal Treasury nobody will be satisfied.

What will satisfy one will not satisfy another; and if the administration of the charity of the Government for the benefit of the needy is put into the hands of politics, that will inject the most vicious element that could creep into it.

The Senator has given expression to the very condition that all of us know will exist in the country.

Mr. LA FOLLETTE. Mr. President—

Mr. FESS. There is no limit to the demands. Men out of work will hold that the Government is responsible. Men out of work will demand that the Government take care of them. Men out of work will say, "It is not my business to find work; it is the Government's business to find work for me." They will say, "The Government owes me a living. It is not a question whether I am seeking work or not, the Government owes it to me."

We have just had a demonstration of what will happen if the floodgates are opened, people breaking out in applause, violating the rules of this body, at the statement that people out in the States should have the right to say how much should be given out of the Federal Treasury. That is the element which the Senator and I do not dare open up here unless we are willing to turn the Treasury inside out for the people who are disappointed and disaffected.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Wisconsin?

Mr. FESS. No; I do not yield.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. FESS. I wish to read a letter at this point. This letter is written from England. It is written by one of the best educators in the world, a graduate of three American colleges, including the University of Chicago, doing post-graduate work in Italy, where the writer has spent every summer for the last 11 years:

Why am I taking the time of a busy man to read a letter? Not a personal reason. From time to time I hear the dole mentioned as a solution of the difficult problems that are now before our legislators, and I venture to send some of the observations I have made in the nine trips I have made to England. My subject, English literature, of course, kept me there more than in other European countries. As a careful student of history and economics, you know that the present condition in England has some political and commercial foundation, but I can not help the strong conviction that the dole has greatly aided in her fall, because I have seen and heard much of the ways in which it has undermined British character. It has made paupers respectable. I have been appalled at the steady deterioration. Without exception, every person I met told me of the difficulty in getting anyone to work. Three years ago, when I was reading in the library of the British Museum, I met every day more people out of work at the gates than I had met in all Italy in four months, and they refuse to do the work that is offered them. There is now in England more work than workers. British people tell me that there is a generation of young men about 25 years old who have never worked a day and who do not expect to do so. They will not go to the colonies, because they refuse to face the work of pioneering. The dole enables them to live, to buy cigarettes and beer, so why change? I can not go into the trickeries by which the system is abused and the Government threatened. Obviously something must be done in the United States to help the unemployed through this hard year. I hope that the suggestion of the dole will be promptly killed. Its effects seem to me woeful beyond any suffering that may come this winter.

There is the statement of an unbiased observer of the operations of federal contributions in the form of a dole to people out of employment. I state again that any system

that makes it as profitable to be out of work as to work should never be entered upon by this or any other country. While the pending bill does not propose to do a thing of that kind, it is the entering wedge; it is the first step which affects not alone to-day but will become fixed as the policy of the Government. Every American that cares for the history of a great country ought to stand adamant against any proposal so demoralizing, so effective in the breakdown of the moral and mental fiber of our citizenship as this would eventually be.

As I said in the beginning, if there must be some movement of this kind, the substitute which has been offered would be far and away better, because it would bring the administration of the law into the hands of the locality which understands the situation. In ministering to the wants of the people we must leave it to the people in the community. It can not be done by a bureau in Washington, for the moment we place it in the hands of such a bureau that moment we have the situation which was voiced by the Senator from Idaho [Mr. BORAH] a moment ago. There will be no satisfaction. It will easily be demanded and people will grow careless whether they work or not, because why should they work if they can be paid as much without work as with work? If we go into the matter of how much it shall be and leave that to the politicians, God help the United States!

Mr. BORAH. Mr. President, it is to be regretted that there is a difference of view between those who have arrived at the conviction that the National Government should aid in taking care of the unemployed as to the manner in which the appropriation should be administered. Before we get through with the legislation and before it is crystallized into law, if it ever is, the real question which will confront us, and with which it will be most difficult to deal, is the question which has just been presented by the Senator from Ohio [Mr. Fess], and that is whether we have arrived at the time when there should be any help upon the part of the National Government. That is the question upon which the success of this legislation depends.

I am not clear as to when that would be, as expressed in the view of the Senator from Ohio. I drew the inference from some remarks he made that there might come a time when the situation would be so serious and so imminent that he would be willing to waive the deep convictions which he entertains in regard to the Federal Government and its duty in the premises. I do not know, either, what the measure of proof would be as to the necessity, but I do believe that the Senator from Ohio is entirely too humane to permit the American people, or any part of them, to die of hunger and starvation rather than to give them any help from the National Government. I think I am correct in that inference, am I not? I am addressing my inquiry to the Senator from Ohio.

Mr. FESS. I beg the Senator's pardon; my attention was diverted.

Mr. BORAH. I understand the Senator does not take the position that he would not feed the hungry if the necessity were shown upon the part of the Federal Government.

Mr. FESS. What does the Senator mean by "the necessity upon the part of the Federal Government"?

Mr. BORAH. Suppose the people were in actual hunger and the local authorities were unable to take care of them—does the Senator still say he would not appropriate money on the part of the Federal Government?

Mr. FESS. If the local authorities are not able to do so; but if the local authorities refuse to do it, that is a different thing.

Mr. BORAH. Suppose, then, that the local authorities are not taking care of them, that they are actually suffering; would the Senator still refuse to appropriate Federal money?

Mr. FESS. I would. I would insist upon the local authorities doing their duty.

Mr. BORAH. Mr. President, we seem to have the philosophy of the Senator from Ohio in all its naked and hideous ugliness. He takes the position that the National Government should not aid the suffering, the needy, the sick, and

the diseased, even though the local government is not taking care of them.

Mr. FESS. And able to do it.

Mr. BORAH. I say that the local government is not taking care of them. Of course, if the Senator says "able to do it," I suppose he would reduce the remainder of the community to the same state of pauperization as the people who are in need. But the Senator takes the position that although there may be need, although there may be hunger, although there may be want and suffering, and though the people are not being taken care of by the local community, the Senator still would not help them.

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

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. Certainly.

Mr. FESS. The Senator from Ohio takes the position that if the local community is able to take care of its poor, the Federal Government should not step in.

Mr. BORAH. Suppose the authorities of the local community have been doing the work for two years and have now reached the point where they are unable to do it longer, would the Senator still say they are able to do so?

Mr. FESS. What does the Senator mean by the local community saying they are not able? Does he mean some body of the local community saying it?

Mr. BORAH. I mean the local community says it has exhausted its resources, its means, that it has taxed itself to the limit and can go no further, and that those authorized to speak for the community, both the city council and the State government, say that they have exhausted every resource; the Senator still would not take care of them?

Mr. FESS. The Senator would send somebody like the Senator from Idaho to make an investigation to see whether their report was correct or not.

Mr. BORAH. In the meantime the sick babies would die, families would disintegrate, disease would take its toll, while an investigation was being made by some one. Investigations have been made; the cruel conclusive facts are here at the call of every Senator.

Mr. FESS. That being done in a civilized community?

Mr. BORAH. I am not so sure about that since I heard the Senator's speech. A civilized community is a community which cares for its hungry and the sick when misfortune overtakes them instead of debating divisions of government.

Mr. President, I confess in the beginning of my remarks that I am voting for measures these days under a sort of duress, a duress superimposed by this unprecedented economic breakdown. The situation is so exceptional, the problem which confronts us is so extraordinary, that we are driven to entertain measures which in ordinary times would have no consideration at the hands of this body. We are dealing with a situation with reference to unemployment precisely in the same way that we have been dealing with the situation with reference to business. We are doing things for which there is no precedent. I venture to say we are doing things for which there is no authority in the Constitution of the United States. We are doing it for the reason and because of the fact that the situation is such that we are compelled to act regardless of precedents and regardless of authority. Self-preservation still remains the supreme law.

A few days ago we passed what is known as the Reconstruction Finance Corporation measure. I do not question now the necessity. I challenge any Senator upon this floor to find the slightest sanction for that measure in any authority that is given to the Congress of the United States. We pass a bill by which we take from the Treasury of the United States a large sum of money, and thereby take from the taxpayers of the United States a large sum of money, for the purpose of taking care of the private business of private corporations.

Mr. SMOOT. It has to be returned.

Mr. BORAH. The Senator from Utah says it has to be returned. That depends entirely upon what the future has

in store in the way of recovery from this depression. It may be that not a dollar of it will be returned; we do not know; but whether it is returned or not, I challenge the Senator from Ohio to tell me by what authority under the Constitution of the United States we tax all the people of the United States for the business benefit of a few, whether it takes the form of a loan or open donation.

Mr. FESS. The Senator from Ohio will answer that the Government can issue bonds and make its loans for any purpose within the purview of the general welfare.

Mr. BORAH. Then the Senator from Ohio takes the position that it is not for the general welfare to keep men and women and children from starving to death in the United States?

Mr. FESS. No; the Senator from Ohio takes the position that if the Government is spending money, it should be in the form of loans, and the Senator from Idaho can not distort the application of the Reconstruction Finance Corporation measure into a parity with the proposal which he is now espousing.

Mr. BORAH. We have no more authority under the Constitution of the United States to take money from the Treasury and issue bonds in the hope that it may be returned than we have to make the direct appropriation itself. The issue of bonds does not change the constitutional question.

Mr. FESS. Why does not the Senator from Idaho resist the matter and take it to the courts?

Mr. BORAH. I think there is another way to resist it.

Mr. FESS. Not effectively.

Mr. BORAH. I am citing it as a precedent. At any rate I am asking the Senator now by what constitutional authority we appropriate \$500,000,000 for the purpose of reviving and resuscitating frozen securities of private corporations?

Mr. FESS. That is for the general welfare under the general welfare clause of the Constitution.

Mr. BORAH. Now we have come to the place where I had hoped the Senator would come.

Mr. FESS. Then I hope the Senator from Idaho is satisfied.

Mr. BORAH. The only thing we have to determine now with reference to authority to take care of unemployment is, is it for the general welfare of the United States? That is all.

Mr. FESS. It is not for the general welfare to build up a demand as expressed by the beneficiaries of this kind of a law that will destroy every fiber of the Government of the United States.

Mr. BORAH. The Senator from Ohio says that if we establish the precedent of taking money from the Treasury to feed the hungry, the evil consequences which flow from it will be very great, but he has helped to establish the precedent of taking from the Treasury of the United States money gathered from the whole people to take care of private business. I ask what evil consequences does he expect to flow from that action?

Mr. FESS. None. That money is loaned and will be returned, and the Government has the authority to do that. The Senator, however, proposes to give the money outright, never to be repaid, and to create a situation from which we shall never be able to extricate ourselves.

Mr. BORAH. Mr. President, the Government of the United States has no authority in the world to negotiate private loans for the benefit of private corporations; there is not the slightest authority for it. The Senator can not find any authority for the Reconstruction Finance Corporation law except in the law of dictatorship and of Soviet Russia.

Mr. FESS. That ought to be pleasing to the Senator.

Mr. BORAH. I would rather be there and not play the hypocrite than to be here and do so.

Mr. FESS. The way is open.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. NORRIS. Will the Senator from Idaho permit me to call his attention to still another thing that the Senator from Ohio advocated? In order to take care of suffering and starving people, the Senator from Ohio is ready to loan money to the banks and railroads and insurance companies and other corporations, and he justifies it on the ground that it is going to be repaid. So the net result of his philosophy is to take care of those who are able to give security and to let those starve who do not have any property upon which to give security.

Mr. BORAH. Mr. President, I recognize the fact that in dealing with the business situation, perhaps, it was necessary for the Government to do something; I am not complaining of the measure which was enacted; if it shall bring any relief I shall be glad to know it. However, what I am complaining of is that men who voted to take money out of the Treasury of the United States to revive private business are now unwilling to take money out of the Treasury of the United States to preserve human life when we know it to be imperiled. I say there is a philosophy there which is materialism on one side and humanity on the other. I contend that this Government of ours, the Federal Government included, was created to take care of its citizens when in distress, whether they have a dollar or not, and simply because people to whom we would loan money have left sufficient frozen securities to satisfy us that they can repay does not meet the contention at all. We owed a duty to them, the business men, we will say, but we certainly owe a duty to the 7,000,000 or 8,000,000 people who, through no fault of their own, have reached a point where they are on the verge of starvation. Like business they must have help.

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

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. I do.

Mr. FESS. The Senator from Idaho is proposing to change the whole theory of government. Heretofore we have always supposed that the people should support the Government, but the Senator from Idaho is turning it about so that the Government must support the people.

Mr. BORAH. Mr. President, there was a time when the governmental philosophy prevailed that the Government should never favor the people or support the people or aid the people, but that the people should always support the Government. However, that passed away with the American Revolution. We lodged governmental powers in the people of the United States. This is their Government. It was made for them. They defend it upon the field of battle; they give their lives for it; and when distress comes the Government owes something to the people.

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

Mr. BORAH. Yes.

Mr. FESS. All that the Government should do, and all that it has ever attempted to do, is to preserve the liberty and keep open opportunity of the citizens under its flag to make the most out of their lives. The Government was never intended to be the almoner, to bestow gifts and gratuities upon individuals. The Government is organized and conducted to protect individuals in their rights, and not to support them. Individuals ought to support the Government instead of the Government supporting individuals.

Mr. BORAH. If the individuals are to support the Government—

Mr. FESS. Certainly.

Mr. BORAH. Why did not the Senator say to the banks and corporations of the United States who were on the verge of failure, "Go back home; resuscitate your own frozen assets; take care of your own private business; this Government was not made to support the people; indeed not, but the Government was created to be supported by the people. Therefore, you bankers and corporate interests go back home and take care of your own business; this is a private affair; this is an individual affair." Why did not the Senator say that to them?

Mr. FESS. Because that does not cover the subject. The Government can make loans to—

Mr. BORAH. I say the Government can not make loans for private purposes to private individuals.

Mr. FESS. The Government does not attempt to do such a thing. The Government makes loans to enable other agencies to employ American labor and to invest American capital, but the Government never did make loans to individuals. The Senator wants to make loans to individuals. We have always avoided putting the Government into the banking business, but when the Government supplies funds to resuscitate the employers of labor, it is doing so not merely in the interest of the particular industrial organization but it is doing so for the purpose of securing employment for labor that otherwise might be out of employment. In doing that the Government has a function to keep open the opportunity for labor to be employed.

Mr. BORAH. Mr. President, the Senator has just said that loans were made and appropriations were made to enable corporations to employ citizens.

Mr. FESS. To employ labor.

Mr. BORAH. To employ labor. Then the Senator does believe that the Government of the United States should move to enable the people out of employment to be employed?

Mr. FESS. Certainly; but that is a different problem from that on which the Senator is speaking.

Mr. BORAH. Suppose the Senator finds a group of people—we have about 8,000,000 now out of employment—suppose he finds a group of 4,000,000 people who can not find employment, for whom there is no work, who are as good citizens as ever trod the soil of the United States, who are out of work and can not find it—what would the Senator do with them?

Mr. FESS. The Senator from Ohio would have the Government, to the limit of its ability, make it possible for those people to be employed. If it can not do so, then the people amongst whom the suffering ones live ought to be sufficiently humanitarian to see that they can bridge over the period of unemployment. The Government itself tries to give employment in a limited way in construction and reconstruction work, but that is as far as it can go. The Senator, however, wants the Government to step in and take care of people who are not employed by donations of money from its Treasury.

Mr. BORAH. Mr. President, what I am contending for is to place the individual human being upon the same level with the corporations and banks and railroads of the United States; nothing more.

Mr. FESS. Then the Senator would loan to every human being who wants money?

Mr. BORAH. I will venture to say that 90 per cent of the people who are out of employment to-day would be perfectly willing to give the United States Government a guaranty that they will pay back every cent loaned. They abhor charity.

Mr. FESS. And the Senator would make the loan?

Mr. BORAH. I would. I would feed them in any way practical.

Mr. FESS. There is where the Senator and I differ.

Mr. BORAH. I would save human life.

Mr. President, as I understand, it is generally admitted that there may come a time when the Government of the United States will have to help. The President in his message of February 3, 1931, said:

I am willing to pledge myself that if the time should ever come that the voluntary agencies of the country, together with the local and State governments, are unable to find resources with which to prevent hunger and suffering in my country, I will ask the aid of every resource of the Federal Government, because I would no more see starvation amongst our countrymen than would any Senator or Congressman. I have the faith of the American people that such a day will not come.

Mr. President, according to the President's view at that time—and I have no doubt the President's view at this time—if the time comes when local authorities are unable to take care of the situation, the President is in favor of the

Federal Government assisting. It is purely a question of fact and a question of policy.

Mr. FESS. Mr. President, I have no right to speak for the President, because I do not know what his view is, but I assume that he would not take the position that the Federal Government should render assistance directly to the individual; but, on the other hand, he would more likely have assistance rendered through the States. I know nothing about what he would say, but that would be my opinion.

Mr. BORAH. Then, if the Senator does not know anything about it, it is not worth while to stop to discuss it.

Mr. FESS. No.

Mr. BORAH. I am speaking now of what the President himself said:

I am willing to pledge myself that if the time should ever come that the voluntary agencies of the country, together with the local and State governments, are unable to find resources with which to prevent hunger and suffering in my country I will ask the aid of every resource of the Federal Government.

Mr. President, I think that is sound doctrine; I think it is a humanitarian doctrine; I think it is a doctrine which we could all afford to accept and live up to; and I think it is a doctrine which will preserve every scintilla of the principles which the Senator from Ohio advocates which he ought to retain—he has some which he ought to get rid of.

Mr. President, the question, then, is, What is the situation in this country? From the President down, all agree, with the exception of the Senator from Ohio, that if hungry people are amongst us who are not being taken care of, the Federal Government should take care of them. This leaves the sole question, one of fact—is there necessity? I contend there is great necessity.

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

Mr. BORAH. Yes.

Mr. BARKLEY. How would the Senator and how would any of us determine whether the time had arrived described in the President's message? Would the Senator place upon the Federal Government the duty to ascertain the localities wherein that suffocation existed, or would he place the burden upon the authorities of the local communities to advise the Federal Government as a matter of initiative that that time had arrived?

Mr. BORAH. I do not know what the President had in mind as to arriving at a conclusion. What I was going to undertake to say was that the evidence is ample, it is overwhelming, that the time has arrived when, as the President said, if there is suffering and hunger, we should take care of it. That time has arrived, according to the facts, which can not be disputed and which have not been disputed. If that is true, Mr. President, we are here advocating precisely what the President announced as a doctrine in 1931. I am willing to rest my case on the facts.

Let me call attention to a statement by one of the most distinguished social workers in the United States, a man who has devoted practically his life to suffering humanity, who is asking no favor from the Government and does not need to, who was in this work long before the present depression came upon us, and who studied the subject when unemployment was a disease of our industrial system and also after the depression. He says:

For 130 of these 144 cities we have data comparable with last year, which show an increase of 14.3 per cent in funds raised. This and presumably far more than this is for relief purposes. Yet relief demands in every American city show an increase quite out of proportion to this gain. Philadelphia's relief expenditures during September of this year were 404 per cent above September, 1930. Chicago's 267 per cent, New York's 125 per cent, Cleveland's 134 per cent, St. Louis's 214 per cent.

We have in those cities an increase of donations or an increase of privately contributed support of 14, 20, or 25 per cent; we have an increase in the demands for relief of from 125 to 404 per cent. The Senator from Ohio knows what that means to thousands and thousands of American citizens. He knows that they are living without sufficient food, without sufficient clothing; he knows that when they are sick they lack sufficient administration from those who

could take care of them. We can take those cold figures alone and determine for ourselves whether countless thousands and even millions of American citizens are being properly clothed, fed, and taken care of.

But let me read further from his statement:

The minimum relief accorded a family of five by the family society of the Federation of Jewish Charities is \$21.97.

Ordinarily they allow these families of five \$21.97 per week. What kind of a living do you think that is? It is just about all they can do to get by upon that amount; and that has been the minimum which these societies had been allowing for years before this depression came. It was found to be the least upon which they could preserve life and possibly health. What is the situation now?

The minimum relief accorded a family of five by the family society of the Federation of Jewish Charities is \$21.97, divided as follows: Food, \$9.25; lunches, 60 cents; rent, \$5.77 (\$25 per month; 5-room house); light and cooking, 69 cents; clothing, \$2.92; household supplies, 35 cents; car fare, 90 cents; incidentals, 64 cents; coal, 85 cents (on a weekly basis throughout the year).

Then he says:

This is not guesswork; it is based on the most vigorous studies of what is needed to keep body and soul together; to keep health from being impaired; to conserve what we do not want to see broken down in family life. The relief available and distributed by our emergency unemployment relief committee, which now has under its care 35,000 families, is so far under this standard of adequacy as to be self-evident. It has amounted to \$5 per week for a family of five, for food only. No provision is made for any of the other items in the above schedule, with the exception of milk, which is granted only when necessary.

Witness after witness went before the committee and stated these facts.

I do not think it is the province of the National Government to wait until people are actually dying. I do not think it is humane to undermine the health and the physical stamina of these children and cripple them for life before the National Government acts. I think that when a condition has been reached such as has been indicated here, where the local communities and the States have been taking care of the situation for two years, and where now the best they can do is to allow \$5 a week, every plea that humanity could possibly urge is now asking for some help from the Federal Government.

I take the position that the Federal Government is just as much interested in its people, in their health, their development, their mentality, and their morals as the State government itself; and when the time comes that these are being undermined or being destroyed, it is the duty of the Federal Government to assist.

The Senator from Ohio spent considerable time on the subject of the dole. He left the floor without defining the dole. Nobody has been able or willing to define the dole. Even in England they disagree as to what is a dole. There is no proposal here to provide for unemployment insurance. There is no proposal here to pay a stated sum to individuals, regardless of whether or not they are in actual need. There is nothing proposed in the nature of a dole such as they have in England. We are doing precisely the same thing that is being done by the State of Illinois, the State of Pennsylvania, the State of New York, and other States. We are simply undertaking to take care of a crisis which has been superimposed by conditions which are under the control of no one, and therefore leave thousands and millions of our citizens unable to take care of themselves.

There is not the semblance of a dole here. If it be true that that is a dole, then the State of Illinois is paying a dole, and has been for a year and a half. The State of Pennsylvania is paying a dole, and other States are paying doles. So far as the dole is involved, there is no difference between a contribution which comes from the Federal Government and a contribution which comes from the State government. There may be, as a matter of policy, reasons why the Federal Government should wait until the State governments have done their best. I agree with that as a matter of policy; but so far as the definition of a dole is involved, a payment is just as much a dole when it comes

from the State of Illinois as when it comes from the Federal Government. It is a mere question of policy as to when it is wise for us to act.

I grant that if the local authorities are able to take care of this situation, if the State governments are able to take care of it, the counties and the cities, I do not want the Federal Government to appropriate; but I am convinced that there is widespread and terrible suffering in this country. In some places the situation is beyond description. Thousands and millions of homes in this country, formerly owned but now only occupied by good American citizens, have not had a day free from care and actual want for from 18 months to 2 years. Disease is now visiting those homes and taking away the children by reason of the undermined physical condition of those children. I am not willing, out of a superstitious regard for the responsibility of local government and the responsibility of national government, to refuse to do my duty to humanity.

When the actual crisis is here, where there is hunger, and local authorities are unable to cope with the problem, that distinction has no more to do with the situation than social precedence would have upon a sinking ship at sea. I ask my friend from Ohio to bear in mind that this is not a local condition. This unemployment comes from national causes, from an international situation, from international conditions, and from national conditions. It has been superimposed upon the working people of the United States through forces over which they had no control. In my opinion, the evidence shows beyond a question that it has pushed many of the people of the United States to a point where they actually are being depleted in physical and moral stamina, in health, and in character.

The Senator from Ohio is greatly disturbed for fear American citizens will come to like the dole, and refuse to work. He said what to me is a most startling thing coming from the Senator from Ohio, the chairman of the committee of the Republican Party, and that is that the American people can not be fed when hungry because, if we do feed them, it will undermine the character of the people so that they will not go back to work when they have an opportunity to do so.

With all due respect to the Senator from Ohio, I denounce that as a slander upon the American people—a self-reliant self-helping people. Ninety per cent of these people would return to work to-morrow, scorn our charity, and refuse our gifts if we would give them an opportunity to work. Because they are down, because they are in trouble and in misfortune, it does not become a Senator in the Senate of the United States to say that we dare not feed the hungry, lest it undermine character.

The Senator refers to Great Britain. I wish the Senator or some one else would tell me what he would have done had he had 2,500,000 men out of employment in Great Britain. Would he have fed them? There is no State government there behind which to hide. Would the Senator have let them die?

What would have been the result in Great Britain? Lloyd George and other public men said that it was either a question of feeding or revolution. Great Britain, true to the British character, and with the background of British history, took care of her people. It was the humane, also the wise thing to do.

It is said that they granted a dole. When their depression came, they had a system of unemployment insurance. Of course that system broke down, as great corporations in this country are breaking down; but then the Government came in and undertook to feed these people. It could not do anything else. Great Britain is in a serious condition now; but she would have been in an infinitely worse condition had she said, "Let these people die."

Mr. President, this is a practical proposition. Theory disappears when people are hungry. We may call it a dole, but they call it something to eat; and it is immaterial what we call it so long as life is preserved.

I am interested in preserving the lives of these people. We may call it a dole, or call it what we will, it does not

change the actual fact, and that is that the great Government of the United States is undertaking to see that its own people do not starve.

I know that it is often said, and we read, that unemployment conditions in this country have been greatly exaggerated. Let us not delude ourselves. Nothing will be gained by refusing to see things as they are. Nothing will be gained by refusing to deal with realities.

I have read almost in full the hearings taken before the committee of which the able Senator from Wisconsin [Mr. LA FOLLETTE] is chairman. That committee did a fine and helpful thing in bringing out the real facts. If anyone thinks conditions have been exaggerated, let him read these hearings. Let him acquaint himself with the facts stated by men and women who are devoting their lives to suffering humanity. I do not believe he can help being convinced that the condition is just as serious as it can possibly be, that thousands of lives are in the balance.

I do not believe conditions have been exaggerated. I do not believe conditions could well be exaggerated. I sometimes doubt if the Great War itself, with all its suffering and sacrifices, entailed greater misery, more agony of heart and mind, than these long, fateful days in the aftermath of war.

It is true that the great armies of Europe left in their wake the maimed and the dead; but who can paint the picture of the desolation and ruin, the blasted hopes and broken lives, behind this great army of the unemployed—an army now 8,000,000 strong in our own country, perhaps 20,000,000 strong in other countries; an army which has its recruiting stations in almost every country under the sun?

No, my friends; conditions have not been exaggerated. The human brain never coined terms sufficient to paint the picture as it is, much less to exaggerate it. With millions of men and women asking for bread, asking for work, compelled to live upon charity, praying that these lean days may have an end, clinging to hopes which often fade with the night, there is, there can be, no exaggeration. The human tongue is inadequate to the task.

In the face of these appalling conditions, what shall we do? What must we do? If the situation has gone beyond the control of the local authorities—and I believe it has—we have no alternative. We must assist as intelligently and economically as we may, but we must assist. We can not permit men and women and children to go hungry. If a precedent is wanted, we will make a precedent. We do not stop in these days for want of a precedent. We no longer respect tradition in matters of legislation. To repeat what I have already indicated, if you tell me by what authority you take money out of the Treasury of the United States to rescue and revive frozen securities of a private bank or a private corporation, I will tell you by what authority we may take money from the Treasury of the United States to rescue from the clutches of disease and death freezing children. If you want to speculate upon the evils which may flow from giving aid to the hungry, may I ask: Did we speculate upon the evils which may spring from a precedent to rehabilitate private business from the Federal Treasury? If you say it is unconstitutional tyranny to take from one group of citizens through the power of taxation and turn it over to another group of citizens through the power of appropriation, I ask you: What kind of constitutional tyranny is it by which you tax the whole people to rescue the business of a few people? If you say that in dealing with these business matters we did so because we had reached a national crisis, my answer is that when 8,000,000 people are unemployed, when millions go hungry because local authorities are unable to feed them, we have reached not only a national crisis but a national calamity. I do not mention these things in the way of criticism, but rather to accentuate the proposition that we have reached the point in dealing with this question of unemployment and in feeding the hungry where we must do what we did in the business world—determine what it is necessary to do and do it.

When millions are in distress there is no time to divide legal heirs between the north and northwest side, no time

to speculate about whether it may work injuriously to the character of the citizen. Let us first save the citizen, save life, and we will meet the future with its problems when it arrives. I am not inveighing against the Federal Treasury trying to save business in a supreme crisis. But I grow impatient with those who have run counter to all precedents, to all traditions, to all constitutional sanctions to save business, but tremble with patriotic wrath and grow indignantly constitutional when help is sought for those upon whom the whole fabric of our civilization rests. We have reached the point, it seems to me, when we must determine what are the needs of our unfortunate people; and having determined their needs, we must go forward and administer to them as best we may. Business was in distress. It called for help. It said it was not able to take care of the situation itself. The Government of the United States stepped in and loaned it its credit, appropriated money, and took care of it because it was in distress.

Now 8,000,000 people are unemployed; they are in distress; the local authorities are not taking care of them; they have done bravely, but it has become a national problem, a national question; and the National Government, as in the business matter, should step in and take hold and assist in taking care of those people.

Mr. WHEELER. Mr. President, I send to the desk and ask to have read an editorial from the Dayton (Ohio) Daily News from the pen of Walter L. Locke, an editorial writer, who, I understand, is the editor of one of the papers of Mr. Cox, former Governor of Ohio.

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

The Chief Clerk read as follows:

[An editorial from the Dayton (Ohio) Daily News, from the pen of Walter L. Locke, editorial writer]

BUSINESS RELIEF

The Reconstruction Finance Corporation bill—business relief—has gone to the President and received his instant signature. Within six weeks of the presentation of this measure of business relief, Congress has passed and the President has signed it while the entire country looks on and applauds.

This measure puts an injection of half a billion dollars of Government money and a billion and a half more of Government-guaranteed credit into the arteries of business. Banks and insurance companies with frozen assets will find blowing over them the warm breath of Government credit and Government cash. Hard-pressed railroads will receive Government aid. Frozen real-estate securities will be thawed in what is to be essentially a Government mortgage market. With this help of legislation, of Government, prices are expected to start upward—the prices of commodities, of bonds, of lands, of stocks. The Government's measure may not succeed in all this, but the country hopes it will and approves the effort. If it succeeds, the depression is in hand.

Now, while we view so admiringly the strong action which, with big and little business insisting and consenting, the Government takes, let us pause for a little smile at ourself. The smile may best be introduced by a remark which that wild "radical," Senator GEORGE W. NORRIS, of Nebraska, dropped in casting his vote against the measure now a law. Senator NORRIS said:

"I have been called a socialist, a Bolshevik, a communist, and a lot of other terms of a similar nature, but in the wildest flights of my imagination I never thought of such a thing as putting the Government into business as far as this bill would put it."

The words of the insurgent Nebraskan are true. He got himself written down a radical for insisting that the Government operate a little power plant which it owns at Muscle Shoals. He has variously favored public operation of a public utility here and there. But put the Government in control, through a control of money and credit, of all the business of the United States—such a thing as that the Nebraska radical, now a conservative protesting against the radicalism of his stalwart associates in Congress, never dreamed of. This is what has just been done.

We had to do it. The country was in a jam. Only the Government, it seems, can break the jam. And so, under the leadership of the President who vetoed Senator NORRIS's Muscle Shoals bill as a violation of "rugged individualism," individualism is laid on the shelf and the most completely communistic measure ever adopted in time of peace passes hurrahing into law. It's all right. We had to do it. But as we do it, let's smile at ourselves; it will keep us sane. Let's smile at our "rugged individualism," at our insistent demand that the Government keep out of business; and especially, as we set out now by law to increase the price of everything, let us smile at our old opposition to "price fixing." And as we smile, can we complain if over at Moscow, which we refuse to recognize because of its socialism, there are a few smiles more?

Smiling at ourselves, we can see why the farmers smile, the farmers we so sternly rebuked with vetoes, Mr. Coolidge's at Mr. Hoover's advice, for wanting to be helped by law. Remember how long we stood out against the sinking farmers—12 years. And

when it was ourselves struggling in the water, how long was Government relief in coming? Six weeks! Oh, there's very much to smile about in this connection; and, finally, when any of us hereafter in horror cry socialism at anything it will be more than a smile, it will be a snicker.

Mr. NORRIS. Mr. President, as I understand it, the pending amendment is the substitute which has been offered?

The VICE PRESIDENT. The Chair may state that the amendments first to be considered are the committee amendments to the original text. The text must be perfected before an amendment is proposed as a substitute.

Mr. NORRIS. I am going to offer an amendment, action on which will take precedence over the vote on the substitute. I want to offer an amendment to the original text. I will offer it, have it printed, and ask that it lie on the table.

So that Senators may understand the amendment I am about to offer, I would like to state that I have taken out of the so-called substitute the provision for a road-building program, and I am offering that provision as an amendment to the text of the pending bill. If adopted, it will necessitate some slight changes in verbiage, which will be easy to make after its adoption, if it shall be adopted. I ask that it be printed and lie on the table.

The VICE PRESIDENT. The proposed amendment will be printed and lie on the table.

Mr. BROOKHART. Mr. President, I hesitate to put an anticlimax upon this discussion, but there are a few basic facts which I think should be made of record before the vote upon the pending bill is taken.

In the first place, the Senator from Ohio (Mr. FESS) has drawn the untenable distinction that it is all right for the States to levy taxes for the relief of the starving and the unemployed, but that it is wrong for the National Government to do the same thing unless the States are unable entirely to handle it. I want to call attention to the difference between taxation by the States and taxation by the National Government. I want the record to show who is taxed in the two instances.

Under the State government the tax is upon the property of all the people, and upon the incomes, sometimes, of about all the people. But who is taxed by the National Government? Fourteen per cent of our taxes are levied under tariffs. There are some excise taxes upon tobacco and things of that kind, but most of the taxes are the corporation and the individual income taxes. Those taxes are paid by about two and one-half million people in the United States.

Mr. NORRIS. Mr. President, will not the Senator give us the percentage of the total Federal taxes paid in the way of income and corporation taxes?

Mr. BROOKHART. It is about two-thirds, as I recollect it. About two and one-half million people are paying taxes, and out of that number there are not over 1,000,000 who are paying any substantial sum. The other million and a half pay very small amounts into the National Treasury. So, when the Senator from Ohio speaks of protecting taxpayers in the appropriation of this money for the relief of the unemployed, he is talking about protecting in the neighborhood of a million people in the United States, and that is all. The other 122,000,000 are not considered.

Let us see who those million people are. Have they received any dole from the Government of the United States? Yes. We just appropriated this \$2,000,000,000 dole, five hundred million of it to be paid at once and fifteen hundred million more to come along as they demand it, for loans mainly to railroads and banks.

Is that all the dole we have given to this million people by the laws of our country? No. In the first place, we have turned most of the business of this country over to that same million people through the interstate commerce laws. Before the war 85 per cent of the railroad business of the United States was interstate, and since the railroad legislation enacted there was an increase in the average freight haul from about 275 miles to 317 miles, so probably there is a bigger percentage to-day than there was before the war. That probably is an index of the business of the whole coun-

try. These million people, who take these gigantic incomes from the people of the country, do it, in large part, through the favors given to them by our interstate commerce laws, our railroad laws, and our other laws.

Is that all the dole we have paid to these million people who pay income taxes into the Federal Treasury? No. We have given them a tariff dole. We have levied tariffs for their protection, and we have raised the prices of our protected industry products by four or five billion dollars a year, a dole which the American people must pay to them, and which results in the big profits which are the basis of their incomes.

Those are not all the doles, either. Those people are constantly coming to the Government of the United States for aid and protection. The railroads came in and got their bill for 5½ per cent return upon their property investment, with seven billions and more of water in that investment.

All the time, when these million Federal taxpayers have spoken, and when they have asked for aid and assistance from the Government they have received it. But when we speak of the common people, when we speak of those who are unemployed, then it is a mysterious crime to appropriate anything from the Federal Treasury, because these same million big income taxpayers, taking the profits of practically the whole country, will have to pay for that support of the starving people.

Mr. President, in 1930, a year of depression, the National Industrial Conference Board found that we had a national income of \$71,000,000,000. It was not much less in 1931, but I have no estimate for that year. But 1930 it was \$71,000,000,000, which means about \$580 for each man, woman, and child in the United States, or about \$2,900 for each average family of five. In that year of depression, 1930, we had enough national income, if it had been properly distributed under the laws of the country, if it had not been distributed by these special favors and laws which have been granted, so that nobody would need to starve or be underfed or not clothed or not housed. But through favors given in various ways to the great corporations and the great combinations of the country that income was not distributed to all our people and the same corporations discharged their employees to protect their earnings.

Mr. President, big business in the country has public reviews of business conditions in the newspapers, but it has private agencies which advise it of the actual facts. It does not want the country to know exactly what is going on, and so this double source of information is developed. I have here one of the confidential advices as to conditions of American business in 1931, which says:

The most challenging economic statistics of the depression are that, in spite of the fact that production volume and wage payments have gone down together to barely more than half of pre-depression volume, the grand total of interest and dividend payments have been maintained higher than for any year prior to 1929. Even the dividend payments of railroads for this year have exceeded those for 1928 and for any previous year in railroad history.

Mr. President, these million big Federal taxpayers in 1931 collected more interest and more dividends than in any year of our history except 1929. This is the confidential advice on the situation given them by one of their own correspondents, one who is able, I have no doubt, to tell the truth in reference to the situation.

It would be all right to go out into Iowa or into Illinois and levy a tax upon the farmers of those States to relieve the unemployed, according to the principles laid down by the Senator from Ohio [Mr. Fess] to-day, and I presume he is speaking for what we call the "stand-pat" leadership on the Republican side of the Chamber. It would be all right to do that, but to levy a tax upon these incomes of interest and dividends, which in a year of depression are the second greatest in all history, would be an evil proceeding for the Government of the United States.

Mr. President, about three-fourths of the expense of government in this country is local. About three-fourths of the taxes levied are State, municipal, and county taxes.

The Federal Government expense is only about one-fourth of all of them. Therefore the big burden is already upon the local and State governments. I can not subscribe to the theory that the American citizen is not a citizen of the United States as fully as he is a citizen of his town, his county, or his State. He is equally a citizen of all, and the Government of the United States owes him the same consideration as do those other governments.

The tax burdens have grown heavy. I picked up a paper from my own State the other day, a paper which fights me viciously all the time. I found page after page of delinquent tax sale advertisements in that county. I picked up a little paper from my own home county and found 24 columns of delinquent tax sales advertised. Each two lines in those columns represented a farm or a piece of town property. Such things were unknown in our country up to the time of this depression, and yet the Senator from Ohio would have us levy more taxes upon those people for the purpose of relieving the starving in the community in order to protect the 1,000,000 of income-tax payers who pay taxes into the Federal Treasury and who all these years have profited enormously.

Things have reached such a stage that at this moment there is a rebellion in 12 counties in the State of Iowa. No State of this Union is more loyal to the flag. No State has more freely contributed to the support of the Government than Iowa. Yet the situation has reached such a stage that in 12 counties where tax sales and foreclosure sales were offered, great mobs showed up with ropes and pitchforks, and nobody would bid upon the sales, either mortgage foreclosure or tax sales. That is the condition of the most loyal people of this whole broad country. It is brought about by this same 1,000,000 Federal taxpayers who pay taxes into the Treasury of the United States.

There is one part of the argument of the Senator from Idaho [Mr. Borah] with which I do not agree. He says we are not responsible for this condition; that it is beyond our control. I concede that it has reached a stage so that now it is beyond the control of even the men who instigated it and brought it about; but, Mr. President, these conditions, the depression itself, were produced by the misdeeds of those same million taxpayers who pay taxes into the Treasury of the United States. It was those same million men who watered their stocks, who inflated values, and then sold them to the people of the country, robbing them of their earnings and savings, inflating those values in a way unknown in the history of our country or of the world, into a bubble that burst and finally destroyed all our prosperity. It was those same people who loaned the millions of our savings to foreign countries where they are now uncollectible. It was the same people in control of the National Government who made Government loans to foreign countries.

All those things combined, together with laws of discrimination in favor of railroads and against agriculture, in favor of the protected industries and against labor and against agriculture, brought on this greatest depression in the history of the world. The main responsibility for all of these conditions lies with the same million men whom the Senator from Ohio [Mr. Fess] likes to defend as the income-tax payers of the country, because they have the whole income of the country.

So far as I am concerned, I take a positive delight in taxing that money back to the people where it belongs. I go farther than this matter of mere emergency. I do not care by what name it is called, I do not care how radical it may be pronounced, I say that every citizen of the United States, every able-bodied citizen who is able to work is entitled to a job. I say the \$70,000,000,000 national income owes him a job. I say that the same million taxpayers who pay their income taxes into the Federal Treasury have refused to provide that job for him. They are the men who control the business of the country. It is the duty of the Government to provide that job since they have failed.

Nobody believes in a dole as such. I do not want to see a dole provided to keep men in poverty and want. Nobody wants that. But when men are starving they must be fed

until they can get a job. I do not care whether it is called a dole or what it is called, they must be fed, and in the end the final remedy for the situation is to provide them a job. These great taxpayers of the country having mismanaged the economic affairs of the Nation, having created the greatest economic failure in all human history, perhaps are powerless now, having overstepped their bounds, to provide jobs. Perhaps the Government alone is the only institution that can provide the jobs. I therefore am favorable to the road-building measure proposed by Senators on the other side of the aisle. That will help a little through providing jobs for the unemployed—though not much—because it is not strong enough. The Senator from Montana [Mr. WALSH] in his able address yesterday pointed out that the States are spending a billion dollars a year on hard roads. In the last two years they expended more than a billion dollars each year. The Federal Government itself started the hard-road construction program. It started it by saying to the States, "Come along and we will contribute 50 per cent of the construction," but it was only a little while until the same million big Federal taxpayers became dissatisfied with the arrangement, and then they came out to my State and to all the States and organized "road-booster" associations. Those boosters got out and yelled for county bonds and State bonds, for gasoline taxes, and everything that was local, but they never once asked the Congress of the United States for an increase of the Federal appropriation. Finally the chairman of the committee in the House, Mr. DOWELL, got it increased by \$50,000,000 up to \$125,000,000 two years ago.

During the last two years the States, spending more than \$1,000,000,000 for those same roads, got assistance of but \$125,000,000 from the Federal Government. The States also spent almost another billion dollars upon secondary, most of which were post roads, and got no aid from the Government. Every one of those roads is an interstate road, every one of those roads is a post road, every one of those roads is a military road for the use of the Government of the United States. Every one of them ought to have been half paid for at least out of the Federal Treasury. But because of this defense of the Treasury in behalf of a few men who contribute to its support, the State appropriations and State expenses have climbed up into the sky while Federal appropriations have remained almost stationary. I would, therefore, like to see a substitute, something in the form of the amendment which will be offered by the Senator from Nebraska [Mr. NORRIS], added to the proposal of the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Colorado [Mr. COSTIGAN], and the two together adopted.

I do not like the Shylock scheme of lending money to somebody in order to relieve starving people in the various States. I think it is an insult and contrary to the real genius of the Government of the United States to lend it on the theory that we will get it back. If we want to lend it to anybody, then let us lend it to the starving people themselves.

So I feel that that portion of the substitute should be eliminated. If that can be done, then, so far as I am concerned, I am ready to vote for the bill as presented by the Senator from Wisconsin, with an amendment that will include a provision for road improvements.

The only objection to the road provision is that it only provides for the expenditure this year of \$125,000,000. It all ought to be expended as soon as arrangements can be made, and new roads and new improvements should be inaugurated, so that the Federal Government may come somewhere near paying its half of the construction of hard roads.

The Senator from Ohio said that if we once embarked on this method of contributing aid from the Federal Treasury, then there would be other groups and institutions to come forward and demand relief. Mr. President, I do not care how many groups come forward to ask for Federal relief, if it is just and right that they should have it. It is no excuse for failing to do our duty in one instance that there may arise other occasions perhaps in which we also ought to do our duty.

Think of the great national income we have, anyway, which is available for taxation. It amounts to \$71,000,000,000 in times of depression and to \$90,000,000,000 in ordinary times of prosperity. That is sufficient to enable us to procure funds with which to perform all our duties; there is not one of them that we need neglect, but we can fail to do our duty and by so doing protect a few big income-tax payers, who number, perhaps, less than a million in the whole United States.

The Senator from Ohio says the groups will become powerful and will be enabled to control the Government. Who, Mr. President, is controlling the Government now? Where does this Government get that sort of inspiration at this time? There is evidence of it on both sides of the Chamber in this discussion. The Government is controlled now by the million big income-tax payers, and they are also the ones who contribute to the campaign funds. I might add that they contribute impartially to both parties; they are nonpartisan all the time, because they want to control both sides of the aisle.

The Senator from Ohio referred to the old argument that there were certain soldiers who resented the enactment of the law providing soldiers' pensions, and cited their attitude as a reason why relief to the unemployed should not be voted. Mr. President, I do not doubt there were some soldiers of that kind, but those soldiers were generally the same big income-tax payers, and their pretended patriotism was a fraud and a sham. They resented the paying of pensions in order to protect their incomes rather than for any patriotic motive. One of the economic crimes of our country has been the refusal to do economic justice to the soldier who was willing to lay down his life for his country. Every time we have been engaged in war we have turned loose the same big income-tax payers; we have let them go out and earn millions and billions out of the blood money of war, and then have come back and said to the soldiers: "You are not patriotic if you demand a pension or an economic reward of your own." I do not belong to that school; I belong to the school that is ready to bring the income-tax payers to the bar of justice and levy taxes upon them in order that there may be distributed amongst the people some of the profits which through the combination of such taxpayers have been unjustly taken from the people.

The Senator from Illinois [Mr. LEWIS] asks where I get the figure of seventy-one billion as being the national income. I get it from the estimate of the National Industrial Conference Board, which is a board of big business men in New York, who are very scientific about the study of these questions, and I have usually found their statistics accurate. Of course, we have the Federal estimates of the national income before the depression, and we had an income of about \$90,000,000,000 from 1923, say, up to 1929. That would mean, in ordinary times, an income of \$750 for each man, woman, and child in the United States, or \$3,750 for each average family of five. This national income is sufficiently great to take care of the present situation, depression and all.

Depressions are a result of the autocratic control of the finances of the country by about 1,000,000 men who pay income taxes into the Federal Treasury. There would be no depression if it were not for the autocratic power that big business has of discharging its men in order to protect its earnings and even, as I have shown, to collect more interest and more dividends in 1931 than in 1928.

I might say also, Mr. President, in this connection that the net income of the United States, the wealth increase, runs about from \$15,000,000,000 to \$16,000,000,000 a year over a long period and on an average. That gives an index as to how special privileges are given to great combinations of capital. Keeping that idea in mind, our net income, after deducting all our operating expenses, our living, the waste due to competition, and everything else, is only about 4 per cent a year on the capital investment of our country. That is all there is for distribution—a little less than 4 per cent in a series of years.

We have distributed a lot of the income to individuals in a wasteful and extravagant way; they have taken far more than they ought to have taken; there is left about 4 per cent

for capital, and that is all there is left. As that is all we have in this American pool of production for distribution, when a great corporation or a great combination is organized and sent on its way to fight for 5 per cent or 10 per cent or 100 per cent, if it succeeds, it is going to rob some other block of capital, to say nothing of the rights of individuals. The result is, Mr. President, that just a few have succeeded, and they are usually the big combinations.

Former Senator Pepper of Pennsylvania, once a distinguished Member of this body, said that 92 per cent of American business ultimately fails. I fear, Mr. President, that the percentage is going to be a great deal higher than that before the present depression shall be over. Just a few of the great combinations survive and succeed. It is because of such organizations, engaged in economic warfare constantly, that we have these ups and downs of American business.

I will say to the Senator from Illinois that I had placed on the wall of the Senate Chamber a few days ago a chart showing 50 years of American business. In that 50 years there were eight major depressions. The chart was made up by a big business man, Col. Leonard P. Ayres, and there is no doubt about its accuracy. I repeat, there were eight major depressions and seven little ones thrown in for good measure, and during the whole 50 years there could not be found 30 minutes when we were actually normal. We were either going up into the skies of inflation or dropping down into the ocean of depression. It is largely because the Senator from Ohio wants to protect a million big income-tax payers and because we refuse to require justice of them in distributing back the earnings which they take from the people of the country that we are confronted with the situation which exists to-day.

Every corporation organized in any State is a special privilege guaranteed by the law and by the Government itself. It combines men and their capital together and gives them a special power that the individual does not possess. We talk of individuality in the United States. Individuality was buried when corporations were first created. The individual has nothing to say about it; he does not even vote in the corporation; capital alone votes and controls it.

Mr. President, Congress generally does not create the great corporations; they are usually created by State laws; but the Congress permits them to engage in interstate commerce. I have estimated that business transacted in interstate commerce in the United States is more than 85 per cent of the total business of the country and that the profits derived from such business are more than 85 per cent of all profits gained in the United States.

Interstate commerce is under the regulation and control of Congress, but we have not regulated or controlled or said one word about the profits the corporations engaged in such commerce shall charge the people of the United States, first, for the privilege of being combined together in great aggregations, and, second, for the privilege of operating in interstate commerce amongst all our people. We have omitted such regulation entirely, and they have gone ahead, gathered in their earnings from the people of the country, hoarded them, collected them in a few places, and the result has been depression after depression. They cared not, because they could discharge their men and save their fortunes. They broke down agricultural prosperity in order to get cheap raw materials for their factories, and in that way came out in the end with greater fortunes than they had in the beginning.

Much has been said here about the ability of the great cities to take care of their unemployed. I am not going to dispute that such is the case. I think the city of Cleveland is very able to take care of its unemployed. If we levied a Federal tax, I think the city of Cleveland would pay off that Federal tax, with its big income-tax payers and great assets, more than it would get back; I think there can be no doubt of that; but a large part of those men are contributing nothing to private charity.

Mr. President, I feel, anyway, that private charity is a disgrace to a country such as the United States of America. With its normal \$90,000,000,000 of national income we ought

to have no use for a Red Cross at all; our people ought to be employed so that there will be no necessity for charity of that kind; and they would be employed if adequate taxes were properly levied and properly distributed back to where they would protect all the people.

The State of New York, it is said, pays 30 per cent of all the taxes received by the Federal Treasury, but those tax-payers of the State of New York consist of a few hundred thousand individuals, and those same few hundred thousand individuals, who pay their tax into the Federal Treasury, are earning profits off the people of the whole country; their businesses operate everywhere; and yet they settle down in Westchester or some other place far removed from the suffering and starvation which we find all over the country. But the Senator from Ohio thinks it is a bolshevistic proceeding if we tax them in order to relieve the same people whom they have robbed of their earnings by this process.

Mr. FESS. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. BROOKHART. I yield.

Mr. FESS. There are 33 letters from cities in the State which the Senator so ably represents in the Senate. The letters were written in answer to Senator LA FOLLETTE's inquiry. Of the 33, 23 are openly opposed to what the Senator is now advocating; 4 of the 33 are for it and 6 are non-committal. Does that represent bolshevism?

Mr. BROOKHART. Yes; that represents Mussoliniism. [Laughter.] Of the two and a half million people in Iowa, I think probably there would be found about half a million of them who pay the principal part of the taxes, who might take the Senator's view on this subject. There would be two million on the other side of the matter.

It is not any trouble for these 1,000,000 big income-tax payers to reach out in the State of Iowa and every other State and secure the assistance of little financial leaders everywhere. We have only about a dozen big financial men in the whole State, although we produce more out of the soil than any other spot on this big, round world.

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

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. BROOKHART. Yes; I yield.

Mr. FESS. These cities are represented by their mayors. I should think the mayor of a city would be a responsible person; and the cities are the best in the State of Iowa, as the Senator will note, including the university city of Ames, the city of Cedar Rapids—

Mr. BROOKHART. That is the worst city we have. That Cedar Rapids gang is the worst gang in the State.

Mr. FESS. Council Bluffs, Des Moines, Fort Dodge, Keokuk, and cities of that sort. I think the Senator's town is Ottumwa.

Mr. BROOKHART. The Senator is entirely mistaken. I do not live in any town. I live out in the country.

Mr. FESS. The Senator lives near a town.

Mr. BROOKHART. Yes; but I live in the country.

Mr. FESS. We would know that.

Mr. BROOKHART. The Senator can tell that by looking at me.

So, Mr. President, we have our standpatters in Iowa just as they have in Ohio; but they are not as numerous in Iowa as they used to be, and they are not as numerous in Ohio as they used to be.

I was just down in the State of Ohio. In a great hall out there, I faced 5,000 soldiers, most of them unemployed, demanding the cash payment of the bonus which the Government has admitted it owes them. I know that those were just as honest people as any people in this world. I know that they served their country faithfully; and, as far as I am concerned, in addition to this relief, here is one of the evil things the Senator predicted that I want to propose right now. I am ready to pay every one of them that bonus out of the Treasury of the United States.

Mr. FESS. There is no doubt about that. I knew the Senator would be.

MR. BROOKHART. Mr. President, in Iowa, for instance, there is a big syndicate of newspapers, the Lee syndicate. It is a Wall Street crowd. It is financed and controlled by the big crowd so as to influence public sentiment. If the Senator from Ohio wants to find out what genuine Republicanism is in Iowa, who is a genuine, reliable Republican, he ought to go down to the Davenport Times, the biggest one of this Lee syndicate, and he ought to talk there to E. P. Adler, and he will get the genuine, Simon-pure stuff. Then if the Senator from Ohio wants to find out what is a genuine, Simon-pure Democrat, let him walk two or three blocks across to the Davenport Democrat and talk to the same E. P. Adler. [Laughter.]

That is the situation in the United States Senate. Here is the Republican whip on this side of the Chamber standing up for this million of Wall Street taxpayers. "We must not touch them. They are sacred. It is against the Constitution and morality and everything else to tax those fellows, and their \$2,000,000,000 is not a dole." Then the leader of the Democracy, on the other side of the aisle, gets up and joins right in with the Senator from Ohio. [Laughter.]

It is this bipartisan economic situation that I am ready to overthrow in the United States. It has ruined my State, in spite of those newspapers. They have helped do it. It has ruined the common people of every State in the Union. We generally talk about New York and put the blame on New York, but only a little part of New York is to blame—only Westchester and Wall Street and a few places like that.

The common people of New York are just like the common people of every other State. I met them face to face. I have talked over these problems with them. I know that they feel the same way about them that they do in the State of Ohio and in the State of Iowa; and I hope they are going to be pretty well represented in the United States Senate in the vote on these bills. At any rate, Mr. President, this plan of keeping the Government out of taking care of its own people is the most sinister foundation for autocracy that has ever been laid in any country of the world. That is where it leads. It means the end of our democracy if the people of this country can not talk directly to their Government and ask them for the relief to which they are justly entitled.

The Senator from Ohio thinks this thing ought to be done by community drives. Mr. President, this matter of an organized community drive is the most demoralizing idea ever developed in any country in the world. This thing called private charity weakens the moral power of every person who has to ask for it. You may have no rights of charity against your neighbor. He may not have robbed you of anything. There may be no just claim for him to put up charity to you; but when the Government of the United States permits great, organized corporations to take charge of its interstate commerce, when the Government of the United States levies tariffs to protect the great industries of the country, when the Government of the United States passes a railroad law and puts into that law a command to its commission to give a return of 5 1/4 per cent upon the capital investment, and that fixed with seven billion or more dollars of water; when the Government of the United States passes a \$2,000,000,000 bill, appropriating at once \$500,000,000 of it out of the Treasury to relieve these railroads and to relieve these banks; when the Government passes a reserve bank law that creates a great banking institution overhead with a reserve board appointed by the President and confirmed by the Senate—when the Government of the United States does these things for a few of a privileged class in the United States it is a disgrace on that Government to permit a situation where a community drive of charity will have to be organized at all. That Government, with this great national income of from seventy to ninety billion dollars, owes it to those people to see that they get their share of it for the work they do; and it owes a job to every man who is willing to work and able to work. Of course, those who can not work must be cared for otherwise.

The big things of this country are mostly in the National Government. There are only a few States that have them. There are about 10 States that would not get back on this

kind of a tax as much as they have paid. There are about 10 of them that would pay the excess that was necessary for the other States. Even Ohio is not one of those 10. I figured out this bonus; and if that were paid, the State of Ohio would get \$10,000,000 more than it would cost that State. There are, however, 10 States that would pay more. Those are the same 10 States where these 1,000,000 big income-tax payers live, and they are the ones who take the profits from the people of the whole country. It is not right to say the 10 States pay it; the million profiteers would pay the taxes.

American civilization can not go on, we can not continue forever forward in this direction that has destroyed agriculture, dragged it down, brought 30,000,000 people to the verge of bankruptcy, turned seven or eight million men out of their jobs, and said to them, "Look to the Red Cross or look to a community drive for jobs and for something to eat." That can not go on in this country. I say to the Senator from Ohio that when he hears from the people of his State in the next election, the theory that he has advocated here to-day will be repudiated by a majority that he can scarcely count.

THE VICE PRESIDENT. The question is on the first committee amendment.

MR. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

THE VICE PRESIDENT. The clerk will call the roll.

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

Ashurst	Couzens	Kean	Robinson, Ind.
Austin	Cutting	Kendrick	Schall
Bailey	Dickinson	Keyes	Sheppard
Bankhead	Dill	King	Shipstead
Barbour	Fess	La Follette	Smith
Barkley	Fletcher	Lewis	Smoot
Bingham	Frazier	Logan	Steiner
Black	George	McGill	Stephens
Blaine	Glass	McKellar	Thomas, Idaho
Borah	Glenn	McNary	Thomas, Okla.
Bratton	Goldsborough	Metcalf	Townsend
Brookhart	Gore	Morrison	Trammell
Broussard	Hale	Moses	Tydings
Bulkeley	Hastings	Neely	Vandenberg
Bulow	Hatfield	Norbeck	Wagner
Byrnes	Hawes	Norris	Walcott
Capper	Hayden	Nye	Walsh, Mass.
Caraway	Hebert	Oddie	Walsh, Mont.
Carey	Howell	Patterson	Waterman
Coolidge	Hull	Pittman	Watson
Copeland	Johnson	Reed	Wheeler
Costigan	Jones	Robinson, Ark.	White

THE VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

The question is on agreeing to the first amendment of the committee, which the Secretary will report.

THE CHIEF CLERK. The first amendment of the Committee on Manufactures is, on page 5, line 20, after the word "apportioned," to insert the words "or allocated," so as to make the subdivision read:

(c) The amounts apportioned or allocated to any State under this act shall be available for payment to and expenditure by such State, for the purposes of this act, until the expiration of two years after the date of enactment of this act; except that at the expiration of the calendar year 1932, if the amount certified prior to the expiration of such year for payment to any State out of amounts apportioned on the basis of population under this act in the manner hereinafter provided is less than one-half of the total amount apportioned to that State on the basis of population, the difference between the amount so certified and one-half of the total amount apportioned shall be added to the reserve fund and shall be available for allotment to the several States on the basis of need.

MR. COSTIGAN addressed the Senate. After having spoken for nearly half an hour,

MR. McNARY. Mr. President—

THE VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Oregon?

MR. COSTIGAN. I yield to the Senator from Oregon.

(Mr. Costigan's speech is published entire in the issue of February 11.)

EXECUTIVE SESSION

MR. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

THE VICE PRESIDENT. Reports of committees are in order. If there be no reports of committees, the calendar is in order.

FEDERAL FARM BOARD

The Chief Clerk proceeded to read the nominations of members of the Federal Farm Board.

MR. McNARY. For the day, I ask that these nominations may go over.

THE VICE PRESIDENT. The nominations will go over.

TREASURY DEPARTMENT

The Chief Clerk read the name of Ogden L. Mills, of New York, to be Secretary of the Treasury.

THE VICE PRESIDENT. The question is, Shall the Senate advise and consent to the nomination?

MR. NORRIS. Mr. President, I have no objection to the confirmation of Mr. Mills, but it seems to be an appropriate opportunity to make a few remarks in regard to the resignation of his predecessor and his appointment as ambassador to Great Britain.

When Mr. Mellon was appointed as our ambassador to the Court of St. James President Hoover issued a statement which was printed in all the newspapers of the country. In it the President gave as his reason for appointing Mr. Mellon to that post that, under world conditions as they now exist, he needed the greatest mind and the greatest statesman he could find anywhere to fill that place. He said, practically, that under existing conditions a superman was needed at the Court of St. James to represent us as our ambassador, and, in effect, gave that as a reason for the appointment of this great statesman to fill that place.

When I read the President's statement, assuming that he meant what he said and realizing that Mr. Dawes had just retired from the position which was being filled by the appointment of Mr. Mellon, I wondered what Mr. Dawes thought of that statement. I wondered if in taking his place as the head of the great Reconstruction Finance Corporation which we have set up Mr. Dawes fully realized that he had been demoted, and that the reason for his demotion was that he did not measure up to the standard outlined by the President when he appointed Mr. Mellon. Subsequent events following rapidly convinced me that President Hoover in addition to his other great qualities is also a great humorist and that Will Rogers will have to look well to his laurels. It seemed from the statement of the President as to the qualifications under existing conditions necessary for our ambassador to Great Britain that really to have the position filled properly he ought to have resigned and have accepted the position himself.

Soon after this appointment was made we really saw, as the whole country saw, what seemed now to be the admitted condition of things, and could understand why Secretary Mellon was transferred from the great and responsible position which he had so long held to this one of lesser responsibility, because, as we all know, our ambassadors aside from their social activities are merely figure-heads. The Secretary of State cables the ambassador that he must present a communication to the government to which he is accredited and then proceeds to dictate just what he shall say. The ambassador copies it, signs it, and presents it. When he receives the answer he remains perfectly silent until he has cabled the answer to Washington and Washington has cabled him back and told him just exactly what he shall say. So, as a matter of fact, one of the bright boys acting as a page, disregarding, as I have said, the social requisites of an ambassador, could perform the duties equally well with the "greatest Secretary of the Treasury since Hamilton."

That reminds me, Mr. President, that a noted Pennsylvanian a year or two ago wrote a book in which that phrase was first used. In that book he said, "Mr. Mellon is the greatest Secretary of the Treasury since Alexander Hamilton." When I read that eulogy I wondered why he excepted Hamilton, because everybody knows that Secretary Mellon has a distinction and the honor that has come to no other

man on earth—he has had the honor of having three Presidents serve under him. [Laughter.]

MR. BARKLEY. Mr. President, will the Senator yield?

THE VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

MR. NORRIS. I yield.

MR. BARKLEY. The Senator is aware of the fact, I presume, that that appellation or description has been changed. Instead of Mr. Mellon being described as the greatest Secretary of the Treasury since Hamilton, he is now described as the greatest Secretary of the deficit since Hamilton.

MR. NORRIS. Well, I still think the first appellation was probably appropriate, and I think the other one is also appropriate. He has been the greatest Secretary of the Treasury in prosperity and the greatest Secretary of the Treasury, so far, in depression.

MR. PRESIDENT, soon after the nomination was made the newspapers began to say that the reason Secretary Mellon was appointed was because he was unable longer to perform the duties of his arduous office, and they went so far as to comment editorially on the fact that for some time he had not, as a matter of fact, been doing anything in the office, but that the work had been performed by Mr. Mills, and in order to give Mr. Mellon an easy job and let him down lightly, and to treat him with respect, he was given the position of ambassador to London.

MR. PRESIDENT, I can not help but sympathize with Mr. Mellon, after his distinguished services; and I can not help but say, "Poor Andy." After he has been in command of the great political forces of three different Presidents, to be thus cast aside and pushed off his throne is something that, in my judgment, ought not to occur. Poor Andy!

A bright newspaper man last night over the radio told us that Mr. Dawes had left his knee breeches over in London, and that Andy was going to wear them when he got over there. Think what a spectacle he would present standing on his diminutive pipestems in Dawes's breeches in the presence of aristocracy in the greatest diplomatic center on earth! [Laughter.]

A great man once said that anyone who could make two blades of grass grow where only one grew before was a benefactor of the human race. My judgment is that Andy will not wear Dawes's breeches, but, following in the pathway of the man who made two blades of grass grow where one grew before, he will take a pair of his trousers and cut them in two slightly above the knee and thus have two pairs of trousers where only one existed before.

At least, Mr. President, it seems to me, under all the circumstances, that the President has not treated this man with the respect with which one of his long service ought to be treated, in trying to get rid of him in the manner that has been represented to the public by the knowing ones, who freely talk behind closed doors as to the reason why this great change has been made.

THE PRESIDENT pro tempore. The question is, Shall the Senate advise and consent to the nomination of Ogden L. Mills to be Secretary of the Treasury?

MR. LEWIS. Mr. President, I am requested by the Senator from Louisiana [Mr. Long] to deliver a message at this point. He desires that I shall say to the Senate in his absence that, with or without a record vote, he desires to be recorded as opposing the confirmation of Mr. Mills. I do not know his reasons.

THE PRESIDENT pro tempore. The question is, Shall the Senate advise and consent to the nomination of Mr. Mills? [Putting the question.] The ayes have it, and the Senate advises and consents to the nomination; and the clerk will note in the Journal the objection of the Senator from Louisiana.

UNDER SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Arthur A. Ballantine, of New York, to be Under Secretary of the Treasury.

THE PRESIDENT pro tempore. The question is, Shall the Senate advise and consent to the nomination of Mr. Ballantine? [Putting the question.] The ayes have it, and the nomination is confirmed.

Mr. SMOOT. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of the nomination of Ogden L. Mills, of New York, to be Secretary of the Treasury, and of Arthur A. Ballantine, of New York, to be Under Secretary of the Treasury.

The PRESIDENT pro tempore. Is there objection.

Mr. NORRIS. I object.

The PRESIDENT pro tempore. Objection is made.

THE JUDICIARY

The Chief Clerk read the nomination of Charles A. Patton to be United States marshal, district of Colorado.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

INTERNAL REVENUE BUREAU

The Chief Clerk read the nomination of Gerald A. Jewett to be collector of internal revenue, district of Iowa.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Fred A. Bradley to be collector, customs collection district No. 9, Buffalo, N. Y.

Mr. COPELAND. I ask that action on this nomination be deferred.

The PRESIDENT pro tempore. The nomination will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask that the postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, all nominations of postmasters on the calendar will be confirmed en bloc. That completes the calendar.

RECESS

Mr. McNARY. Mr. President, the junior Senator from Colorado [Mr. COSTIGAN] very generously yielded for this executive session. I hope he may be recognized in the morning; and, as in legislative session, I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until to-morrow, Thursday, February 11, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 10 (legislative day of February 5), 1932

SECRETARY OF THE TREASURY

Ogden L. Mills to be Secretary of the Treasury.

UNDER SECRETARY OF THE TREASURY

Arthur A. Ballantine to be Under Secretary of the Treasury.

UNITED STATES MARSHAL

Charles A. Patton to be United States marshal, district of Colorado.

COLLECTOR OF INTERNAL REVENUE

Gerald A. Jewett to be collector of internal revenue, district of Iowa.

POSTMASTERS

ALABAMA

Clarence N. Anderson, Silverhill.

CONNECTICUT

Alfred A. Barrett, Berlin.

Clifford B. Reed, Collinsville.

William B. Simon, New Canaan.

Minnie Rosenblatt, Newington.

Walter B. Palmer, Old Greenwich.

Albert E. Wellman, Torrington.

NEBRASKA

Ross D. Rash, Gordon.

Merwyn C. Johnson, Hyannis.

PENNSYLVANIA

Harold Coburn, Allison.

Stanley L. Bechtel, Bally.

Daniel K. Miller, Birdsboro.

Wayne M. Culley, Burgettstown.

William W. Latta, California.

William McCandless, Catasauqua.

John K. Hagerty, Chester.

Frank U. Armstrong, Cheswick.

Harry O. Campsey, Claysville.

Harry M. Logan, Conshohocken.

Joseph A. Lawrence, Danville.

Millard F. Hauser, Delaware Water Gap.

Samuel A. Morrison, Delmont.

Oscar W. Welsh, Douglassville.

Charles R. Kschinka, Dushore.

George V. Glenn, East Butler.

Haydn E. Lupold, East Petersburg.

Mary S. Moore, Everson.

Cletus L. Goodling, Farm School.

Arthur D. Garber, Florin.

Roy R. Rhodes, Freedom.

Charles O. Wescoe, Fullerton.

Lemuel N. Ammon, Gap.

Warren R. Grove, Greencastle.

William R. Smith, Harmony.

Benjamin F. Jenkins, Jeannette.

George J. Thumm, Lansdale.

Caddie L. Greth, Laureldale.

Anna W. Kerr, Lincoln Place.

Rhea L. Moyer, Macungie.

John L. Coldren, Manheim.

Henry B. Haines, Maytown.

Mabel G. Wetzel, Middleburg.

Harry J. Bearer, Monessen.

William S. Durham, Mont Clare.

Phares S. Auxer, Mountville.

Albert P. Malkin, Nemacolin.

William E. Marsden, Nesquehoning.

Edwin Zimmermann, Newmanstown.

Clinton B. White, New Wilmington.

Bert D. Stephens, Nicholson.

Anna C. Young, North Hills.

David B. Seasholtz, North Wales.

Lewis M. Krebs, Port Carbon.

Howard Stern, Richlandtown.

Eranious E. Bentel, Rochester.

Luther P. Ross, Saxon.

John N. Backenstose, Schaefferstown.

Eberhard D. Smith, Sellersville.

Calvin S. Leitner, Sheridan.

Richard L. Harpel, Sinking Spring.

Edward W. Workley, Smethport.

Peter L. Rohrer, Smoketown.

Frank G. Jones, Spartansburg.

Robert E. Frech, Stowe.

Charles F. Wenrich, Wernersville.

Helen L. Chaffee, Wesleyville.

Wayne Elliott, West Chester.

John G. McCune, West Newton.

Carl H. Borgeson, Wilcox.

Philip Shay, Williamsport.

J. Mateer Pollock, Wilmerding.

Edwin K. Bedortha, Woodville.

Harry N. Yost, Wyomissing.

Susanna S. Hartman, Yardley.

TEXAS

Charles E. Smith, Kerens.

WISCONSIN

John Meili, Alma.

Laurence J. Lane, Blackcreek.

Carl L. Christianson, Bloomer.

Thomas A. Lowerre, Delafield.

Harry E. Garbisch, Dorchester.

Albert C. Holmes, Evansville.

Anna J. Johnson, Fair Water.
 Dell Q. Grabill, Fort Atkinson.
 William G. Froehlich, Glenbeulah.
 Wilfred D. Zeirke, Hartland.
 Edward C. Rehfeld, Horicon.
 Thomas A. Walby, Hudson.
 Eugene B. Williams, Hurley.
 Norma A. Rheingans, Jackson.
 Lawrence W. Daniels, Kansasville.
 Frank A. Hanson, Kewaunee.
 Walter F. Martin, Mukwonago.
 Nellie I. McGill, Oregon.
 George W. Rickeman, Racine.
 Emil G. Prellwitz, Ripon.
 Walter C. Anderson, Rosholt.
 Harry E. Thomas, Sheboygan.
 Walter F. Dietlein, Sheldon.
 Leo A. Brzezinski, Sobieski.
 Henry J. La Grandeur, Somerset.
 Mourits Mortenson, Stratford.
 Harlow G. Hoag, Tomah.
 Ernest W. Meredith, Union Grove.
 Lewis H. Cook, Wausau.
 Melvin H. Schlytter, Wittenberg.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 10, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who art absolutely pure, breathe into our souls a love for Thee, for one another, and for mankind. Thou who art marvelous in mercy, in patience, and in long suffering for our sake give us a deeper insight into Thy holy nature. If any are adverse to one another, be their friend; if the shades of trouble are about, be their light; if others are stingy of their joys, be our comforter; if there is no compass to direct the way, be their leader. Bless us abundantly that our souls may be rich in God. Do Thou answer every longing for knowledge, every yearning for wisdom, and all that springs forth from hearts overflowing with love. So direct us in the labors of this day that we shall not look back upon it with any vain regret. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

JULIA FARRELL

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The SPEAKER. The gentleman from North Carolina offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 134

Resolved, That there be paid out of the contingent fund of the House of Representatives to Julia Farrell, widow of Thomas F. Farrell, 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 said Thomas F. Farrell.

The resolution was agreed to.

INVITATION TO CONGRESS TO ATTEND CELEBRATION AT ALEXANDRIA, VA., FEBRUARY 22

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, on behalf of my colleague, Judge SMITH, who represents the Alexandria district, I desire to transmit to Congress an invitation from the George Washington Birthday Association, of Alexandria, Va., to attend their ceremonies on the afternoon of February 22, 1932, at 2.30 p. m. They will be glad to have the Members and their friends attend these ceremonies.

Mr. Speaker, I ask unanimous consent that the letter of invitation may be printed in the Record at this point.

The SPEAKER. Is there objection?

There was no objection.

The letter referred to follows:

THE GEORGE WASHINGTON BIRTHDAY ASSOCIATION,
 Alexandria, Va., January 19, 1932.

To the HOUSE OF REPRESENTATIVES,

Washington, D. C.

GENTLEMEN: Alexandria, Va., celebrates on February 22, 1932, the bicentennial of the birth of Gen. George Washington.

Following a custom of very long standing, a parade of military, civic, and fraternal units will be held at 2.30 p. m. on that day.

It is our pleasure to extend to your honorable body an invitation to be the guests of our association and lend your presence to the fitting observance of the birth of our illustrious citizen.

Yours very respectfully,

GEORGE WASHINGTON BIRTHDAY ASSOCIATION,
 By M. E. GREENE, Secretary.

AMENDMENT OF THE RADIO ACT OF 1927

The SPEAKER. This is Calendar Wednesday. The Clerk will call the committees.

Mr. DAVIS (when the Committee on Merchant Marine, Radio, and Fisheries was called). Mr. Speaker, I call up the bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, which is on the Union Calendar.

The SPEAKER. The gentleman from Tennessee calls up a bill, which the Clerk will report by title.

The Clerk will read the title of the bill.

The SPEAKER. This bill is on the Union Calendar.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7716, with Mr. GLOVER in the chair.

The Clerk read the title of the bill.

Mr. DAVIS. Mr. Chairman, this is a rather lengthy bill, and so far as I know there is no opposition to it. I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Tennessee is recognized for one hour.

Mr. DAVIS. Mr. Chairman, this bill, H. R. 7716, amends the radio act of 1927, approved February 23, 1927, in several different particulars, and also has an additional provision which I shall later discuss.

The Committee on the Merchant Marine and Fisheries in the last Congress unanimously reported a bill embracing substantially the same provisions as are contained in the first 12 sections of this bill, and the bill as reported unanimously passed the House. The bill in substantially the same form was reported by the Senate Committee on Commerce, but never did come up for action in the Senate.

The first 12 sections of this bill embrace various amendments to the merchant marine act of 1927, designed to clarify and simplify administrative, procedural, and appeal matters.

As we are all aware, both the science and the industry of radio has developed very rapidly, more so than any other industry we have had. While the 1927 law apparently covered the situation which could then be foreseen, yet in the light of actual experience, as well as scientific and other developments, it is made apparent that it will very much help the situation, promote efficiency, more orderly administration, and more fully protect the rights of all interested if the law is amended as proposed in this bill.

The bill, in its entirety, has the unqualified indorsement of the Federal Radio Commission and their counsel.

With respect to appeals, for instance, the provisions dealing with that subject in the original act were rather general in their terms, and it developed that questions arose that resulted in a difference of opinion as to interpretation. In these proposed amendments we follow substantially the same procedure with respect to administration and appeals as is provided in the interstate commerce law, in so far as it may be made applicable.

To go somewhat more into detail, I will state that none of the provisions referred to change substantive law relating to radio. It is more a change of language and of method than anything else.

Taking up the first section of the bill, this is simply a proposed amendment to insert the words "the jurisdiction of" before the words "United States," in line 8, page 1.

Then, in section 2, there are excluded from the zone system and the equalization provision of the act the Virgin Islands, Porto Rico, Alaska, Guam, Eastern Samoa, and the Hawaiian Islands, for the reason that it is considered they were so far removed from continental United States that they can be assigned facilities that will more fully provide for them, and at the same time not interfere with the stations in the United States. However, the law in all other respects is made applicable to these Territories and possessions of the United States.

Mr. PARSONS. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. PARSONS. What change is made in the zoning of the States of the Union?

Mr. DAVIS. None whatever.

Mr. PARSONS. In what respect is this bill different from the previous zoning provision?

Mr. DAVIS. There is no difference whatever, except to exclude these island possessions and Territories of the United States, together with Alaska, from the application of the zone and equalization provisions.

Mr. BLANTON. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. BLANTON. I was hopeful that the gentleman and his committee would consolidate the Radio Division in the Department of Commerce with the Federal Radio Commission and have one radio bureau or activity of the Government.

Mr. DAVIS. I wish to state to the gentleman from Texas that I am fully in accord with his idea, and the Committee on Merchant Marine and Fisheries in the last Congress unanimously reported such a bill transferring the Radio Division to the Radio Commission, and it unanimously passed the House. Such a bill has passed the Senate at this time and has been referred to our committee, but we did not include that in this bill for the simple reason that opposition has developed to it and we wished first to put through what we conceive to be an important bill, without any highly controversial features in it.

Mr. BLANTON. I hope the gentleman will bring out and pass that Senate bill to consolidate, because you now find the anomalous situation where the Radio Division of the Department of Commerce, for instance with respect to matters in Texas, will send its inspectors from New Orleans to Texas to inspect radio stations, and they make complaints not to their division but to the Federal Radio Commission, and then you have the Federal Radio Commission, a bureau entirely distinct from the one making the complaint, holding the hearings on such complaints.

Mr. DAVIS. In my opinion, there is no question but that placing the radio division under the Federal Radio Commission would make for both efficiency and economy.

Mr. BLANTON. Both efficiency and economy; yes.

Mr. DAVIS. And better cooperation.

Mr. BLANTON. May I ask the gentleman one further question? In my judgment there ought to be some steps taken to provide proper radio stations in the different parts of the State outside of the big cities. The big cities are gobbling up all of the stations of any importance. For instance, in my State, the big State of Texas, the large cities of San Antonio and Houston and Dallas and Fort Worth are gobbling up all the big stations, and you find it almost impossible to get a station away from them that is over 250-watt power.

Mr. DAVIS. Of course, that is a matter well worthy of consideration, but does not relate to the provisions of this bill.

I may say in passing, however, naturally one reason the larger stations go to the cities is because it is necessary for

the radio station to furnish an acceptable program to the public, and naturally there is more talent and more support for a station in a city than there is in a small town.

Mr. BLANTON. But I am sure the gentleman does not think along the lines only of the city population and forget the country population.

Mr. DAVIS. I think my attitude on that question is pretty well known to the older Members of the Congress. I have made a fight for years for an equal distribution of broadcasting facilities between all the zones and between all the States within a zone. [Applause.] I had the honor of preparing and introducing a bill, which Congress by a very large majority passed, designed to insure that situation. Of course, we all admit that the situation is not perfect, but we are all working to that end, and hope that the Federal Radio Commission will.

Unless there is a desire on the part of the Members to hear a detailed explanation of this bill, I shall not take the time to do that. The report is available, and the report does make an explanation of each provision of the bill.

Mr. TILSON. Will the gentleman yield?

Mr. DAVIS. I yield to the gentleman from Connecticut.

Mr. TILSON. Will the gentleman, in just a brief word, tell us what the difference is between the present law and what is contemplated by the present bill; in other words, what is the crux of the change that it is proposed to make?

Mr. DAVIS. As I have just stated, the chief changes are amendments clarifying and making more definite, and we think more efficient, the provisions in the law with respect to administration and procedure on appeal.

Then, in addition to that, we have made the change that I have noted with respect to our island possessions and Territories.

The amendment to section 3 provides for a fixed term for the chairman, instead of leaving it indefinite, and also provides for a vice chairman to perform the functions in the absence of the chairman.

Section 4 of the bill amends paragraph (f), section 4, by omitting the words "in the character of emitted signals," and inserting after the word "unless," in the sixth line, the words "after a hearing." Those omitted words do not properly belong in that paragraph, and besides they have fallen into disuse. The other change requires a hearing in the case stated.

Paragraph (k) of section 4 is amended by setting forth more particularly the procedure under which the commission shall conduct the hearings. The amendment authorizes the holding of public hearings and provides that they may be held at any designated place.

Mr. TILSON. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. TILSON. I would like to ask the gentleman whether in this bill there is contemplated any drastic or revolutionary change in the law.

Mr. DAVIS. No; there is no change in the substantive law, unless section 13 might be so termed, which provides that no person shall broadcast a lottery, gift enterprise, and so forth.

Mr. STAFFORD. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. STAFFORD. Is it the desire of the gentleman to explain amendments in answer to interrogatories as we go along, or would he prefer to wait until the bill is taken up under the 5-minute rule? I wish to direct at some time an inquiry as to paragraph (k), section 4, authorizing employees of the commission to take testimony rather than have it confined to the commissioners, examiners, and officials.

Also as to that particular change in the administrative law exempting witnesses from the defense that the testimony will incriminate them. For instance, declining to testify on the ground that it might incriminate them and relieve them of the liability if they do so testify.

Mr. DAVIS. That is in accord with the laws and regulations in other activities—for instance the Interstate Commerce Commission—in their investigations.

Mr. STAFFORD. Would the gentleman prefer to have the inquiries made under the 5-minute rule?

Mr. DAVIS. It is agreeable to me to do so. I have intimated that I would not take the time in entering into detail explanations unless it was so desired. It seems that it is desired, from the inquiries being made, and therefore I shall be glad to proceed.

Mr. HORN. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. HORN. I would like to ask the gentleman whether or not it was in the minds of the committee, and they had any deliberations on the granting of wave lengths?

Mr. DAVIS. This bill does not change the fundamental law upon that subject.

Mr. HORN. Then that was not an object of deliberation on the part of the committee?

Mr. DAVIS. No; not in connection with this particular bill.

Mr. HORN. The object of my question was whether it had been brought to the attention of the committee that one or two companies have absolute control of the air in my region?

Mr. DAVIS. I will state that these matters have been before the committee many times, and several years it reported to the House a resolution directing the Federal Trade Commission to investigate the subject of radio monopoly. The resolution was adopted; the Federal Trade Commission made an exhaustive report, and so forth.

Mr. HORN. The most recent demonstration has been brought to the attention of the committee where the National Broadcasting Co. has attempted to form a new chain, which, if completed, will control 75 per cent of the airways on the Pacific coast.

Mr. DAVIS. I think it is true now that the chain stations already control more than 75 per cent of the cleared channels.

Mr. PARSONS. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. PARSONS. The gentleman has alluded to other considerations than this measure.

Does the committee contemplate bringing in future bills which will have to do with the assigning of wave lengths, or in any way creating a monopoly in the control of the air by certain chain stations?

Mr. DAVIS. I will say that the committee contemplates giving further consideration to various subjects relating to radio, but I am not prepared to state whether the committee will bring in bills. I can not speak as to that.

Mr. PARSONS. That has not been under consideration by the committee as yet?

Mr. DAVIS. Well, those particular features have not been considered this session by the committee, but they have been under consideration by members of the committee, including the chairman, and the chairman is now preparing an additional radio bill.

Resuming the explanation of the pending bill, section 5 is a little different from the other matters I have discussed. This authorizes the commission to require painting or illumination—it is misprinted in the report—illumination of radio towers if in its judgment such towers constitute, or may constitute, a menace to air navigation. I think the purpose of that is manifest. It is simply for the protection of public life, and as the Federal Radio Commission has jurisdiction over broadcasting stations and their apparatus, it is the proper body to regulate that subject.

Section 6 amends section 9 by eliminating the Territories and possessions from the zone system, as was done in section 2 in another connection, to which I referred.

Section 7 amends section 10 of the act by clarifying the purpose of the first sentence in the section. Provision is also made for the issuance of license renewals and modifications, without formal written application in cases of emergency, but for terms no longer than three months. This latter provision is incorporated in order to cover emergency permits to vessels at sea.

Now, with respect to the first sentence referred to under the present law it is not specifically provided that the Radio Commission may suspend a license, and there has been quite a controversy as to whether the right to suspend was included in the higher right to revoke, and so forth. So in order that it may be clarified, we amend it so as to include the word "suspend," and for the further reason that the commission says it is frequently in the interest of justice that they be permitted to suspend rather than to revoke a license, because the offense may not be sufficient to warrant revocation, and also they may not be acquainted with all the facts, and they may desire to simply suspend the operation of the station until they have sufficient time within which to obtain all the facts.

Mr. SWING. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. SWING. Under this power of suspension I would like to know whether the gentleman and his committee favor constituting the Federal Radio Commission a censor of language and the truth of statements made over the radio, or whether or not that ought to be left to the States under laws similar to those governing libel and slander and indecent publications.

Mr. DAVIS. The present radio law specifically provides that the Radio Commission and broadcasting stations shall not have the right of censorship. However, I want to state that some confusion has arisen in the public mind on this ground. They have refused to grant renewal of licenses perhaps because that station was broadcasting speeches or material which the commission conceived to be distasteful to a large portion of the public. The Supreme Court has held that that is not censorship; that they do not censor; they do not pass upon anything as broadcast; but when a station over a period of time has been permitting the broadcasting of programs of any kind, that the commission has a right to take that into consideration in determining whether or not a renewal of that license is in the public interest or necessity.

Mr. SWING. They also suspend. The Federal Radio Commission, for all practical purposes, does exercise the power of censorship, and I would like to know whether the gentleman favors that?

Mr. DAVIS. The gentleman is not in agreement with the Supreme Court in its interpretation in that regard.

Mr. LINTHICUM. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. LINTHICUM. Is there any provision for an appeal from this suspension?

Mr. DAVIS. Oh, yes. I will say to the gentleman from Maryland that one of the provisions of this bill makes it definite and specific that any aggrieved party or interested party shall have the right of appeal from any action of the commission. That is not clear under the present law.

Mr. LINTHICUM. Should there not be some provision by which a station could give bond and then appeal, to determine this question? When they are once suspended that practically ruins the station forever. It seems to me if there was some provision by which they could give bond until they had a hearing upon the appeal, it would be better.

Mr. DAVIS. Well, they may now, under certain conditions, but even after this bill is enacted they may, which, however, is within the discretion of the court to which the case is appealed.

Mr. LINTHICUM. If a station is suspended for a couple of weeks, it is very difficult for it to take its position again.

Mr. DAVIS. Well, it is not nearly as difficult as it would be if the commission revoked their license, which they now have the right to do.

Mr. BECK. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. BECK. The gentleman has referred to the fact that there is a right of appeal, which is ample security to any licensee against improvident action by the Radio Commission; but is it not a fact that the right of appeal is denied upon that which is the most important element of such

controversy, namely, the question of fact? I can appreciate that from the very necessities of the Government, findings of fact by the Interstate Commerce Commission must be accepted, because the judicial branch of the Government could not possibly review long proceedings before the Interstate Commerce Commission; but why, in this vital matter of censoring—because in the last analysis that is what it is—of the greatest medium of communication of thought which exists in the world, should not the licensee have the right to go to the court of appeals upon questions of fact as well as questions of law, especially as the questions of fact are the largest part of any such controversy?

Mr. DAVIS. I wish to state to the gentleman from Pennsylvania that that subject for many years has had a great deal of consideration, discussion, and investigation by the committees having jurisdiction over this subject in Congress, and the committees unanimously reached the conclusion, and Congress has unanimously enacted a law, fixing the right of appeal as it now exists. The reason for it was this, as we viewed it: Any question relating to a broadcasting license is not confined to the interests of a particular station. It affects others. In other words, matters of interference enter into it. Nobody, no matter how wise he may be, can get the entire picture of the whole subject by studying the record in some particular case. It is absolutely essential, because of the natural limitations and because of the scientific features of radio, that some tribunal have the right to grant these licenses in connection with the granting of them generally; and while it is doubtless true—and, so far as I am concerned, I am certain it is true—that the present commission has made many mistakes, yet we were of the opinion that there would be less abuse by reason of lodging that discretion in them than there would be to permit some court which, perhaps, would try a radio case once in six months or once in a year, and then have before it only a picture of that particular case and that particular station.

Mr. BECK. If the gentleman will pardon one further question, does not that reflect upon the capacity of the judicial branch of the Government and lodge a very arbitrary power as to a matter that affects millions and millions of people in the mere governmental bureau? Is it not a fact that in any event, whether this section was in the law or not, the court would naturally pay the greatest respect to the findings of fact of the executive commission? And is it not also a fact that if the Federal Radio Commission arbitrarily attempts to suppress a station or the right of free speech over that station, that the court has no power at all except upon a few questions of law which are generally not in dispute, because the controversy turns upon the question of fact, and under the law the door is practically shut to a judicial inquiry?

Mr. DAVIS. If it appears to the court that there is a clear abuse of discretion, they have that right.

Mr. BECK. The court has that right?

Mr. DAVIS. Yes.

Mr. BECK. The bill as you report it is that the court shall be limited to questions of law and that findings of fact by the commission, if supported by substantial evidence, shall be conclusive. To my mind this is only one more evidence of the trend on the part of the Government to transfer judicial functions to the executive departments. And let me say to the gentleman that Lord Chief Justice Hewart of England has written a book called "The New Despotism," and I commend it to the distinguished chairman and his committee, because it shows how thoughtful men in England and America are viewing with apprehension this transfer of judicial power, involving the most sacred of the rights of the individual, from the judicial branch of the Government to some bureaucratic tribunal.

Mr. DAVIS. In the first place, there are analogies for this; and in the second place, as I have said, the members of the committees having jurisdiction of this subject reached the definite conclusion, in the light of decisions which have been rendered by the court, that the courts had no conception, and could not have from the record in a particular

case, of the effect of their decisions and dealing with the subject from the general viewpoint.

Radio is different from any other subject we have. A station transmits its signals for an indefinite distance. The signals themselves are transmitted many, many times further than the audible program, and yet those signals, even though unheard, play havoc with other stations. Therefore it is absolutely essential to have a proper regulation of these things by some authority who has a picture of the whole subject and has a knowledge of what stations are within the range of these heterodyne signals either because of geographical location or kilocycle separation.

I am as impatient of bureaucratic abuses as is the gentleman from Pennsylvania. However, it is admitted that some tribunal must regulate radio, otherwise there would be absolute chaos. The Federal Radio Commission consists of five members, one from each zone, appointed by the President and confirmed by the Senate.

There are so many things that enter into this that we who have undertaken to study this subject have reached the conclusion that it can not be reasonably and practically handled in any other manner.

Mr. BLANTON. Will the gentleman yield?

Mr. DAVIS. I yield.

Mr. BLANTON. The gentleman from Pennsylvania certainly would not have the court, on appeal, try the case *de novo* and determine the facts from witnesses; it is merely an appeal on a record made by the commission. Sometimes it takes months for these appeals to be perfected and to reach the court. It takes months for the court to hear it. Does the gentleman from Pennsylvania think that such a station should be allowed to continue to operate unlawfully and broadcast matters that are improper while the appeal is being perfected? I want to suggest that to the gentleman.

Mr. DAVIS. I have now found the provision which the gentleman from Pennsylvania read in part, and in part only. Here is all of it:

Provided, however, That the review of the court shall be limited to questions of law and that findings of fact by the commission, if supported by substantial evidence, shall be conclusive unless it shall appear that the findings of the commission are arbitrary and capricious.

This is in accordance with law in existence in almost every State of the Union and I think it is sufficient protection. As I said at the outset, we who have undertaken to devote our very best energies and efforts to a study of this problem, which is one of the most complex problems we have, have definitely and unanimously reached the conclusion that this is the wisest way to handle the situation, and much wiser than if you give a court unbridled authority to undertake to determine a matter when it is impossible for them, in one appeal case, to do so.

Mr. CELLER. Will the gentleman yield?

Mr. DAVIS. Gentlemen, I must decline to yield further, because I have already taken up so much time, and there are other members of the committee who desire to be heard. The gentleman can get time under the 5-minute rule.

Mr. CELLER. I wanted to ask about short waves.

Mr. DAVIS. In view of the fact that the different changes are set out in full in the report, in accordance with the Ramseyer rule, and an explanation given in the report of each change, I must conclude my remarks with an explanation of the only thing that is new, and that is section 13, which forbids, in effect, conducting lotteries over radio stations. In other words, this section simply provides that the Federal Government, which has assumed the responsibility and obligation to regulate radio, shall not permit these stations, licensed by the Federal Government, to violate the laws of the United States and of every State in the Union. I have heard of no opposition to this from any source, and, in fact, I have heard of no opposition to any of the provisions in this bill, except one man engaged in the radio industry suggested that it might possibly be a hardship on a station to compel it to illuminate the towers as a protection for aviators.

Mr. CELLER. Will the gentleman yield on that last section?

Mr. DAVIS. Very briefly.

Mr. CELLER. What is being done with reference to these foreign radio broadcasting stations that broadcast lotteries and games of chance? Is there any method, by virtue of international comity, by which we can get after such foreign stations?

Mr. DAVIS. Of course, we have no jurisdiction over stations outside of the United States. Matters are being considered along that line and, in fact, Senator DILL has introduced a resolution requesting the State Department to call a conference to reach an agreement between the United States and Mexico and Cuba. I will state that I have an amendment, which I may probably embrace in the next bill, designed to remedy that situation in so far as it may be possible to control the situation, but it is a pretty difficult thing to do. The Post Office Department has issued fraud orders against mail from the United States addressed to those stations.

I reserve the balance of my time, Mr. Chairman. [Applause.]

Mr. LEHLBACH. Mr. Chairman, I ask recognition.

The CHAIRMAN. The gentleman from New Jersey is recognized for one hour.

Mr. LEHLBACH. Mr. Chairman, the provisions of this bill have just been exhaustively and clearly explained. The purposes have been developed and questions with regard thereto have been answered. There is nothing on the substantive merits or the provisions of this bill that I can add that would not be mere repetition.

I wish to state that this bill in every provision, save one, was reported unanimously by the committee in the last Congress and passed this House unanimously in the last Congress, and was unanimously reported by the Senate committee, but failed of enactment by reason of lack of opportunity for consideration. Every amendment in the bill has the support of the Federal Radio Commission and the support of every one interested in radio. I have not heard a word of opposition to any feature of the bill from any source.

The bill largely deals with the simplification of procedure and the expedition of business. There is no change in the substantive provisions of the radio law except the new paragraph which prohibits the broadcasting or advertising of lotteries, to which the radio interests give their unqualified consent; and it is not in the sense of censorship that this provision is sought but because it is unfair, grossly unfair, to permit, in the event they should avail themselves of the absence of a prohibition, radio to advertise a lottery when, if a newspaper attempts to do the same thing, it is unavailable.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. WILLIAMSON. I have had a good many complaints from constituents in my State on certain character of radio advertising. Did the gentleman's committee give any attention to that?

Mr. LEHLBACH. Not in this bill. This bill contains only matter that is absolutely uncontroversial and is necessary for the proper administration of the radio laws. This question that the gentleman refers to will receive consideration and be taken up in course of time in a form which will enable free and full discussion and not impede or interfere with these changes in procedure which are so necessary.

Mr. WILLIAMSON. The gentleman is familiar with the radio law and the powers of the commission. Does not the commission have authority to regulate the character of advertising that goes over the air?

Mr. LEHLBACH. The commission has the right of granting or withholding or canceling licenses for broadcasting of all radio programs; the canceling of all broadcasts if they are not in the public interest. It has no specific authority to censor, but in the application of these broad general powers it is within its discretion how far it shall go.

Mr. WILLIAMSON. So that if a radio station persists in sending out what the commission considers as objectionable

advertising, the commission could refuse to renew the license?

Mr. LEHLBACH. Absolutely.

Mr. STAFFORD. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. STAFFORD. Under existing law any licensee whose license is revoked may appeal to the various district courts of the United States. Under the proposed bill you are seeking to confer that right of appeal only upon the Court of Appeals of the District of Columbia. That is for the obvious purpose of uniformity of decisions.

Now, if the Court of Appeals of the District of Columbia is going to be vested with this sole authority of appeal, then I will reiterate the criticism raised by the distinguished gentleman from Pennsylvania [Mr. BECK], as carried in the proviso, page 14, whether the appellate court should only pass on questions of law and be obliged to accept the findings of fact when supported by substantial testimony. The gentleman from Pennsylvania raised a very important question, which the gentleman from Tennessee attempted to answer. Under the existing practice, we have the various district courts who might pass upon one question, and if we are going to have a specialized court in the District that will become fairly acquainted with radio matters, why should we confer on the commission the sole determination of questions of fact?

Mr. LEHLBACH. Let me say to the gentleman that when the law was first written nobody supposed that the provision of allowing appeals to the court would vest that court with the exercise of anything but judicial functions. I think the gentleman will agree that the practice of exercising administrative functions rather than judicial functions is a bad practice. I do not care whether it pertains to radio or any other subject. This provision only carries into effect what we intended in the original law.

Mr. STAFFORD. The gentleman from Pennsylvania raised the question that we were taking away judicial authority and vesting it in the commission, only having the court pass on the bare fact of the findings of the commission, and whether it is supported at all by any testimony.

Mr. LEHLBACH. We are not taking away any judicial functions; we are taking away the administrative functions, which never were intended to be conferred upon it.

Mr. STAFFORD. The gentleman from Pennsylvania says that we are taking away judicial powers from the court and vesting them in the Radio Commission. The attention of the gentleman from Pennsylvania was diverted while I was interrogating the gentleman from New Jersey.

Mr. CELLER. Mr. Chairman, I may give the gentleman a further illustration. We have a situation where the appellate court is precluded from going into questions of fact. We frequently have cases where the findings of fact are not reviewable by the appellate court, save where they disregard all law and reason and there is abuse of discretion.

Most of us have had experience in immigration cases, where there may be a question of life or death—the question of deportation.

Those findings of the board of special inquiry of the Department of Labor are conclusive on the court that reviews on a hearing on a writ of habeas corpus, and the court is powerless, save in the case of abuse of discretion, to review those facts. If we allow the limitation of review in a case where human life is involved, there certainly should be no complaint where we allow it in the case of review of the findings of the Radio Commission. That situation holds true in almost all reviews—save where there are exceptions embodied in the statute—of the findings of fact of administrative heads of all bureaus.

Mr. BARTON. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BARTON. In answer to the gentleman from Pennsylvania, who, I understand, is a distinguished lawyer, I call the gentleman's attention to the fact that this simply gives to the findings of the Radio Commission the standing of a verdict of a jury. Questions of fact can be reviewed by the higher court in exactly the same way and to the same extent as

findings of a jury could be reviewed. The evidence in the case must be substantial and must support the finding of the commission, else it can be reviewed by the court. Not only that, but the evidence must be so clear and convincing that it indicates that the commission was not arbitrary or capricious. These questions can be investigated by the court; otherwise the finding is conclusive.

Mr. BECK. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BECK. In the first place, let me say in this instance I am not a distinguished lawyer but only an extinguished one, and therefore I do not want the House to attach any special weight to what I am about to say.

It is undoubtedly true that in the judicial branch of the Government an appellate court is very frequently concluded by findings of fact of a lower court or of a jury, but in this case there is no finding of any lower court or of any jury. It is the finding of an executive tribunal.

I did not come into the House with the idea of objecting to or criticizing this bill, but I was struck by the fact that this is part of a general trend in all governments—I suppose due to the more complicated state of society—to shift the burden of protecting the rights and liberties of the individual from the judicial to the executive branch of the Government. If the executive branch of the Government were both omniscient and infallible, we might expect good results. As a matter of fact there has been the very gravest injustice perpetrated by executive tribunals of the character that is contemplated here. In the very matter of immigration, when I was Solicitor General I knew of cases of such hardship that in one case where the immigration authorities had excluded a poor little Polish girl who was deaf, dumb, and blind, who, if refused landing, would have been thrown back upon her country, where she had no relatives or friends, to die, I went into the Supreme Court and confessed error, because it was one of the most flagrant cases of "man's inhumanity to man," and it was simply the spirit of bureaucratic power that induced the exclusion of this unfortunate little girl.

The trouble is—and I call the attention of the House to it—that the moment you shift from the judicial to the executive tribunal the right to communicate with millions of people, what follows?

The Federal Radio Commission appoints an examiner and the examiner runs through the country and takes pages of testimony, just as the examiner of the Interstate Commerce Commission runs through the country and takes testimony. Then the commission adopts the report of the examiner, and in the last analysis, as was clearly shown in the book to which I referred, namely, Lord Hewart's remarkable book called "The New Despotism," in which he inveighed against just such a tendency in England as we are witnessing here, in the last analysis the rights of American citizens were rested upon the decision of some underpaid clerk, who ran around the country and took testimony.

Mr. CELLER. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. CELLER. Is it not a case where there is no perfect answer to the situation, and we have to accept the lesser of two evils? If we would follow the conclusions reached in the book, which the gentleman mentioned, would we not have a situation where our Federal courts would be piled up with intricate cases so that they could not ever get abreast of their work? For example, if the courts would be permitted on a writ of habeas corpus, to examine into the facts *de novo*, we would have hundreds and hundreds of writs taken out in the various district courts. Personally I would prefer it, because it might be helpful to me in my own district, but I can see insurmountable difficulties that would crop up in the Federal courts if all of these cases, in the nature of full and complete reviews *de novo* from decisions of the various branches of our Government, the various heads of bureaus and boards of special inquiry and radio commissions, were to come before the Federal courts. The courts would get nowhere. They could not possibly keep abreast of the multifarious cases that come in and the various and divers questions that would arise in those cases.

Mr. BECK. In reply to that, it is very easy to exaggerate the difficulty of these cases. Here is John Smith, who invests so many hundreds of thousands of dollars or millions of dollars in an elaborate scheme of broadcasting. Suddenly every cent of capital is destroyed by the suspension or revocation of this license. If he had the right to go into court, which could examine not merely questions of law but questions of fact, it could then be determined whether the revocation or suspension of that license was in good faith; because executive tribunals are very human. They may have an improper motive for suspending a man's license, and yet they may assign, as mere camouflage, all sorts of technical difficulties about that particular station, difficulties that never occurred to them when they granted the license; but, having granted the license and being dissatisfied with the licensee's use of it or perhaps desiring to take his wave length and give it to somebody else, the Federal Radio Commission can, as I said before, upon testimony taken by some clerical examiner, destroy his right, without any appeal on his part to the court, except as to questions of law, and those questions of law play but a very insignificant part in such controversy. It is a question of fact whether he is making legitimate use of the wave lengths.

As I was trespassing upon the gentleman's time, I simply read a part of the section in reference to findings of fact being conclusive, but the proviso that the court may consider whether or not the finding of the Radio Commission is capricious or arbitrary practically adds nothing. In the actual administration of the existing law, circuit courts of appeal have simply said: Is there any question of law? If not, the findings of the commission are final and, therefore, that disposes of the controversy when it comes into the court of appeals.

Now, for my part, I quite appreciate what my friend said. This is a part of the trend, as I said before, in many cases, as in the Interstate Commerce Commission. It is dictated by considerations of necessity, and it would be impossible for the judiciary to go into the inquiries, profound and complicated, that are made by the Interstate Commerce Commission. In the matter of excluding aliens it may be desirable, but I doubt, from my experience as Solicitor General, whether this arbitrary right on the part of the Immigration Commission on questions of fact ought to be as it undoubtedly is under the law. But let us not extend something that diminishes the prestige of the courts, that robs them of what is a judicial function, and that turns over to a bureau such absolute power over property and property rights, a power exercised too often in the spirit with which the great poet said:

But man, proud man!
Drest in a little brief authority,—
Most ignorant of what he's most assured,
His glassy essence—like an angry ape,
Plays such fantastic tricks before high heaven
As make angels weep.

[Applause.]

Mr. LAGUARDIA. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. LAGUARDIA. Is not the beautiful little poem the gentleman just recited very applicable to many of our United States district judges?

Mr. BECK. That may be true. But after all the sanctity of the judicial branch of the Government—upon the whole, well deserved in our history—is such that the judge who sits on the bench is not the prosecutor, jury, and judge as these executive commissions are. They initiate a prosecution to suspend a license, we will say, and every impulse of their minds is naturally to sustain that which they have initiated. They are judges in their own cause, and they find facts to suit the particular objects which they have in mind. Then, when a citizen, who thinks he lives in a country of laws and not of men, goes into a court of justice he does not go into the lower court that could examine the facts, but he goes into a court of appeals. There he finds the Congress has closed the door of inquiry upon that element of the controversy which is generally conclusive, namely, facts.

Mr. LEHLBACH. I just wish to say that the determination as to whether a license should be granted, renewed, or

canceled is purely a matter of administration and not a judicial question whatsoever. No right of property is involved because no property can vest in the ether under our laws. Now, if you are going to place the administration of the public affairs of this country in the judiciary, we might as well abandon the executive departments.

Mr. CLANCY. Will the gentleman yield?

Mr. LEHLBACH. I yield to the gentleman from Michigan.

Mr. CLANCY. Right on that point, the amendment to the Constitution of the United States, Article V, says that no person shall be deprived of property without due process of law. The gentleman from New Jersey [Mr. LEHLBACH] is making a very ingenious argument and saying that there is no property in the ether.

Federal advertising restriction on broadcasting is being discussed in the Senate, and may be further discussed in the House, and legislation may result in the destruction of broadcasting property and in the confiscation of the property of the owner or owners of a broadcasting station. The station may be worth several million dollars and may be paying \$200,000 a year. Confiscation of property may be involved.

If the owner or manager of a radio station should allow that station to be used for illegal purposes, for instance, for the purpose of broadcasting signals to rumrunners as to when they may run their liquor in, then the license of the station can be revoked by the Federal Radio Commission, and of course there is a confiscation of property and possibly a wreckage of the fortune of the individual. Does the gentleman from New Jersey imply that if the Federal Radio Commission should determine that a license should be revoked, there shall be no appeal to the Supreme Court or to the courts below the Supreme Court?

Mr. LEHLBACH. No; not at all. They have that absolute right. We grant, without question, the right of appeal to the Supreme Court, which was a question in doubt before this legislation. They can appeal to the courts against any injustice, but they have got to show that there was injustice. They can not ask the court to set up its opinion on how an administrative matter should be handled as against the board that was created in the executive department for that very purpose; but, certainly, the courts exist, and, certainly, we provide that any injustice that may be done by perversion of the function to administer the law may be corrected by the court.

Mr. CLANCY. But the gentleman from New Jersey states there is no property in the license, and the Constitution refers specifically to protection of property. Therefore the gentleman's argument would not support an appeal to the Supreme Court under Article V, would it?

Mr. LEHLBACH. There is not a person who makes application for permission to build a station, that makes application for a license to broadcast, but who knows perfectly well it is a naked license and no property rights flow out of the granting of the license. They know this before they start, so, consequently, there can be no hardship if by reason of their own misuse of the license they lose it.

Mr. DAVIS. Will the gentleman yield?

Mr. LEHLBACH. I yield to the chairman of the committee.

Mr. DAVIS. Mr. Chairman, a number of wholly irrelevant arguments have been injected into the debate which have no application to the bill under consideration. For instance, on the question of confiscation of property and of vested rights, the law provides that no radio licensee shall receive any vested right by reason of such license or the use of the wave lengths or the air, and he should not receive any vested rights thereto.

I do not care how many millions he may spend under the temporary license, as suggested by the gentleman from New Jersey; he knows and has notice under the law that he acquires no right even to use that property except during the period of his license. The license itself fixes the period of use, unless he gets it renewed, and the law specifically provides that he acquires no vested rights, and Congress should

never permit them to acquire any vested rights. As to whether they acquire vested rights under the law generally, and as to whether it is a case of confiscation, is a question that has been repeatedly and definitely settled in the negative in decisions on analogous cases. I commend to the reading of the gentleman from Michigan the famous case of Kidd against Pearson, which has been followed in innumerable instances ever since.

The courts have always held that under circumstances of this kind it is in no sense a confiscation of property for the Government or any other instrumentality or branch of government to refuse to grant a renewal license or to grant it in the first instance.

Mr. CLANCY. Will the gentleman yield?

Mr. DAVIS. Yes.

Mr. CLANCY. I do not want the gentleman to misunderstand me. I had an informal understanding with the gentleman from New Jersey [Mr. LEHLBACH] that he would discuss this question and I would ask him some questions, and that the matter would be clarified. I understand the laws fairly well, as a member of the committee, but the gentleman knows that these appeals are continually discussed and that the owners of the radio stations are complaining of possible loss of their licenses and entire fortunes through what they call unwise legislation. The gentleman from Tennessee knows that even when the Radio Commission endeavors to switch a station off its own channel onto another channel, that the station quite invariably takes the matter to the courts.

Mr. DAVIS. Yes. I may say to the gentleman from Michigan that they have the right of appeal to court, as I have stated, from any action of the Radio Commission, and, as the gentleman says, they always appeal if they feel aggrieved, and frequently, perhaps, when they are not aggrieved.

On the question of the investment of radio stations I wish to call the attention of the Members of the House to this fact. Even if you want to predicate this great potentiality on a sordid basis, if you want to consider it on a dollar-and-cents basis, remember this: All of the broadcasting stations in America combined only have \$28,000,000 invested in their stations and all of their equipment and apparatus, whereas the great listening public of America have \$1,000,000,000 invested in receiving sets [applause], and we are endeavoring to represent the American people and to protect their interests and not trying to do something that will give vested rights to a few of these commercial stations. [Applause.]

Mr. LEHLBACH. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. GIFFORD], a member of the committee.

Mr. GIFFORD. Mr. Chairman, I would make no remarks at this time had we decided to take up this bill as a simple and definite proposition; but I do want to express myself again on the general subject of radio as I have done heretofore.

I regret very much there is not before this committee, having radio matters in charge, some of the real questions that are of great interest to the American people. I am one of those who greatly regret that a monopoly of radio seems to have been recognized and that the Radio Commission now seems to be busying itself and finding plenty to do in trying to carry out the present law and comes to us asking only for simple clarifying amendments.

In this bill lotteries and similar schemes are the only new matters taken up. I hesitate to suggest to you things that are brought to the attention of the American people by radio in advertising articles of little or no value and possibly fraudulent in the value claimed by the promoters of such advertising.

But I want to bring to the attention of this House that the radio should be used for communication services where the telephone and telegraph are not available.

The educational features also seem to be submerged to those interests who are willing to pay large sums of money to advertise their particular products.

Has this great discovery come to a point wholly dependent on advertising for its use to the American people? With

this great invention, is it possible that when you are in an out-of-the-way place, when you are traveling where there is no telephone or telegraph, you can not use it for sending and receiving messages?

We well know how that is so. The monopoly got there before the Congress did and has stifled its use in this direction.

The Federal Trade Commission has made a lengthy report, but the monopoly has simply denied all the allegations.

As one member of the committee, I shall continue to insist that messages and communications, which should be the most important use of radio in the United States, be restored to us by this great combination and monopoly.

We are not always interested in what we have to listen to over the radio as furnished by these advertisers. It should be used in matters of much greater importance than the advertising of cigarettes, lipsticks, and various other things of similar nature.

I rise to point out the dangerous trend in the use of radio, although I do not find the great interest on the general subject that there ought to be on the floor of the House. Every year our Radio Commission will come in with recommendations to clarify existing law, rather than to recommend changes in the system, which the American people will soon demand. [Applause.]

Mr. LEHLBACH. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Chairman, I am going to do that which I have rarely done before—speak without particular preparation for what I have to say.

This bill, according to the chairman of the committee [Mr. DAVIS], gives no vested right to a radio station—and admittedly no vested right in the air can be given by law to any station—but I submit to the chairman of the committee that the procedure of the Radio Commission does give vested rights in effect.

Let me illustrate what I mean by it: This is something that I hope to find time, when my committee work on appropriations clears away, to go into more in detail on the floor.

There is a broadcasting station that operates in Baltimore on three nights a week. A station at Hartford, Conn., operates three nights a week, alternating with the Baltimore station. A station operating at Norfolk, Nebr., 1,500 miles away, is required to shut down at sundown in order to permit these two eastern coast stations to operate on a clear channel. The radio engineers assert that there can be no essential conflict between these stations here and the station in Nebraska. There is no essential conflict in fact in the area that they reach.

These eastern stations do not come into our western country. Our people do not listen to them. They could not give them proper reception if they wanted to listen to them. Our station in Nebraska does not come east. The eastern people would not care particularly to listen to our western programs if they could, and it would not reach into this eastern territory. There is an area between the two that neither serves, and as a result both of those stations could operate on that channel at night without any essential hindrance to the service to the public in listening to their programs.

Now, what happens? Last election time when the Norfolk station wanted to broadcast for one night the election returns to Nebraska listeners the Radio Commission told them they had to get permission of the people at Baltimore to broadcast the election returns in Nebraska. The permission was not granted, and accordingly the commission denied the request also. This year the Norfolk station asked permission to operate one hour later.

At the present time they are operating where time changes, and the people who are served in my district must tune out at 4 o'clock in the afternoon. They asked for permission to broadcast at the Norfolk station for one additional hour per day. The Radio Commission did not say "We will consider your case on its merits," but told them "You go and get permission of the people who own the

station in Baltimore and permission of the people who own the station in Hartford, Conn., and if they will grant you permission, then we will grant you permission."

I submit that that is the actual granting and giving of a vested right in broadcasting, and in channels and station privileges that the law does not contemplate should be given and which the law prohibits. I submit to the chairman of this committee that there must be radical revision, either of the commission's practices in that regard or in the law, in order that the services and facilities of the radio may be given to the people to a much greater extent than they are now given.

Under what is known as the Davis amendment, power was allocated to the States based on population. That power, based on population, gives to the city of Chicago far more broadcasting facilities than to all the rest of the people in all of that zone in which we are located. They refused to grant a license to a little 100-watt station in western Nebraska. Some of you know that my congressional district is larger than the State of Indiana by 7,000 square miles, and is as large as the State of Illinois. We are denied the right to have a little broadcasting station in western Nebraska, not on the ground that it will interfere with any existing station in the United States but because under the Davis amendment Nebraska is a little over its quota.

Mr. BLANTON. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. BLANTON. What is the largest watt power station in the gentleman's district?

Mr. SIMMONS. Oh, I could not say.

Mr. BLANTON. About how many watts?

Mr. SIMMONS. I can not say definitely.

Those two things should be taken up and worked out by the committee to the end that the radio may more completely serve the American people and to the end that the chain-controlled stations may not monopolize the air as they are now permitted to do. Independent radio stations are absolutely essential.

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, there is no necessity for speaking on the administrative measures of the bill itself, but I believe that every time the question of property right or vested interest in the air is mentioned on the floor of this House it ought to be immediately opposed, denied, and emphatically reiterated that every broadcasting station in the country is operating under a revocable license and nothing else, and that not even use of years and years will create a vested right within the meaning of the law to operate.

Congress has done nothing to give any such right or color of right, and Congress never has and will not, I am sure, say anything on the floor that would even remotely indicate that the user of these licenses creates an interest in the ether or right to operate, regardless of the amount of the investment in the machinery of the broadcasting station.

Mr. SIMMONS. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. SIMMONS. If as a factor the effect of the regulations and action of the Radio Commission are such that they recognize a vested right, then have they not given it, although Congress has denied it? That is actually what has happened, so that a few chain stations absolutely control broadcasting in the United States, and under the regulations and decisions and actions of the Radio Commission; while by law they have no vested right, in fact they have.

Mr. LAGUARDIA. The commission has no such power and can not establish such a right. It can not convey that which it has not. The clear intent of the law is—and it was repeated over and over again in the early debates on all radio legislation—that the license to operate a radio station was only a temporary permit; that there was nothing permanent in a license or permit; that it was simply license, and I contend that nothing that the commission can do,

either by act or decision or otherwise, can create a vested right.

As has been pointed out on the floor of the House to-day, the primary interest of Congress in radio legislation is protection of the public, not of the privileged licensees who are in it for commercial purposes. Whether it is telephone or cable or telegraph companies, they are subject to regulation, State or otherwise, and they use their own property for the transmission of communications. Here a broadcasting station and the use of radio are absolutely dependent upon the use of the ether, which gives all the more right to the public in putting the strictures which we do upon them, and absolutely limiting this use to a mere revocable license and nothing else.

Mr. BLAND. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. BLAND. The gentleman referred to the intent that there should be no vested right. Is it not a fact that the law expressly goes farther and emphatically declares, positively declares, that there shall be no vested right?

Mr. LAGUARDIA. That is correct. If the gentleman will recall the early discussions of radio legislation, it would have been impossible to pass any sort of a bill in this House had that specific provision not been written into the bill.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CHIPERFIELD. Is it not true that the principle is well settled and founded that no adverse use as against the public or public right ever can be matured or vested, no matter what the length of time, and that the public always can reclaim and regain its rights, no matter how long they have been adversely used by another?

Mr. LAGUARDIA. Yes; and regardless of how much their investment may be.

Mr. CHIPERFIELD. Yes.

Mr. LAGUARDIA. Now, in reply to the suggestion made by the gentleman from Michigan on pending legislation on advertisements, I will say that is in the hands of the people who abuse the privilege granted to them by Congress, and it is not in our hands. If these broadcasting stations persist in abusing their licenses in such ways as to make their broadcasting nauseating, by repeated advertisement and advertising talks which could not be used in the same manner in the papers, then if there is legislation, it will be their fault and not the fault of Congress. [Applause.]

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, the gentleman from New York [Mr. LAGUARDIA] probably stepped out of the Chamber after I had my colloquy with the gentleman from New Jersey [Mr. LEHLBACH], and the gentleman did not hear my colloquy with the gentleman from Tennessee, the very able chairman of the committee [Mr. DAVIS]. Otherwise the gentleman from New York would withhold his remarks. The gentleman from New York [Mr. LAGUARDIA] endeavors to advise me about bringing up this property and vested rights question, whereas the gentleman from New York has been known as one of the chief exponents on this floor of the question of free speech.

As a member of the Radio Committee, I have been asked time and time again by the owners of radio stations as to just what property or vested rights they had in their costly equipment and in their license. Certainly this discussion initiated by me to-day, which will be read by every radio broadcasting owner in the country, will help clarify the situation. What do the radio broadcasters take up in their annual national conventions? They take up primarily and devote most of their time to the question of what property rights they have and whether their property is secure or not. They complain emphatically about their being restricted to 90-day licenses and about their insecurity.

The gentleman from New York did not go so far as to say that station owners hold their licenses only for 90 days and how they resecure their title and tenure in their property simply by renewals every three months. I do not want

to be "advised" for mentioning the fact that there is a bill in the Senate to regulate radio advertising on the air. There is plenty of discussion in the newspapers and magazines about that proposal, and there is much discussion in the Senate, so why can we not consider it here on the floor of the House? To-day is the free-for-all radio day, the first we have had this session; and it may be the last day this session on which we can discuss radio, so why should we not be allowed to go ahead?

I said to the gentleman from Tennessee when he began to speak on this subject that I had an informal understanding with Mr. LEHLBACH, the minority leader on the committee, that I would ask him certain questions on the matter of property and vested rights, and he would respond, and we would get it in the RECORD, and the harassed owners of radio stations would at least get the reasonings, motives, and philosophy of the majority of the committee on radio "property" or "vested" rights.

Surely I am performing a useful public service in clarifying the matter.

Mr. LEHLBACH. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. HORR].

Mr. HORR. Mr. Chairman, I had not expected to talk on this matter, but it is a matter that concerns particularly the district I represent in the State of Washington. We have there the foundation and the beginning of the second chain of National Broadcasting Corporation. It has gradually and almost completely taken possession of the air in the Northwest on the Pacific coast.

I take it that the bill under consideration to-day is intended to clarify a legal situation. The bill does not provide for an appeal with safeguard pending appeal.

It is my fortune or misfortune to have been the receiver of the Northwest Broadcasting Corporation when it became bankrupt. I want to tell you the experience we had with this Radio Commission, a commission which you have created, a commission with autocratic powers. I want to give you our experience in that matter. The Northwest Broadcasting Co., as I say, became bankrupt and the court appointed me receiver to take charge of that organization. Immediately word came from the commission to close down our station and to get off the air. One-third of a million dollars was there to be cast into the heap. It was not owned by one particular individual but by many stockholders. Were it not for the fact that I myself, as receiver, was not conversant with the provisions of the law which made it a penalty to disregard the order of the commission, I would have obeyed the order of the commission; but not being conversant I wired them back that I could not and would not take the station off the air, and I did not. To-day that organization is a thriving institution on the Pacific coast.

You gentlemen do not realize what you have created. You have created a commission which plays up to you if you have the influence, if you have the power back of you. If any of you desire to secure a wave length, take plenty of us on this side of the Chamber and plenty on the other side of the Chamber, and then you will get your wave length. They talk about it not being a vested interest. Of course it is not. But, as a matter of fact, as the gentleman from Nebraska said, it is a vested interest. The three monopolies that to-day are virtually controlling the air have it down to the point where they will tell you whether you can or you can not have your little station established in your locality. They have usurped the power of the commission. While that is not recognized, as the gentleman from Nebraska said, it is there, and you have to obey.

I have heard statements made about the investments made by the American people in these organizations. I suppose that is for the purpose of playing up to the public, that it is a vote-getting statement, and I may learn more about it after I have been here for some time. However, I want to say to you that these independent organizations should be protected. If I had the time, I could mention many cases, but I will mention only one. It is a matter of record that when radio was under the Department of Commerce a little

man up in one of the States—I think it was in Wisconsin or Michigan—was approached one day as to the sale of his station. He told them it was not for sale. They told him he had better sell, and you will find it of record that after he had lost his nerve and when he thought he was about to lose his station, he asked the Department of Commerce what their attitude was, and they said, "You had better sell." What happened? He lost his station, and to-day his case is on appeal. Do not tell me that the commission is above influence. Now, between the time of his appeal and the time of the decision of the court of appeals the owner can not operate his station, and it is closed down. I am of the opinion that this law should be amended so that there will be some provision in it providing that between the time when a man goes to the court and the time he gets a definite decision he will be permitted to operate. But as it is now, a station can be taken off the air, and it is taken off the air. This virtually destroys the station and amounts to almost confiscation, such is the arbitrary power of the commission.

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I reserve the balance of my time.

Mr. DAVIS. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, the language used by our distinguished colleague from Pennsylvania [Mr. BECK] is probably so rhetorical and so embellished with finely polished periods that we are likely to mistake the shadow for the substance.

I believe that when it comes to the interpretation of the rights of broadcasting stations, as appears on page 14, that the only question we must determine is this: Are the rights of these broadcasters substantially protected? I believe the language which gives them the right to appeal to the court to determine whether substantial justice has been done is sufficient for their purposes and that they are amply protected. There is no need for any amendments to the bill offered by the Committee on the Merchant Marine, Radio, and Fisheries, presided over by our esteemed colleague from Tennessee [Mr. DAVIS].

The hearing they have before the Radio Commission, I might say for the edification of my distinguished colleague from Michigan [Mr. CLANCY], is due process under the Constitution beyond peradventure of a doubt. If you should permit the language to be changed in this or any similar statute to the effect that the appellate courts would have the right *de novo* to hear all the witnesses and to go into all the ramifications of facts, you would have the district courts so lumbered up and so glutted with cases that you could not get any case tried for several years to come.

Mr. McGUGIN. Will the gentleman yield?

Mr. CELLER. In just a moment when I have finished with my thought.

There is not a week passes that we who are members of the Judiciary Committee of the House are not importuned and asked to increase the number of district judges throughout the country; and I say that if you change this statute along the lines suggested by the distinguished gentleman from Pennsylvania—and you would have to change all other similar statutes in justice to those involved under such statutes—we would be compelled to come into this House and ask you to allow us to pass a bill doubling the number of Federal judges. Will you do that? You emphatically will not do that.

For example, often a patent case or a case of using the mail to defraud takes weeks and weeks and takes the energy and services and time of several judges. A radio case takes weeks sometimes before it is concluded in the Radio Commission, and you will have then much, too much work piled on the district judges if you provide that the court can on appeal consider the radio case anew and hear witnesses *de novo* or even pass upon questions of fact anew and not be bound by the commission's findings in any respect. You just can not do it, gentlemen. You are up against a situation where you must be practical. You can not be impractical idealists on this proposition. You must

be expedient, even at the expense of a little injustice at times.

Mr. HORN. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. HORN. As a matter of fact, all these cases are heard by about seven commissioners; is not that true?

Mr. CELLER. Yes.

Mr. HORN. So it would not take any more to give them *de novo* with seven additional judges.

Mr. CELLER. It would. I am not only referring to this particular radio statute. If you are going to have these cases considered anew in the Federal courts when they refer to radio, you have got to do the same thing when the case refers to immigration, or when it refers to a fraud-order case in the Postmaster General's department. You will have to go all along down the line, and then you will have the Federal courts so filled up with such cases that if you have a meritorious case you could not get your case tried for years unless you would allow us to come in and double the number of judges we have at the present time, and in the interest of economy you would not do that.

Mr. HORN. As a matter of fact, in immigration cases we are doing that right now; is not that true?

Mr. CELLER. Oh, no.

Mr. HORN. They are entitled to do just that.

Mr. CELLER. In the immigration cases you can not, for example, go behind the findings of fact of the board of special inquiry. Their findings of fact are conclusive unless the court finds there is abuse of discretion, or action the result of caprice and unreason.

Mr. HORN. You can sue out a writ of habeas corpus and go right into the matter.

Mr. CELLER. I beg to differ with the gentleman. The gentleman is entirely wrong. On a writ of habeas corpus you can not go beyond the findings of fact made by the board of special inquiry unless discretion is abused. That is conclusive upon the court. You can only do that in case of an abuse of discretion and arbitrary action.

[Here the gavel fell.]

The CHAIRMAN. If there is no further debate, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subparagraph (f) of section 1 of the radio act of 1927 (U. S. C., Supp. V, title 47, sec. 81) is amended by inserting after the words "within the" words "jurisdiction of the," so that as amended said subparagraph shall read: "or (f) upon any aircraft or other mobile stations within the jurisdiction of the United States, except under and in accordance with this act and with a license in that behalf granted under the provisions of this act."

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am rather surprised that since the distinguished gentleman from Pennsylvania [Mr. BECK] has emancipated himself from a bureaucratic administration, and notwithstanding the fact that he still belongs to a bureaucratic party, he should nevertheless now array himself against the autocracy of bureaucrats. It is encouraging, however, that he has taken this stand.

The great trouble with the hearings by the Federal Radio Commission is that they are before ignorant, inexperienced, incompetent, inefficient examiners, and the examiner passes on what testimony he shall admit in the record and upon that which he shall exclude. He keeps out all evidence he does not want to go in, and the record which finally reaches the commissioners is a biased, prejudiced, incorrect, incomplete, warped record that is both unfair and unjust.

If the Federal Radio Commission would get high-class men, efficient and able, with legal experience, to act as examiners, we would not have a bit of trouble. They should be just as efficient and reliable as the master in court appointed to hear the evidence for the judge. This is where the trouble is. For instance, a complaint is made against the radio station in Nebraska or in Michigan or in Texas, and the complaint may not have a bit of merit at all. It may be inspired by some one who wants Naboth's vineyard, as our friend says, and frequently it is just that kind of a

case. There is no other reason for the complaint, no merit whatever in it, and this little station is forced to come to Washington and bring its witnesses here, sometimes at a cost of \$100 or \$150 per witness, to appear before some little examiner, and then the examiner will rule out half of their pertinent evidence, of strong probative force and effect.

And when the record gets to the commissioners to pass upon it is not the real record, but the inspired, warped record of those who brought the complaint. If the examiner's report is against the station, in nine cases out of ten, unless that little station appears in Washington before the commission and personally represents that station, in nine cases out of ten the examiner's report will be upheld by the commission, and in order to get its rights the station will have to go into an expensive appeal to the courts, which can not grant relief on a warped record.

I have in mind a small station in Texas, a station that had only 100 watts at night and 250 watts in the daytime, struggling to exist. Some one wanted the station. They caused complaint after complaint to be made against the station, all without merit. They inspired representatives of the Radio Division of the Department of Commerce to make three different trips from New Orleans over to central Texas and filed these complaints with the Federal Radio Commission.

That little station was forced to come to Washington three different times at great expense and bring witnesses here, and when it properly presented their case the commission did uphold their rights and did renew their license. But it required a hard fight.

You can depend on the Federal Radio Commission to do right and justice if it knows all the facts, but it takes money and it takes time and it takes representation to get the rights of the ordinary little station before the commission.

Mr. BECK. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. BECK. Is it not a fact that if the judicial power of the Government is not stripped of its power, the little station to which the gentleman refers could have gone into the United States district court in Texas?

Mr. BLANTON. The distinguished gentleman from Pennsylvania has been a great Solicitor General, and knows that most of the courts on these matters appoint a master to hear the evidence, who is exactly in the same situation as an examiner. The master hears the evidence and makes a report to the court, and on that record the court makes its decision. So after all it is necessary to have fair, able examiners.

My point is that we ought to require the Federal Radio Commission to appoint only masters of high character and legal ability to pass on these questions—to hear the evidence and to present the commission a fair and impartial record upon which the rights of the various stations may be adjudicated.

When the Federal Radio Commission does that and has a fair record before it, I have confidence in it, and I believe it will do right and justice to every individual station in the United States, but it must have proper examiners and fair, just records.

Now, there is one other matter that I want to allude to. There must be a more equitable distribution of stations in the United States. My friend THOMASON, from El Paso, has a good station, because he is on the border. My good friend LANHAM has several at Fort Worth, because it is a big city. The gentleman from Texas [Mr. SUMNERS] has several stations at the big city of Dallas, and there are several at San Antonio and I am glad these fine cities have them, but there are other districts in Texas, and there will be in the next House 16 other districts, where smaller local stations ought to be located, as they are entitled to an equitable distribution of radio service.

Mr. CELLER. Does not the gentleman think that under this bill he will get the benefit of these stations in the large cities?

Mr. BLANTON. We listen in on WEAF and other stations in New York when we want to, but when we get tired

of listening to New York we ought to have the inherent privilege as American citizens to listen in for local matters on our own station once in a while. Sometimes the programs in New York do not suit us exactly, and sometimes the programs in Chicago do not suit us exactly, and we may want something besides advertising programs, and we are entitled to listen in to our own stations whenever we want to.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MARTIN of Oregon. These high-grade men that the gentleman wants will cost money.

Mr. BLANTON. Pay the examiners the money. The man who takes the testimony and makes the record ought to get good money.

Mr. MARTIN of Oregon. I am glad to hear the gentleman say that.

Mr. BLANTON. But I want high-class men to take the evidence and to make the record upon which the rights of my constituents are to be adjudicated.

Mr. CELLER. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CELLER. How would the gentleman divide the district of Texas as to the location of stations?

Mr. BLANTON. Oh, every congressional district is entitled to at least a small local station. I would say that every district in Nebraska is entitled to a small local station. I would say that the Federal Radio Commission ought to pass upon whether or not the district in Nebraska shall have service, and not require the stations to get a permit from Baltimore or Hartford.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Mr. Chairman, I ask for two additional minutes in order to answer the gentleman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BLANTON. I want to say to my friend from New York that an application from the little station out in Norfolk, Nebr., ought to be determined by the Federal Radio Commission, and not by a station in Baltimore and not by a station in Hartford on the New England coast.

Mr. CELLER. Each zone has its equal facilities, has it not?

Mr. BLANTON. No. Now, I promised to yield to the gentleman from Virginia.

Mr. CELLER. As these stations close in one zone, they go to a zone that is not sufficiently supplied.

Mr. BLANTON. The gentleman from Nebraska [Mr. SIMMONS] said that his station was notified they would have to get permission from Baltimore before they could operate a little 100-watt station.

Mr. BLAND. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BLAND. In advocating greater distribution of stations does the gentleman take into consideration the fact that the emission from a station interferes vastly farther than the station itself carries? In other words, that the station will interfere a great deal farther than the station can actually be heard.

Mr. BLANTON. How can a little 100-watt station in Nebraska interfere with Baltimore?

Mr. BLAND. Well, I do not know that it can.

Mr. BLANTON. It can not. But whenever the people of Nebraska have to come to a private operating station in Baltimore to get their rights under the American law it is going a little too far. I rebel against it.

Mr. BLAND. But the gentleman was speaking about distribution, and I wondered if the gentleman had taken that into consideration.

Mr. BLANTON. I think every district in the United States ought to have a small station for local matters. They have a right to it, and I am going to fight on this floor until they get it. Every district in the United States is entitled to at least a small station, and if they are country people they are entitled to rights just the same as city people.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I move to strike out the last two words.

The question of allocation of stations and wave lengths and power is a very difficult one and can not be decided in an offhand way. Probably there may be some cases of injustice, but there is no perfect answer to it. I believe the members of the Federal Radio Commission are doing their best to bring about suitable and equitable and proper allocation of all radio facilities. I hold no brief for any large station. Some of the large stations are in New York, such as WJZ, WEAF, WOR, and so on. They probably have been guilty of offenses. I repeat, I hold no brief for them. The radio chains—the red chain or the blue chain—are somewhat united in this sense: That the Radio Corporation of America, which probably, directly or indirectly, controls the National Broadcasting Co., with its station WEAF and other large and powerful stations, has a monopoly on all radio machinery, and thus the Radio Corporation of America very likely controls the whole radio situation in this country; but we must give the devil his due. We must give credit where credit is due. Do you know, gentlemen, that we would be deprived of the finest programs, programs that even reach the district of my distinguished friend from Texas [Mr. BLANTON], programs from Europe, if you strike too severe a blow at the great stations. We must, for example, compliment the National Broadcasting Co. for their broadcasts, for example, of operas from the Metropolitan Opera House. I would advise the gentleman to tune in on these chain stations and listen on Saturday afternoons to the finest programs he could possibly ever hear, emanating from the Metropolitan Opera House in New York. The gentleman will hear the finest singers ever collected under any one roof. He will hear Maria Jeritza, Rosa Ponselle, Lily Pons, Lucretia Bori, Gigli, Lauri-Volpi, and others, who comprise the finest singing aggregation in the world. If we did not give some greater facilities than are given to other stations to stations like WEAF and WJZ we would be deprived, for example, of hearing the deliberations at the Geneva Disarmament Conference. We could not get programs from Europe given by Frederic William Wile and William Hard, distinguished newspaper men, all the way from Geneva. We have heard Ramsay MacDonald over the radio. We have heard Mussolini. He has heard His Holiness the Pope. We could not hear those broadcasts if we did not give some sort of advantage to those larger stations. I may say to some of those who complain about these stations—and I have complained against them at times also—we must nevertheless give them their due. We must remember that it costs money to operate those stations, and it is essential to get advertising to pay for those broadcasts. If we place too many limitations upon the type and manner of those broadcasts we will get into a situation very much like that which obtains in Europe, where the owners of the radio sets will be compelled to pay a license in order to defray expenses of broadcasting. I would not want to see this country get into a position where, in order to defray the expenses of radio broadcasting, the owners of radio sets would be compelled to pay a license.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. LAGUARDIA. The gentleman does not delude himself that under the present monopoly of patent rights the people are paying a very handsome royalty on their sets?

Mr. CELLER. I said at the inception of my remarks that there is a virtual monopoly. The situation is very difficult, and you must let the difficulty work out in time. It takes a long time to solve these problems, and you must lodge the responsibility somewhere. I believe we are on the right track. The situation to-day is far better, I will say for the edification of the gentleman from New York, than it was in 1924. We came into this House then and passed the act of 1924 giving power to the Radio Commission, a power which was lodged prior thereto in the Department of Commerce. The situation has grown considerably better, and it will grow better from time to time. We must be patient. We must and can very well trust the Radio Commission.

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I listened a moment ago to the complaint regarding the necessity of new radio stations for every district in the State of Texas, or in other States, and I desire to amplify the suggestions made by the former speaker, the gentleman from New York [Mr. CELLER]. There are technical difficulties that present themselves in the allocation of these proposed new stations. As a matter of fact, although there has been a tremendous advance in radio, in radio development in general, and in the type of receiving sets we have to-day in particular, compared with those we used 10 or 12 years ago, there has been no increase in the number of wave lengths. We have practically the same number of wave lengths we had 12 years ago. There are about 89 wave lengths. The average radio-dial range is from 540 to 1,500 kilocycles. That means that there are 960 kilocycles in the range of the dial. The most selective receiving set made is the superheterodyne. That instrument will give us clear reception and will separate stations with 10 kilocycles clearance. That will make room on your dial for 96 stations, which under ordinary circumstances could be heard very clearly. But we have over 600 radio stations in the country, all broadcasting programs of more or less importance. Let us consider for a moment how this is accomplished. It is accomplished by the exchange of time, two stations or three stations dividing the time. It is accomplished, in a sense, by geography, and by that I mean geographical location. A station in Oregon and a station in Beverly, Mass., or one in Rhode Island and one in Arizona, broadcasting on the same wave lengths at the same time but separated by sufficient distance so as to cause no harmful interference, may be on the air at the same time. The other element that enters into it is the amount of power that is used, the idea being that a 100-watt station will not interfere seriously with a 2,500-watt station, provided they are not on the same wave length. You can have two powerful stations using 50,000 watts and you can have them located only a few miles apart, and they will not interfere with each other provided they use widely separated wave lengths. If one is working on 460 meters or a corresponding number of kilocycles and the other is working on 235 meters, you can hear both stations perfectly distinctly. Then again, the strong station will not blanket the weak station if there is a sufficient separation between the wave lengths. These are some of the difficulties that present themselves, and until radio science develops a closer degree of separation than 10 kilocycles the problem will not be solved.

I presume these provisions are laid down very clearly in the regulations made by the Radio Commission. Now, as you go over your dial there are only a few stations that you can hear clearly, and they are very largely the chain stations which belong to the great radio corporation, the National Broadcasting Co., Columbia Broadcasting Co., or the ramifications of these institutions wherever they exist, principally, of course, in the large cities. They are located there because in the large cities you are able to secure talent. You have these large stations in New York, Chicago, Los Angeles, and other large cities in order to provide the talent for the type of entertainment that is considered necessary to make the radio programs interesting to the public.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. CROWTHER. Yes.

Mr. JOHNSON of Washington. Is it not a fact that all of these cowboy crooners come from Texas or somewhere down there?

Mr. CROWTHER. And the crooners are the abomination of radio.

[Here the gavel fell.]

Mr. CROWTHER. Mr. Chairman, I ask unanimous consent to continue for two minutes longer.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. CROWTHER. Yes.

Mr. JOHNSON of Oklahoma. Was the gentleman serious in his statement that all the talent in the country is to be found in the large cities?

Mr. CROWTHER. Oh, no; I did not say that. I said that, obviously, at these stations in the large cities splendid talent is immediately available. You can not immediately transport your talent from the country town a thousand miles away to the radio station. I am not discussing the origin of talent. Genius and talent have no especial habitat, and we know that all our great men like the gentleman from Oklahoma [Mr. JOHNSON] come from small towns in the country [laughter and applause], and they frequently allude to that fact in their congressional biographies and in their campaign messages to their constituents. In days gone by candidates advertised that they were of humble origin, that they had driven mules on the canal towpath, that they had been plainmen, or had started in life as newsboys, but in the days to come they will indicate their humble lineage by saying to their audiences, "My friends, I come from a 1-car family. We only had one automobile." [Laughter.]

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. CROWTHER. I will be glad to.

Mr. JOHNSON of Oklahoma. And the distinguished gentleman from New York is also from a small town, is he not?

Mr. CROWTHER. Well, I come from one of the largest and one of the best towns in the world, and it has the best radio station in the world—WGY, Schenectady, N. Y. Schenectady is the name of a thriving town of nearly 100,000 people. The gentleman from Oklahoma has not many more inhabitants than that in some of his counties, while we have that many folks in our city. People who desire to come to see us sometimes wire us to meet them at Albany, because they have difficulty in spelling Schenectady. Some people wonder whether it is the name of an Indian chief or a patent medicine. It is an Indian word and means the "end of the trail." It is the name of one of the most progressive cities in the country, and one of the most up-to-date communities, with the finest radio station there is in the United States—and possibly in the world. [Applause.]

Mr. McGUGIN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I firmly believe that in considering radio we are considering something far more vital than entertainment. I believe we are considering something that strikes at the very roots of government itself, and I am going to tell you why. In this modern age there is no freedom of speech worthy of the name unless there is reasonable freedom of access to radio. The right and privilege to stand on the street corner and talk no longer fills the bill. With the coming of radio we have virtually seen air of this country monopolized and turned over to the large stations, such as the one that my friend from New York has just described; but, my friends, that wonderful station, which the gentleman has spoken of and which belongs to General Electric, will never use its facilities to appeal for the rights of the people of this country. The facilities of that station will be used to spread propaganda to lull the people to sleep while monopoly or concentrated greed takes unfair advantage of the country. The hope of freedom of speech is going to rest back in the little, free, independent radio stations in the country.

Thomas Jefferson did not have it far wrong. When he read the Constitution he was not particularly satisfied with it, but he said that it did not make much difference what kind of a charter of government we had so long as we had a free and untrammeled press. In this day of radio, to make that statement practical and to bring it down to date, it might well be added that it does not make much difference what kind of a charter of government we have so long as we have a free and untrammeled radio.

Now, what are the facts? We have set aside the clear channels for large stations, and when we have done that, for all intents and purposes, we have given it over to monopoly, because of the great amount of money it takes to operate a large station. I am like the gentleman from Texas [Mr. BLANTON]—we should better be thinking about the little 100-watt station and not worrying about the large station.

Let me ask you this question. Here are these stations all chained on the dial carrying the same program. What serv-

ice is to be gained or what does the public gain, if you please, by being able to turn to a half dozen places on the dial and hear "Amos 'n' Andy"?

The truth is, if we are going to have chain radio and chain up the radio of this country, they should all be placed on about the same wave length, instead of giving away the wave lengths of this country to a few large stations.

A 10,000-watt station in Chicago can have its power increased to 50,000 watts, and under the rules and regulations of the Radio Commission the power of the State of Illinois has not been increased; but if a little 100-watt station out in Kansas or in Texas wants to be increased to 250 watts, it is told that the State or zone quota has already been filled; in other words, adding 100 or 250 watts to a little station affects the quota, but jumping a 10,000-watt station to 50,000 watts does not affect it.

Let me give you another illustration. In Chicago this last summer WENR and some other station, I think it is WLS, were allowed to use the same transmitter. One is a 50,000-watt station. This meant 24 hours of time on the one transmitter, and by this means—you can take it either way you want—one station either had its facilities increased from 12 hours to 24 hours or the other had its facilities increased from 10,000 watts to 50,000 watts. The big stations have been getting the best of this thing and have been hogging the air, which is more than an injustice to the independent station. It is an injustice to the American people themselves, and it is destructive of freedom and of human liberty, because there is no human liberty where there is no freedom of speech and access to freedom of speech.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. Under the radio act, clearly and unmistakably there is supposed to be no censorship, but for all intents and purposes it is censorship. In taking stations off the air they are not taken off in the old-fashioned American way. Under the rules a man who has invested \$200,000 in a station has no vested rights. Maybe not. But he does have the right to a fair hearing in the old-fashioned American way, the old-fashioned Anglo-Saxon way, if you please.

He must leave his home State, leave behind the United States district court of his State, and come to Washington for his hearing before a commission; and then, after that commission renders its decision his sole right of appeal is to the District of Columbia Court of Appeals. I say that is not American jurisprudence, it is not Anglo-Saxon; it is the same kind of tyranny that was practiced in the thirteen Colonies when our fathers rebelled against being dragged across the sea to London for a hearing.

Tell me by what process of reasoning the appeal should not be from the Radio Commission back to the district court of your State and my State. That is liberty, that is freedom, that is justice.

Why should that right be any different from anything else? One appeals from the Interstate Commerce Commission back to the local court. And why should it be any different because it is a Radio Commission?

My friends, in conclusion, I want to state this: Out in Kansas Doctor Brinkley had a radio station, and he had to come to the Radio Commission and his license was taken away. He appealed to the circuit court here in the District of Columbia. The people of Kansas resented that because they felt that a citizen of Kansas has the right and privilege to appeal to a Kansas court, and he was denied that right. He was dragged here to Washington, just as our forbears were dragged across the sea to London.

And what happened? The people of Kansas, in their resentment, wrote upon their ballots 185,000 votes for Brinkley for governor—not Brinkley the broadcaster but Brinkley the citizen—because they felt that he had not had a fair trial by his peers, or by a court in his own State of Kansas. The resentment is still there.

It is wrong, and there is no justification for us to take the position in Congress that this power shall be vested in the courts of the District of Columbia instead of the United States court of our own State.

I insist that our radio rights should be adjudicated in the courts of our own State instead of in the District of Columbia. Now, I will yield to the gentleman from Texas.

Mr. BLANTON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. BLANTON. It would not be so bad if the hearing were held before the commission because they are composed of high-class gentlemen. But a hearing is granted before some little ignorant inefficient examiner who does not know the law and who does not present a fair record.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to proceed for one additional minute in order to answer the gentleman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McGUGIN. I do not care how able the members of the commission may be. I do not care what commission it may be. I believe it is contrary to true liberty and true justice to leave the final decree in the hands of any bureau. I want final consideration vested in an appellate court consisting of the United States court in our own States.

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the last paragraph.

It is hard for a layman to say whether he would like to support this bill in its entirety or not. Without regard to the technical details, there is one exceedingly good paragraph, and that is the last paragraph, which brings all radio programs under a control somewhat similar to the Federal laws, which forbid the advertising of lotteries and the announcement of prize winners, and so forth, through use of the United States mails. The newspapers can not make those announcements of lottery results and go into the mails. But certain radio concerns, as we all know, have been promoting such unlawful schemes, to the financial profit of a large number of frauds and dead beats, who call themselves wizards, soothsayers, mind readers, and miracle performers. They talk over many of the various radios in various parts of the country 15 minutes or 30 minutes a day, read characters, discuss certain human characteristics, and then notify the gullible people to come to the offices of these wizards, where the people are hoodwinked into paying from \$1 to \$5 for readings, talks, and the like. I am glad that paragraph is in the bill. I have felt that the Radio Commission had power to stop these practices without additional law.

However, I rose to inquire if the fifth zone is being enlarged? My impression is that that zone, in which lies the State of Washington, has been too large, which is the cause of many of our troubles. There seems to be not enough to go around.

Mr. DAVIS. Will the gentleman yield?

Mr. JOHNSON of Washington. I yield.

Mr. DAVIS. There is absolutely no change of any State at all. California is and always has been in the fifth zone.

Mr. JOHNSON of Washington. That is, the fifth zone is all Intermountain and Pacific Coast States? Am I right?

Mr. DAVIS. I will say to the gentleman in that connection that the fifth zone is favored more than any other zone in the country, if there is any distinction, because the fifth zone only has about one-third the population of each of the other zones.

Mr. JOHNSON of Washington. That is our whole trouble—very large area with limited population.

Mr. DAVIS. But because of the larger geographical area that zone was given the same broadcasting facilities as each of the other four zones. But there is no change in this bill with reference to any State. We do eliminate from the zone provision our Territorial and island possessions.

Mr. JOHNSON of Washington. I realize that, and we are glad that the outlying possessions are to be taken from the Pacific coast area.

Mr. DAVIS. That aids that zone to that extent.

Mr. JOHNSON of Washington. Yes. I admire the ability of the gentleman from Tennessee, and I know him to be one of the hardest workers in this House. The Members probably do not realize in the Intermountain and Pacific Coast States we have nearly one-half the entire area of continental United States. Comparatively, it is a new country. We have not yet filled it with people. We are met with the fact all the time that that whole area—11 States—has 10 less Members in the House of Representatives than the State of Pennsylvania. Our problems are new problems, and they keep us much more busy than we might be. But I would like to say we have had trouble in one of the large cities, particularly in the largest city in my district—that is to say, southwestern Washington—where we have been unable to get into a radio system with any full-time high-power system. I understand that at last we have received a favorable recommendation from the examiners.

It has been a long, hard fight. The southwestern Washington people, regardless of this or that other radio service, have applied for heavier service, and we are at once met by the system that has been described here, namely, a hearing before an examiner here in Washington, D. C. The hearings have been voluminous. I appeared before an examiner and attempted to testify, and, lo and behold, I had to qualify as an expert as to what I knew about radio, what I knew about frequency, what I knew about service, and what I knew about this and that.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JOHNSON of Washington. I could not qualify as an out-and-out expert. My knowledge of the situation was rather general. I finally was able to state that the southwestern part of the State of Washington has not been receiving anything near what could be called a fair distribution of the radio service. Attorneys for the big services were much in evidence. I am inclined to think that sooner or later, unless the power gets away from us, we will have to break in on this great, big, high-powered hook-up service in the interest of minor service. The power of the press is important. Does not every Member who hears my voice know that it is becoming harder and harder for the small weekly paper to even exist? The large city daily papers are run out on busses and reach the country towns, and the little country weekly paper and small daily which have not been influenced by corporate influence or otherwise are finding it more and more difficult to exist. News and influence from the big radio services will still further weaken the small newspaper.

This is a companion problem, and before we see the breakdown of the smaller papers we will have to break the power of the big radio organization.

Mr. LOZIER. Mr. Chairman, I move to strike out the last two words.

I do this in order to interrogate the distinguished chairman of the committee.

About a year ago the brilliant ex-Senator from Missouri, James A. Reed, was broadcasting over a nation-wide hook-up from Sedalia, Mo. In the course of his remarks, when in his characteristic and convincing manner he was vigorously impeaching the national Republican administration and its policies, he was shut off by a distress signal and thousands of his auditors deprived of the privilege of listening to his superb address. Evidently this interference was by some little, shriveled partisan pygmy with a soul so small that in eternity it would require a million years for it to fly over the point of a needle. I am asking the gentleman from Tennessee if under the law and regulations any way has been provided for preventing interferences of this character and for punishing a station that permits itself to be used for this disreputable purpose.

Mr. DAVIS. I will say to the gentleman from Missouri that I know of the incident to which he refers, and I de-

nounced it on the floor of this House not long thereafter. There is authority in the law to regulate the operation of every radio licensee and to punish all violations. Furthermore, the radio law specifically provides that it shall be the duty of the licensing authority to suspend the license of any radio operator who has willfully or maliciously interfered with any other radio communication. An investigation was conducted by the Radio Commission, so they advised, with respect to this matter, and it was reported that the distress signals were sent out by an insignificant operator conducting a ship-to-shore station who claimed he thought there was occasion for sending out the distress signal. Of course, any willful or malicious conduct of that kind ought to be prevented so far as possible, and severely punished when it occurs. There was so much criticism of this incident from one end of the country to the other that I trust it will prevent a repetition of it.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 4. Paragraph (f) of section 4 of the radio act of 1927 (U. S. C., Supp. V., title 47, sec. 84) is amended by striking out the words "in the character of emitted signals," and inserting after the word "unless" in the sixth line thereof the words "after a hearing," so that as amended the proviso will read as follows: "Provided, however, That changes in the wave lengths, authorized power, or in the times of operation of any station shall not be made without the consent of the station licensee unless, after a public hearing, the commission shall determine that such changes will promote public convenience or interest or will serve public necessity or the provisions of this act will be more fully complied with."

Paragraph (k) of said section is amended by striking out the first sentence and by inserting in lieu thereof the following:

"The commission may conduct its proceedings in such manner as will best conduce to the proper dispatch of business and the ends of justice. The commission may hold public hearings and order testimony to be taken by depositions, at any designated place, in connection with any proceeding or investigation authorized by this act, and may require the attendance and testimony of witnesses and the production of documentary evidence, from any place in the United States, at any designated place of hearing. Any member of the commission, or any examiner or other officer or employee thereof, when duly designated by the commission for such purpose, may hold hearings, sign and issue subpoenas, administer oaths, examine witnesses, and receive evidence at any place within the jurisdiction of the United States designated by the commission. In case of failure to comply with any subpoena or in case of the contumacy of any witness appearing at any hearing before the commission, a commissioner thereof, or before an examiner or other officer or employee thereof, the commission may invoke the aid of any district court of the United States. Such a court may thereupon order the witness to comply with the requirements of the subpoena or to give evidence which is relevant to the matter in question; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

"A majority of the commission shall constitute a quorum for the transaction of business, but no commissioner shall participate in any hearing or proceedings in which he has a pecuniary interest. The commission may, from time to time, make or amend such general rules or orders as may be requisite for the order and regulation of the proceedings before it, including forms of notices and the service thereof, which shall conform, as nearly as may be, to those in use in the courts of the United States. Any party to any proceeding may appear before the commission or any commissioner thereof or before an examiner or other officer or employee of the commission holding any hearing and be heard in person or by attorney. Every vote and official act of the commission, or of any commissioner thereof, or of any examiner or other official or employee thereof, in any hearing, proceeding, or investigation, shall be entered of record, and such record shall be public upon the request of any party interested.

"The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission, or any commissioner thereof, or any examiner, official, or employee thereof, as hereinbefore provided.

"Witnesses summoned as hereinbefore authorized shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States. Witnesses shall be paid by the party at whose instance they are called.

"No person shall be excused from attending and testifying or answering any lawful inquiry or from deposing or from producing documentary evidence before the commission, or any commissioner, examiner, or other officer or employee thereof, or in obedience to the subpoena of the commission, whether such subpoena is signed or issued by one or more commissioners, or by any other person duly authorized, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of this act or upon the taking of any deposition herein provided for, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled under oath so to testify, answer, or produce evidence, documentary or otherwise: *Provided*, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying."

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: On page 4, line 9, after the word "hearing," insert "Provided, That in any hearing in which only one radio station is involved the commission shall, upon the application of such station, hold all of such hearings by an examiner or commissioner at the town or city in which the station is located."

Mr. McGUGIN. Mr. Chairman, the purpose of this amendment is this. There are two different kinds of hearings that can come up. One is where one station is applying for another station's facility or where there is a controversy between two or three stations. Such a hearing, I think, should be held in Washington, on neutral ground. Then there is another kind of hearing, when no other station is involved, except the station under investigation for the violation of the commission's rules and regulations, or what not, or some individual files charges against it and there is an investigation. My amendment provides that upon the application of that station the hearing shall be conducted by an examiner or a commissioner at the town or city in which the station is located.

What I am trying to get at is the intolerable injustice of making a little station, or a large station, for that matter, but particularly a small station out in Idaho, Kansas, or elsewhere come to Washington for one of those hearings.

Let us see what this amounts to. Let us turn to page 6:

Witnesses summoned as hereinbefore authorized shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States. Witnesses shall be paid by the party at whose instance they are called.

The Radio Commission will call in a bunch of witnesses, and it has all of the power and wealth of the United States back of it. How is a little station out in the country going to compete with that situation? To be true, the station can subpoena somebody to come here, but where is the station going to get the money with which to pay mileage or fees for witnesses to come from one of the distant States? I submit it is but justice that the commission should go to that station, either through a commissioner or through an examiner, and take the testimony there. Of course, if the station wants to come to Washington and that is convenient for the commission that will be all right. My amendment simply makes it possible for that station upon its application to have the hearing held by a commissioner or an examiner at its home town.

Mr. PATTERSON. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. PATTERSON. What about your final appeal? Does the gentleman want to provide an amendment for that?

Mr. McGUGIN. I will do that later on in another place. This is just for the hearing. This is surely in keeping with every bit of government we have in this country. We enact all of our Federal statutes here in this Congress, but we have courts all over the country. We do not make everybody come to Washington for trial, and if a radio station is located in Kansas, in Indiana, Missouri, or Texas, I think

it should have the right to a trial in its home town instead of coming to Washington.

Mr. STAFFORD. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. STAFFORD. I notice from a reading of the amendment that the gentleman requires all such hearings to be held at the place where the station is located. Would the gentleman compel the commission as a body to go to these local places to determine these questions?

Mr. McGUGIN. No; I merely mean to take the evidence.

Mr. STAFFORD. But the gentleman's amendment is much broader than that.

Mr. McGUGIN. I did not want it to be any broader than that. Mr. Chairman, I ask unanimous consent that I be permitted to modify my amendment in accordance with the suggestion made by the gentleman from Wisconsin.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

Mr. STAFFORD. Will the gentleman withdraw his amendment temporarily so that he may make the modification he desires?

Mr. McGUGIN. Yes.

Mr. STAFFORD. If the gentleman will do that, I will take a little time while he is preparing it.

Mr. McGUGIN. I will withdraw my amendment for the time being.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

I take the floor, Mr. Chairman, to inquire of the chairman of the committee why it is necessary to depute to employees of the commission the right to take testimony. You give the authority contained in this section to a commissioner, and examiner or an officer, and also specify employee. The person who is to take this testimony should be, I take it, either a member of the commission or an examiner or an officer. We should not vest this great authority to determine the policy of the commission in a mere employee of the commission. These examiners, or whoever will take the testimony, will make a report back to the commission at Washington, and he should be some person of a higher grade than a mere employee. Of course, all examiners are employees, all officers, in the broad sense, are employees, but all employees are not examiners or officers.

Mr. DAVIS. I will state that this is simply in accordance with what is generally done. For instance, they could send an attorney, and perhaps some member of the legal division would be better qualified than an examiner. The words "or employee" are simply included in order to embrace such other official, under the commission, whom it might be best to send on that particular occasion. They have a legal division and, of course, we could specify "or attorney or others," but I want to state to the gentleman from Wisconsin and others that these provisions are in substantial accord with other provisions under the Interstate Commerce Commission, under the Court of Claims, and other Government activities which have been found, after long experience, to be the best way to handle the situation. It has been found from experience that the 1927 law is too narrow and restrictive, and under the procedure all the hearings of the commission or of any member thereof were heard in the city of Washington.

The gentleman from Kansas is complaining, but this bill is simply seeking to correct the very thing he is complaining about, and the authority rests in the commission without his proposed amendment, because all of the commission, any one of the commission, or any other designated official may go to any point in Kansas or any other point in the United States and hold hearings in order to prevent the necessity of the witnesses coming to Washington, but they do not have this authority unless it is given to them under the pending bill.

Mr. HOCH. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Kansas.

Mr. HOCH. As I understand the amendment offered by the gentleman from Kansas, it is not to provide the author-

ity which the bill gives, but to make it mandatory that upon application by the station involved in the particular case, the evidence shall be taken in the city where the station itself is located.

Mr. DAVIS. I want to say that the gentleman states an absolutely impossible case. There is no case, there can be no case, in which only one person or one company is interested in the granting of a radio license, because you can not grant a license without its affecting others who have a license to broadcast upon the channel in question.

Mr. MURPHY. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Ohio.

Mr. MURPHY. I would like to suggest the case of a little station which was located in my own town. This was a little radio station of 100 watts, or something of that sort, and for some unknown reason, against the protest of everyone within the radius of that station's influence, 50 miles—

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for five more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. STAFFORD. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. MURPHY. The commission sent their inspectors into my town, and just as they do sometimes when they want to get rid of somebody in the Government they send inspectors into a post office, or they send inspectors into a bank or something of that sort when they want to cause trouble; such a procedure was followed with reference to this particular station. There was no one else interested but the people in my home town. If they had had a chance to have a hearing there, if the commission had allowed the people to come in and tell what they wanted with reference to this particular radio activity it would have been fair; but as it was, they had no chance.

Mr. DAVIS. I may state to the gentleman from Ohio that the inspector to which he refers is not under the Radio Commission at all. The inspectors are under the Radio Division of the Department of Commerce. This bill proposes to make it possible to hold hearings anywhere in the country and to hear all parties concerned and to take testimony, but, in the final analysis, the decision is rendered not by that examiner, not by that particular official taking the evidence, but by the full commission, because it takes a full majority of the commission to decide any of these matters.

The entire bill in numerous particulars broadens the rights and in no sense restricts the rights of anybody.

Mr. STAFFORD. Will the gentleman give his view as to whether the case cited by the gentleman from Kansas so as to make it mandatory upon the commission to have the examination at the site where the station is located?

Mr. DAVIS. The gentleman from Kansas admitted himself out of court when he said that. Of course, if there were a station interested over here and another one over there, it would be proper for the hearing to be held in Washington on neutral ground. There is no instance in which that is not true, because whenever the question arises as to whether a license shall be granted to a station, the next question that arises is that they have to be assigned to some particular wave length and some particular power, and so forth.

Now, here is something that seems to be apparently forgotten. By nature these wave lengths are greatly restricted. There are only 89 wave lengths for broadcasting, and we share 9 of those with Canada. We have already 612 or 615 broadcasting stations, and thousands of more applications. They are coming in all the time—constantly—applications for new licenses.

You can not grant new licenses, there are already too many licenses, already too many radio stations. They ought to be reduced. I have said repeatedly that the Radio Commission ought to have the courage to make the necessary reductions. The reductions should come in the cleared channels and high-powered stations as a general proposition.

There is already an average of 54 stations on all the wave lengths assigned for local stations. There are anywhere from 8 to 15 stations assigned on what are known as regional channels. There is no room for any more as a general proposition, unless they reduce the cleared channels. The elimination of 10 cleared channels would make it possible to have several hundred additional local stations.

But whenever you propose to grant a new license the question arises if you grant the license and operate on the wave length at that particular place who will that interfere with, and anybody else within the range is interested and has a right to be heard, and the law requires that everybody that will be affected by it shall be notified and given an opportunity to be heard.

Mr. STAFFORD. Will the gentleman yield?

Mr. DAVIS. I yield.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent for three minutes more.

The CHAIRMAN. Without objection, it is so ordered.

Mr. STAFFORD. I yield to the gentleman from Tennessee.

Mr. DAVIS. Now, a great many people confuse the range of the stations with the range of the audible program. It is admitted, and is familiar to every radio engineer, that there is a range of the signal all the way from ten to one hundred times as far as the audible program. It is a common experience for a small-powered station to send its signals across the continent. The signals are not heard, but they do affect the other stations.

Do you know what this roaring and whistling is that you hear over the radio? That is the very thing I am talking about—it is the interference of signals from other stations in most instances.

Mr. STAFFORD. Will the gentleman explain—because it is new in nomenclature—what he means by signaling?

Mr. DAVIS. They are sound waves emitted from the radio transmitter—they go through the air, just as you throw a pebble into a pond and you see the waves start and cover the pond. This is simply in the air instead of the water.

Mr. BLAND. It is electrical energy.

Mr. DAVIS. That is what it is, a form of electrical energy. These signals go on and on, and when they come in contact with signals from another station on the same channel you hear this roaring and whistling which radio engineers call heterodyning. It is interference. One form of interference is called "blanketing."

Now, under this proposed amendment you could not have a case where it did not affect some other station.

[Here the gavel fell.]

Mr. MURPHY. Mr. Chairman, I move to strike out the last three words. Mr. Chairman, I have asked for this time just to clear up a matter in my own mind. The chairman of this committee that has charge of the bill made a statement that there are altogether too many radio stations now. I would like to have him tell the members of the committee how many of these radio channels are controlled by one operating agency.

Mr. DAVIS. Let me say to the gentleman that I, with other members of the committee, have been studying the problem for many years, and we have some information and definite convictions about various matters that have been discussed here to-day.

We have confined our discussion to the bill. Most of the discussion has had no relation whatever to any provision in the bill.

Now, as to the question raised by the gentleman from Ohio, I have expressed myself repeatedly upon that subject. A large number of the stations with high power and with cleared wave lengths are on what is known as the National Broadcasting chain. I will state I do not think they should be. I have repeatedly spoken on that here. I have said that it is not right for one group to have the cream of the broadcasting facilities. I have said it before and I say it again, that there is no reason why a station, because it is a chain

station, should be on a cleared wave length or should have high power, because the two leading companies which furnish chain programs have networks extending all over this country, and each station feeds the program to its area, and for that reason they do not need high-powered stations.

I should think that if each of those groups had one cleared wave length in three sections of the country it would be ample. I have inveighed against that; I have criticized it. I know the objection of people to getting the same program everywhere they turn the dial.

In that connection, after the Davis equalization amendment was enacted I addressed a communication to the Radio Commission in which I made certain suggestions. One was that there should not be cleared in excess of 25 wave lengths, or 5 for each zone, and I thought that was too much.

Mr. MURPHY. How many are there now?

Mr. DAVIS. There are 40 so-called cleared channels.

Mr. MURPHY. They are in the control of one group of business interests?

Mr. DAVIS. Well, I can not agree to that literally, except in this way: Most of those are what are known as chain stations, but they are not under the control of any one concern, simply because they have a traffic arrangement to receive a program. Most of those stations are otherwise independent, but they have a contract with the National Broadcasting Co. or the Columbia Broadcasting Co. to receive their chain programs. The R. C. A. group, so called, controls and owns a larger number of those stations, and I do not think any group ought to be permitted to have more than one. Now, if 15 of those cleared channels were released for local and regional use, it would take care of the local situation which the gentleman from Kansas and the gentleman from Texas have complained about, because there are now only six channels set aside for local stations, and they have an average of over 50 to the channel.

[Here the gavel fell.]

Mr. MURPHY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MURPHY. I yield to the gentleman from Tennessee.

Mr. DAVIS. The remainder of the channels may be said to be set aside for regional use. Now, that is a matter that is not fixed by law. There has been a great deal of discussion as to whether Congress should invade the administrative field sufficiently to undertake to determine and direct those matters. It is rather difficult to undertake to do that, and many of us who are not in accord with some of the things the commission has been doing have hoped that the situation would be improved so that it would not be necessary for the Congress to invade the field of administration.

Mr. MURPHY. I am deeply grateful to the splendid chairman of this committee for the information he has given. We have 89 channels through which radio can flow, and 9 of those channels are shared with Canada. Forty channels are all that the great American public has access to. They took a little 100-watt station away from my town. They did not give them a chance.

Mr. SIROVICH. Will the gentleman yield?

Mr. MURPHY. I yield.

Mr. SIROVICH. How many hours did they have on that?

Mr. MURPHY. They had an hour now and then.

Mr. SIROVICH. That is because the Radio Commission has been too arbitrary in everything it is doing.

Mr. MURPHY. Absolutely; and here we are with a bill to-day trying to straighten out affairs, and all that is in it is to say that they can not advertise lotteries over the radio. I wish the gentleman's great committee, in whom this House has implicit confidence, would get right down to the root of things and say to the Radio Commission, "You must give the small stations some consideration. You can not, without real reason, take away from communities the enjoyment of their local radio station."

That is what is being done everywhere, and not once has a wave length been taken from this great operating company that controls 50 per cent of the radio channels of this

country to-day. I say to the chairman of this great committee that I hope that he will find some way of taking care of the common fellow, and I am one of those, and my community is composed of just that kind of folks. We love our little radio station, and it has been taken away, and we can not get it back under existing law.

Mr. FULMER. Will the gentleman yield?

Mr. MURPHY. I yield.

Mr. FULMER. I am very much interested in the statement the gentleman was making. In my State of South Carolina we came in with a request for a broadcasting station and were allowed a small station. Since that time they have been trying to get the power of that station increased, but up to this time they have been unable to get an increase. They have a station down there that really can not be heard outside of the limits of the State. I would like to know if there is anything in the bill whereby we might remedy that situation for the State of South Carolina?

Mr. DAVIS. As I said before, this bill does not change the substantive law. That, of course, is a matter of administration; and further, with reference to what the gentleman from Ohio suggested, I want to say, if the gentleman will pardon a personal reference, I believe I have made more speeches on the floor of this House than any other Member undertaking to protect the rights of the general public with respect to radio and against the Radio Trust, because, gentlemen, we have one. I have introduced measures and proposed amendments along that line, some of which have been adopted into law, some of which I was never able to get considered, and some of which were defeated on the floor of the House, and others of which were defeated in the Senate.

So far as I am concerned, as long as I am a Member of the House and of the committee which has jurisdiction over radio legislation I intend to keep up that fight to the best of my ability. [Applause.]

The pro forma amendment was withdrawn.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 4, line 9, after the word "hearing" insert "Provided, That in any hearing in which only one radio station is involved the commission shall, upon the application of such station, take the direct evidence in such case before an examiner or commissioner in the town or city in which such station is located."

Mr. BLANTON. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. BLANTON. If the gentleman will remember, these hearings nearly always involve more than one station.

Mr. McGUGIN. No; they do not.

Mr. BLANTON. Some of them do, and most of them do.

Mr. McGUGIN. I do not know how to write an amendment which will take care of those other cases. Of course, the only cases I can reach with this amendment are those cases where there is only one station involved. What other station was involved when they took Norman Baker's station away from him? What other station was involved when they took Bob Shuler's station away from him in Los Angeles? What other station was involved when they took Brinkley's station away from him? What I am trying to strike at through this amendment is a case where the Radio Commission takes it upon itself to go out and cancel a license. I want it written into the law that when they do that they must go to the home town of the station involved before they can rob that station of its right to exist. I want that done instead of having the Radio Commission tell them to come to Washington.

Mr. BLANTON. Why does not the gentleman revise his amendment and provide that before the Radio Commission can cancel a license and take it away or suspend there must be a local hearing, because they will always hold that another station is involved. If we passed the gentleman's amendment as it is, it would not amount to anything. The gentleman should provide in his amendment that before they

can cancel a license and take a station away from anybody there must be a local hearing. Then we can go along with the gentleman.

Mr. CLANCY. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. CLANCY. Does not the gentleman know that as a matter of fact a commissioner or examiner is very frequently sent to the town or city in which the station is located in order to hold hearings on the question of the station's license? I would refer the gentleman to the case of Detroit Radio Station WMBC, involving the celebrated Jerry Buckley, who was murdered in Detroit. It was one of the most sensational murders in the country. Jerry Buckley was a broadcaster over the above station, and some people attempted to take away the license of that station because he was accused, unjustly, as it was proved, of blackmailing and extortion over the radio. In the WMBC case an examiner came to Detroit and held the hearings there and heard many witnesses and arguments of lawyers. As a result Station WMBC was exonerated fully.

Mr. McGUGIN. I want these to be all the hearings that are held. I do not want them to hold hearings in the town where the station involved is located and then come to Washington and hold some more hearings. I want such a station put in the position of having hearings that are held in the open and not have any star-chamber stuff like the gentleman from Ohio mentioned.

There is nothing wrong with this amendment. It is a plain, fair amendment. If the gentleman from Texas can add something to it and take in more territory, I hope he will do so.

Mr. LEHLBACH. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. LEHLBACH. Does the gentleman say that the purpose and effect of his amendment would be that upon the conclusion of the taking of testimony in the city or town where the radio station is located the Government would be precluded from hearing any other testimony?

Mr. McGUGIN. It can take depositions but it can not hold another trial some place else. If you try me for murder in Alexandria, you can not try me again in Baltimore, Md.

Mr. LEHLBACH. But that is a case where the gentleman would be deprived of his life and liberty.

Mr. McGUGIN. And property, too. I want all of the direct testimony they take to be taken in the town where the station is located. If they want to take depositions somewhere else, that will be all right, but I do not want any more than one trial.

Mr. LEHLBACH. But a great mass of the testimony would be made up of the records here in Washington.

Mr. McGUGIN. But that would not be direct testimony. I do not refer to that but I do refer to testimony where you have witnesses and questions are asked of them.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment. Of course, there is a natural sympathy with the views as expressed by the gentleman proposing the amendment if it could be practically operated. But, as the gentleman from Tennessee, the chairman of the committee, said, there is no question involving the revocation, suspension, or granting of a license that is confined to a particular station. If it is the character of language that goes over the station it affects stations somewhere else.

Mr. McGUGIN. Does the gentleman take the position that there has never been a case in which a license was canceled where there was not only one station involved?

Mr. BLAND. I do not see how that is possible.

Mr. McGUGIN. I am not talking about cases where one station is applying for the facilities of another station, but I am talking about a station that is charged with some violation of the regulations and they are attempting to take away its license. I do not see how any other station could be involved.

Mr. BLAND. The alleged misconduct in itself affects somebody else in some other location, because it affects some

other party in interest and it also affects the public, more particularly the public.

Mr. McGUGIN. Take the Brinkley case. What other station was interested there, at least in the open? Of course, there was some underneath, but in the open it was the case between Brinkley and the Government.

Mr. BLAND. I am in thorough accord with the bringing of stations underneath into the open, but the point I am making is that there is always a station underneath, that there is always the public, and, therefore, it is not confined to one station; that it always affects some one else and there is always a public interest. Now, the amendment which has been offered by the committee, I believe, would largely cure the conditions of which the gentleman complains and of which other Members are complaining. The original law was that they shall have authority to hold hearings, summon witnesses, administer oaths, compel the production of books, documents, and papers, and to make such investigations as may be necessary in the performance of their duties.

The committee, because of the fact there was no provision for sending examiners out into the country and because there was no direction authorizing the hearings to be held or the examinations to be made elsewhere than at Washington and permitting the witnesses to be summoned locally, is now undertaking to write into the law an amendment that gives relief along the line that the gentleman from Kansas desires relief. I do not know; it may not go far enough. We are dealing with a new subject.

Mr. HOCH. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. HOCH. I do not quite follow the gentleman's reasoning when he argues that where the only question involved, for instance, is the nature of the language used over the particular station, that that particular case involves other stations.

Mr. BLAND. It involves the public.

Mr. HOCH. Oh, certainly; but the public, in general, is involved in all these things.

Mr. BLAND. That is just it.

Mr. HOCH. But no other station would come in to be a party to that particular hearing, and all that the gentleman from Kansas is trying to reach is a case where only one station is directly involved, and in such cases it shall be mandatory to take the direct testimony in the place where the station is located.

Mr. BLAND. The point at issue between the gentleman and myself is this: I would not say you should have the hearing at a certain place where other stations are not involved. There are others involved. I consider that the public that is listening over that station is also involved.

Mr. HOCH. That is true; but you could hold the hearing in such case, where the public interest was involved, at one place, just as though it was held here in Washington. The matter that the gentleman is trying to reach is avoiding the necessity of this one individual or the owners of this one station traveling to Washington for the hearing.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Kansas.

The Clerk read as follows:

Substitute amendment offered by Mr. BLANTON for the amendment offered by Mr. McGUGIN: Page 7, line 9, after the word "testifying," strike out the period, insert a semicolon, and add the following proviso: "Provided, That before any license may be revoked or a station suspended a hearing shall be granted such station, held locally in the town or city where such station is located, in which all such evidence shall be heard."

Mr. BLAND. Mr. Chairman, I make a point of order against the amendment.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to withdraw my amendment and consent to the substitute amendment.

The CHAIRMAN. Without objection, the amendment of the gentleman from Kansas will be withdrawn.

There was no objection.

Mr. BLAND. Mr. Chairman, I make a point of order against the amendment.

Mr. STAFFORD. Let the amendment be reported.

Mr. BLANTON. I offered my amendment as a substitute for that of the gentleman from Kansas, and the gentleman from Kansas has accepted the amendment and has unanimous consent to withdraw his amendment.

Mr. STAFFORD. But the amendment was offered before the other amendment was withdrawn and was subject to objection because it was not substantive, and it should now be offered anew.

The CHAIRMAN. The Clerk will report the amendment. The Blanton amendment was again reported.

Mr. BLAND. Mr. Chairman, I make the point of order that the amendment is not germane to this section. I am perfectly willing to reserve the point of order, however.

Mr. BLANTON. Mr. Chairman, I wish the gentleman would reserve his point of order until I have discussed the amendment a moment.

Mr. Chairman, I commend our friend from Kansas for offering this proposal. My proposed substitute is merely an effort to perfect his amendment.

The owner of the little radio station in my home city, which has daytime power of 250 watts only, has been bankrupt and almost put out of business in attending hearings here. He has made three different trips here to Washington, having to bring witnesses here, several of whom were ministers, at great cost from Texas, to refute unjust complaints that had been filed against his station.

These little stations can not stand this expense. It will bankrupt any of them, and they are entitled to a hearing.

I want to say, in reply to my friend from New York, Doctor CROWTHER—and he is a most estimable gentleman—that I did not say that every district and every small city ought to have a 5,000-watt station. I said the people in every congressional district of the United States could not afford to pay \$1,000 a minute on some of these big hook ups to be heard locally. They are entitled to have their little local affairs put on the air through a small local station, and I repeat that every congressional district of the United States is entitled to a small local station, and I want to see every Congressman here have at least a small local station in his home town. The people are entitled to this. It would not in any way interfere with the big hook ups.

Upon what meat has this our friend from Schenectady fed that he has grown so cocky? You do not hear any of the Representatives here from the real metropolises of the United States belittling or making fun of the rural districts. Why, the gentleman from Schenectady, Doctor CROWTHER, intimated there was no talent in any of the rural districts except those having big metropolises. I want to tell him that there is as much talent in every rural district in the West and South as there is in Schenectady. [Laughter and applause.]

Our great Republican leader here, the gentleman from New York, Mr. SNELL, our good friend, who has been chairman of the Rules Committee and who has been a member of the Republican triumvirate here for the last few years and who has helped to conduct the affairs of the Nation, comes from Potsdam, a little town of 4,000 inhabitants.

Uncle Joe Cannon, whom we all loved dearly and who performed distinguished service here for almost the average lifetime, hailed from the little city of Danville, Ill., which is smaller than my home city by at least five thousand.

Our present distinguished Democratic majority leader, Mr. RAINY, hails from a farm adjoining the little city of Carrollton, Ill., which has only about 1,500 inhabitants, yet there is located there the Illinois College, which is a coeducational college, which did itself the honor last year to confer the degree of doctor of laws upon our Democratic leader.

Our former great Speaker, honored and beloved by everyone, Hon. Champ Clark, who came very near being President of the United States, came from Bowling Green, Mo., a little town of about 2,000 people.

Why, the present great Speaker of this House, than whom there has been no greater, comes from a splendid little city

of 5,286 inhabitants, and yet, this quasi-big, important tooth-puller from Schenectady becomes so cocky that he makes fun of the little places. [Laughter.]

If it had not been for the splendid boys in my district and State who have gone to Schenectady and taken a business course in the technical college which they have by much attendance made great there would not be much of Schenectady. You will find those men from Texas in the leading banks in New York City. One of my classmates, J. Howard Audrey, born and raised in the little town of Godfrey, Tex., with less than 500 people, was called to New York by leading banks there. He first went there on a salary of \$25,000, and he now gets about twice that salary in a great bank in New York City. And yet this big dentist from Schenectady makes fun of the little country districts; this so-called big man from a quasi-big town of less than 100,000 people, for Schenectady has a population of 95,685.

[Here the gavel fell.]

Mr. BLANTON. I ask for two minutes more.

The CHAIRMAN. Without objection, it is so ordered.

Mr. BLANTON. I want to say to the gentleman from New York, Doctor CROWTHER, that I represent more people in my district than he has in his district by about the whole population of Schenectady, and they are the finest people in the world.

The gentleman talks about the cowboy crooners. We have "The Cowboy Band" from Texas, from Simmons University in Abilene, which has traveled all over the United States and given concerts all over Europe. It is internationally well known.

Besides Simmons University, one of the first class, I have two other colleges of the first class in my home city—McMurry College and Abilene Christian College. We have a fine college in Eastland, Tex., the Warner Memorial University, and we have the Randolph College at Cisco, Tex., all in my district. We also have Howard-Payne College and Daniel-Baker College in Brownwood, Tex., in my district. The gentleman from New York ought to come down there and find out just how very much fine talent we have all over my splendid district, and he would never malign it again.

You never heard the great scientist from New York [Mr. SIROVICH], who now seeks to ask me a question, making fun of people residing in the small-town districts.

Mr. SIROVICH. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SIROVICH. I am in cordial sympathy with the gentleman from Texas in trying to correct this very evil. I do not know of a more autocratic and tyrannical commission than the members of the Federal Radio Commission. They have ridden ruthlessly over the small stations of the country. The time has now arrived to stop their nefarious conduct. To help our distinguished chairman I have introduced a bill to abolish the five radio commissioners and transfer their work to a director of radio in the Department of Commerce, who will do justice to all.

Mr. BLANTON. I congratulate the gentleman on his proposed consolidation.

Mr. SIROVICH. Is the gentleman in sympathy with my bill, which I intend to press very shortly?

Mr. BLANTON. I am. I asked the chairman when he first called up this bill why he did not consolidate these radio bureaus.

Mr. BLAND. Mr. Chairman, the point of order I make is that the amendment offered by the gentleman from Texas is not germane to this particular section. As I recall the amendment, it refers to the revocation and suspension of licenses. The original act and this one, which is now pending before the committee, if examined, will show that section 9 of the pending act deals with revocation, and section 14 of the original radio act deals with revocation. There is nothing in this section that deals with the revocation and suspension of licenses.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. BLANTON. Mr. Chairman, the amendment is certainly germane. This section is the only one which provides

for hearings. The Congress of the United States, the Members of which are the Representatives of the people, and in whose power and authority the ether seems to have been lodged for regulation, has the right to provide where hearings shall be held. It certainly has the right to provide that they can not snatch up people in Arizona, New Mexico, Colorado, San Francisco, Seattle, Washington, Texas, and Florida and make them go to the expense of coming to Washington for a hearing. Congress certainly has the right, in providing for hearings, to say where those hearings shall be held.

The amendment is germane and the point of order should not lie.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to address the House for about three minutes on this point of order. It was my original amendment, and I permitted this substitute, and so I ask unanimous consent to discuss the point of order.

The CHAIRMAN. The gentleman has that right. He may proceed.

Mr. McGUGIN. This amendment comes in in line 9. Just before that language appears the following:

The commission may hold public hearings and order testimony to be taken by deposition, at any designated place in connection with any proceeding or investigation authorized by this act and may require the attendance and testimony of witnesses and produce evidence, documentary or otherwise—

And so on. This is merely a proviso that in such hearings where a license is being revoked, before that license is revoked they must go to the station and give them a hearing. I think it is an essential amendment.

Mr. STAFFORD. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. STAFFORD. The amendment now before the House relates to the right to revoke a license. The section pertaining to licenses is section 9. Here we have only the question relating to hearings. I think if the gentleman will read the amendment closely enough, he will see it is not germane to the question of hearings, but it is germane to the question relating to licenses.

Mr. BLANTON. But this particular paragraph of the bill relates to hearings, and the amendment is pertinent here, and it is also pertinent to paragraph 9. But this is the paragraph that provides for hearings at any place, and the amendment is germane to it.

Mr. STAFFORD. If the Chairman will indulge me for a moment, the amendment is so drawn that it involves matters that are not germane, that are extraneous to the matter under consideration. Therefore the Chair must hold that it is not germane to the matter in issue.

I ask unanimous consent, so that the House may have the full import of the amendment, to have it again reported.

Mr. BLANTON. Mr. Chairman, in that connection I ask unanimous consent that the Clerk first read the last part of the paragraph which it is sought to add the proviso to, being that part not read by the gentleman from Kansas [Mr. McGugin], and then the House will clearly see it is germane, because the part read already provides for all hearings at any place in the United States, and this is merely an additional proviso, regulating those hearings.

The CHAIRMAN. Without objection, the Clerk will read the section and the amendment following.

There was no objection.

The Clerk again reported the section and the amendment.

Mr. LEHLBACH. Mr. Chairman, it is perfectly obvious that the purpose of this amendment is to prescribe the circumstances and conditions under which a license may be revoked or canceled. The manner, because it involves the taking of testimony, is not the subject matter of this amendment. It is the revocation or cancellation of the license that is the subject matter, and it is therefore not germane to this section.

Mr. HOCH. Mr. Chairman, it seems to me the gentleman from New Jersey confuses what appears on the face to be the point of this amendment, with the real substance of it, and in determining whether it is germane or not we must go to the substance.

Now, clearly this does not change in any way the right of revocation or cancellation of a license. It does not deal with the substantive matter with reference to revocation of licenses at all. It simply picks out one class of hearings and this section deals entirely with hearings, and provides that certain hearings, in which is involved the question of the revocation or cancellation of a license, shall be heard at a particular place. In other words, this is not in any way a limitation upon the power of revocation or upon the essential or substantive conditions as to which a revocation shall be had, but is simply a direction, within the purpose of this paragraph, that certain hearings shall be held in certain places. In other words, I hold it is precisely the same as though the amendment had read "in any hearings involving the question of suspension, they shall be held in a certain place." Certainly, if the amendment were offered in that form there could not be any objection. The amendment is germane. I contend that the mere fact that it is phrased in different language does not affect the real question as to the point of order.

The CHAIRMAN (Mr. GLOVER). The Chair is ready to rule. The Chair must look to the form as well as the substance. It appears to the Chair that section 9 is the section dealing directly with the question of the cancellation or revocation of license, and the amendment would probably be germane to that section. The Chair, however, does not think that it is germane to the section to which it is offered, and therefore, the Chair sustains the point of order.

Mr. HOCH. Mr. Chairman, I reoffer the amendment, if I may, with the first sentence reading, "Provided, That in any hearing in which is involved solely the question of revocation or cancellation of a license," and then follow with the balance of the amendment.

The CHAIRMAN. The gentleman from Kansas [Mr. HOCH] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOCH: Page 7, line 9, after the word "testifying," strike out the period and insert a semicolon and add the following proviso: "Provided, with respect to the hearings provided for in this paragraph, that before any license may be revoked or a station suspended, a hearing shall be granted to such station held locally in the town or city where such station is located, in which all such evidence shall be heard."

Mr. LEHLBACH. Mr. Chairman, I renew the point of order previously made as to the amendment for precisely the same reasons. If a subject matter is out of order, you can not make it in order by juggling the language.

The CHAIRMAN. The Chair sustains the point of order.

Mr. HOCH. Mr. Chairman, I offer an amendment. I move to amend, on page 7, line 9, by striking out the period, inserting a semicolon and adding the following:

Provided further, That in the case of any hearing involving only the revocation or cancellation of the license of only one radio station the commission shall, upon the application of such station, provide for the taking of direct testimony by an examiner or by a commissioner at the town or city in which such station is located.

Mr. LEHLBACH. Mr. Chairman, I make the point of order that this amendment is not germane to this section.

The CHAIRMAN. The amendment is not before the committee. The Chair would suggest that the gentleman from Kansas send his amendment to the desk in writing.

Mr. HOCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOCH: Page 7, line 9, after the word "testifying," strike out the period, insert a semicolon, and add the following: "Provided further, That in any hearing on the question of revocation or cancellation of the license of only one radio station, the commission shall, upon the application of said station, take the direct evidence before an examiner or a commissioner in the town or city where the said station is located."

Mr. LEHLBACH. Mr. Chairman—

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my motion to strike out the enacting clause, which was simply pro forma.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LEHLBACH. Mr. Chairman, I make a point of order against the amendment on the ground it is not germane to this section.

Mr. BLANTON. Mr. Chairman, I want to make a point of order against the gentleman's point of order, that business having transpired the gentleman's point of order comes too late. The Chair having recognized the gentleman from Texas to withdraw his motion to strike out the enacting clause, and that was done by unanimous consent, and that being business that intervened between the offering of the amendment, and the point of order, the gentleman's point of order is out of order because it comes too late.

Mr. LEHLBACH. The Chair will certainly take notice of the fact that I was on my feet while the gentleman was submitting his request to announce that I wish to make a point of order.

The CHAIRMAN. The gentleman from New Jersey was on his feet at the time, and the Chair will hear him on the point of order.

Mr. LEHLBACH. Mr. Chairman, this again deals with the procedure and the circumstances under which licenses can be revoked or canceled, and not only the cancellation of licenses or the revocation of licenses generally, but in particular instances where only one station is involved. It certainly deals with the question of revocation and cancellation, and the fact that hearings are held in such procedure does not make it germane to this section.

Mr. HOCH. Mr. Chairman, I ask to be heard very briefly. The section before us deals very broadly with the whole question of hearings. These hearings may involve, and would involve, all sorts of substantive questions. The section sets out the manner and method of holding hearings and provides for subpoenaing witnesses and all that sort of thing. All that this amendment does is to say that among the different kinds of hearings involved—among them the question of revocation or cancellation—with which this section deals; one particular kind of hearings, namely, those in which there is involved the question of cancellation or revocation of only one station, evidence shall be heard in a particular place. Certainly, having set out broadly the conditions and the manner in which various hearings shall be held, it is entirely germane in connection with this provision to say that certain of these hearings, involving one of these questions, shall be heard in a certain manner. If this is not germane, I do not see how one could draft a germane amendment to this provision.

The CHAIRMAN. The Chair is ready to rule.

The Chair thought he made it plain awhile ago that such an amendment might be germane to section 9, which deals with this question. The Chair holds it is not germane to this section and therefore sustains the point of order.

Mr. BLANTON. Mr. Chairman, with great respect and regard for the Chair, I respectfully appeal from the decision of the Chair, because if the amendment is not germane to this paragraph, it might be held that it would not be germane to section 9, because there is no mention whatever in that section of hearings.

The CHAIRMAN. The Chair will state to the gentleman that he is following the parliamentarian and thinks his statement is correct.

Mr. BLANTON. I think the House has an able and a very distinguished parliamentarian, but I believe the ruling is wrong, and I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The question is, Shall the decision of the Chair stand as the judgment of the committee.

The question was taken; and the decision of the Chair stood as the judgment of the committee.

The Clerk read as follows:

Sec. 9. Section 14 of the radio act of 1927 (U. S. C., Supp. V, title 47, sec. 94) is amended by striking out the words "Any station license shall be revocable by the commission," in the first line of said section, and by inserting in lieu thereof the following: "Any station license may be revoked, modified, or suspended by the commission."

Said section is further amended by striking out all of the proviso in said section and by inserting in lieu thereof the following: "Pro-

vided, however. That no license shall be revoked, modified, or suspended until the licensee shall have been notified in writing of the proceedings for such revocation, modification, or suspension, the cause for the proposed action, and shall have been given reasonable opportunity to show cause why an order of revocation, modification, or suspension should not be issued.

Mr. HOCH. Mr. Chairman, I offer an amendment, on page 11, line 11, strike out the period, insert a semicolon, and add the language which I submitted a few minutes ago in connection with section 5.

The Clerk read as follows:

Amendment by Mr. HOCH: Page 11, at the end of line 11, insert "Provided further, That in any hearing on the question of revocation or suspension of the license of only one radio station the commission shall, upon the application of said station, take the direct evidence before an examiner or a commissioner in the town or city where the said station is located."

Mr. BLAND. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BLAND. Mr. Chairman, I make the point of order that the amendment is not germane to this section of the bill. There is no provision or statement here as to a hearing on any question. The language is "no license shall be revoked, modified, or suspended until the licensee shall have been notified in writing," and so forth. There is no provision for any hearing.

Mr. HOCH. Mr. Chairman, in view of the statement made by the Chair I do not think it is necessary that I should take any time on this question. The section deals certainly with the revocation or suspension of licenses. Now, all that my amendment provides is that this revocation, according to the interpretation given a little while ago, shall only be had in cases where hearings are held in certain places.

The CHAIRMAN. The Chair has examined the statute and is prepared to rule.

The Chair overrules the point of order.

Mr. DAVIS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and on this section close in 10 minutes.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that all debate on the amendment and the section close in 10 minutes. Is there objection?

There was no objection.

Mr. DAVIS. Mr. Chairman, I made that motion in order to have five minutes in opposition to this amendment, and that some other Member might have five minutes who desires to support the amendment if he desires. I would like to follow any Member who desires to support it.

Mr. HOCH rose.

Mr. DAVIS. I yield to the gentleman from Kansas.

Mr. HOCH. Mr. Chairman, all this motion does is to provide that in a case where the question is simply the revocation or suspension of a license of one radio station, the direct evidence shall be taken in the community where the station is located. Those interested will not have to come all the way to Washington, perhaps clear across the country, which in many cases would result in not being heard at all.

This does not apply to a case where other stations are involved. The only question is, Shall a particular license be revoked or suspended? We think it unreasonable under the present practice to compel people who are defending an action of that sort to come all the way to Washington. It will not be any hardship on the Government; the public interest would justify sending an examiner to that particular place.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. HOCH. I yield.

Mr. JOHNSON of Washington. Has the gentleman discovered in his own experience that these owners of small stations coming so far away find when they get here that they have to employ high-priced lawyers?

Mr. BLANTON. And if they do not do it, they get it in the neck.

[Here the gavel fell.]

Mr. DAVIS. Mr. Chairman, I ask recognition for four minutes, and then that the gentleman from Michigan [Mr. CLANCY] have the other minute.

Mr. Chairman, this is a typical case of how ill-considered amendments offered on the floor to a bill, that has been carefully studied and considered by the committee, would work out. I wish to read to you the proposed amendment.

It is:

Provided further, That in any hearing on the question of revocation or suspension of license of one radio station the commission shall upon application of said station take the direct evidence before a commissioner or commissioners in the town or city where said station is located.

Now, this does not say that where there is only one station involved or only one station interested.

This provides for the revocation or suspension of a license of only one station. That is always true. There is always revocation or suspension of a license of only one station at a time.

It is unworkable. It would involve tremendous expense to the taxpayers. It would require the Radio Commission to go to every point in the United States and to take all of the evidence in the case at one place, even though there might be other witnesses at other points frequently far removed from the particular town in which the licensee resides. There really can be no instances when there would not be material witnesses and interested parties at other points. It shows where these things lead. To say that in one particular instance—the question of the revocation or suspension of a license—this shall be the procedure would be an expensive procedure, both unworkable and impracticable. It is subordinating the interests of all the people in order to favor one licensee.

In that connection I want to say that most of the speeches which have been made here do not even purport to be in the public interest. They are not in the interest of the great listening public, but are in the interest of some particular broadcaster. We do not owe the stations anything. There is not a broadcasting station in my district. Broadcasting is a matter of general public concern. It is a matter in which all the people are interested, and we should not forget the 130,000,000 people in thinking about some broadcasting station in our midst, and compel the Government to send the commission and examiners at public expense somewhere, to take the testimony of all the local friends of the station and disregard everybody everywhere else.

Mr. McGUGIN. Will the gentleman yield?

Mr. DAVIS. I yield for a brief question.

Mr. McGUGIN. Why did the gentleman write it into this bill that the Radio Commission could do it if they desired to?

Mr. DAVIS. Simply because there are instances in which it is proper to send a member of the commission or an examiner to some point to take testimony, but it does not compel them to take all the evidence at one point. That is what this amendment proposes to do.

Mr. McGUGIN. Will the gentleman yield further?

Mr. DAVIS. No; I can not yield further. My time is limited, and the gentleman has occupied a great deal of time.

Now, this proposes this extraordinary procedure in only one case. That is in the case of suspension or revocation. It is just as important upon an application for a license or an application for renewal as it is in case of revocation or cancellation.

[Here the gavel fell.]

Mr. HOCH. Mr. Chairman, if I have any time left I yield it to the gentleman from Louisiana [Mr. SANDLIN].

Mr. LEHLBACH. Mr. Chairman, a point of order. I do not understand that under the 5-minute rule a Member can be recognized and then reserve the unused portion of his time and yield it to another.

Mr. SANDLIN. Mr. Chairman, in my own right I ask recognition.

Mr. LEHLBACH. Under the custom of the House the gentleman from Tennessee, the chairman of the committee,

was entitled to close the debate, and by such a subterfuge the gentleman can not deprive him of that privilege.

Mr. HOCH. I have not attempted to do that at all. I was addressing the Chair.

Mr. SANDLIN. Mr. Chairman, I dislike very much to disagree with the distinguished chairman of this committee, because I recognize the splendid work he has done, and I plead guilty, as the gentleman said, to being interested in one station. I am particularly interested in one station, KWKH, because I have seen the operator of that station, Mr. W. K. Henderson, brought to Washington at enormous expense time and again. Not only was he brought here, but an operator of a station from the State of Washington or Oregon, or any other State, could be brought here. I am interested in the operation of the individual, independent station. [Applause.] Why should a man operating a small station be jerked up and brought 2,500 miles to Washington and required to spend thousands of dollars to employ some attorney here to defend his rights? We are getting the Government too far from the people. [Applause.]

There are very few independent stations in this country. Not 5 per cent of the stations are independent. While some Members may not agree with what is broadcast from the station in which I am interested, still I say there is no station in this country that is more free to the public. People can go there and express their views on any question. Any Republican or Democrat or independent has that station open to him to go there and express his views at any time. He has broadcast over that station and predicted for the last two or three years things that have come to pass and are happening now in this Government of ours. [Applause.] He has warned the people against the concentration of wealth into the hands of a few. He was novel, perhaps, in the way he put it over, but he did put it over, and millions of people in the United States to-day agree with the views he expressed two or three years ago. Allow me to say to you, do not take the Government too far away from the people, and do not force people who are not able to do so to come here to Washington and pay high-priced attorneys to defend their rights. Let them test their rights in the courts of their own jurisdiction. [Applause.]

I certainly hope this amendment will be agreed to.

[Here the gavel fell.]

Mr. CLANCY. Mr. Chairman, the purpose of this amendment is to protect the owner of a station, but when there is included this language "that the direct testimony must be taken in the town or city in which the station is located," that will injure the broadcaster, because all of the direct testimony must be taken in the town or city and not some of it later in Washington in rebuttal or confirmation.

An actual experience in the most sensational radio case ever heard—that of Station WMBC—was that there were many witnesses who were required to testify. This amendment would foreclose, after the hearing is held in the town, the introduction of direct testimony in Washington to clear up disputed points. In the Detroit case, I believe, the station came in with some direct testimony later at Washington after the Detroit hearing and helped further to clear their right to the title to this station.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Kansas [Mr. Hoch].

The question was taken; and on a division (demanded by Mr. DAVIS) there were—ayes 47 and noes 63.

Mr. HOCH. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. DAVIS and Mr. HOCH as tellers.

The committee again divided; and the tellers reported there were—ayes 56 and noes 71.

So the amendment was rejected.

The Clerk read as follows:

SEC. 10. Section 16 of the radio act of 1927, as amended (U. S. C., Supp. V, title 47, sec. 96), is amended, striking out the whole of said section and by inserting in lieu thereof the following:

"SEC. 16. (a) An appeal may be taken in the manner herein-after provided to the Court of Appeals of the District of Columbia

from any decision or order of the commission granting or denying, in whole or in part, an application for a station license, for the renewal or modification of a station license, for a construction permit, or from any decision or order of the commission revoking, suspending, or modifying, or refusing to revoke, suspend, or modify, a station license or a construction permit. Such appeal may be taken by any party to the proceeding in which the order was made, whether an applicant, licensee, permittee, or intervenor, except that, in case of a decision or order revoking or suspending a station license, the appeal may be taken by the licensee only.

"(b) Such appeal shall be taken by filing with said court, within 20 days after the decision or order complained of is effective, a notice in writing of such appeal and a statement of the reasons therefor, together with (1) proof of personal service of a true copy of said notice and statement upon the commission, and of service thereof by registered mail upon all other parties to the proceeding in which the order complained of was made (such service to be deemed complete upon proof of the deposit in the United States mails of a duly registered envelope containing a copy of said notice and statement, addressed to the party to be served, or to his attorney of record, at the address of either as shown by the records of the commission), and (2) a bond in such sum as the court may direct, conditioned that the party appealing will pay the costs of the proceedings if such costs be finally assessed against him. Unless a later date is specified by the commission as part of its decision or order, the decision or order complained of shall be considered to be effective as of the date on which public announcement thereof is made at the office of the commission in the city of Washington.

"(c) Within 30 days after the service of said notice upon it the commission shall file with the court the originals or certified copies of all papers and evidence filed with or presented to it in the proceeding in which the decision or order appealed from was made, together with a copy of its decision or order and its findings of fact upon which its decision or order was based.

"(d) Any party to the proceeding before the commission may join in the appeal or appear as a party respondent by filing with the court a notice of appearance, together with proof of service thereof by registered mail upon the party appealing and upon the commission, within 30 days after the service of said notice upon him, or any other person may be permitted by the court to intervene upon a showing of interest in the subject matter and reasonable cause for failure to appear before the commission. Any person may at any time be made a party to the proceedings by the court if, in the opinion of the court, his presence is necessary or proper to a complete determination of the cause.

"(e) At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision or order of the commission, and, in event the court shall render a decision and enter an order reversing the decision of the commission, it shall remand the case to the commission to carry out the judgment of the court: *Provided, however, That the review of the court shall be limited to questions of law and that findings of fact by the commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the commission are arbitrary or capricious.*

"(f) The court may, subject to the foregoing limitation, upon notice to the commission and to all other parties to the appeal, after hearing, and for good cause shown, enter an order staying action of the commission under the order appealed from, in whole or in part, upon the giving of a bond by the party applying for the stay in such amount and with such terms and conditions as the court may deem proper. Pending a hearing upon the application for stay, the court may enter a temporary stay for a period of not to exceed 15 days.

"(g) The jurisdiction of the Court of Appeals of the District of Columbia under this section to review any decision or order of the commission shall be exclusive, and the judgment of said court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari as provided in section 240 of Judicial Code, as amended (U. S. C., title 28, sec. 347), and that nothing in this section shall be construed to prevent the application of section 239 of the Judicial Code, as amended (relating to certification of questions of law) (U. S. C., title 28, sec. 346), to cases in the Court of Appeals of the District of Columbia arising under this section."

Mr. SWING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SWING: On page 14, line 3, after the word "court," insert a period and strike out all of the proviso ending in line 8.

Mr. SWING. Mr. Chairman and gentlemen, I wish to call your attention to that proviso which is, "that the review of the court shall be limited to questions of law." So far as the practical operation of this proviso is concerned, it might just as well stop there because the rest of it, while it is beautiful language, adds nothing. It proceeds to say:

And the findings of fact by the commission, if supported by substantial evidence, shall be conclusive.

Well, substantial evidence means any evidence which is relevant and tends to support the finding. To make that more clear, the rest of the language is important. It says the findings "shall be conclusive unless it shall clearly appear that the findings of the commission are arbitrary or capricious." In other words, if there is any substantial evidence to support the findings, then the court is precluded from considering the questions of fact.

In other words, it would not be enough to show to the Court of Appeals by a clear preponderance of the evidence that the Radio Commission had made a mistake as to the facts. It would not be sufficient—and I challenge contradiction upon this—to show that the evidence proved beyond reasonable doubt the contrary to what the commission found the facts to be. In nearly every criminal case the defendant, even though he is found guilty, has substantial evidence to support his side, and yet the jury may find him guilty beyond a reasonable doubt. If we apply that to a radio case and an appeal was taken to the courts, although the evidence proved the case against the commission beyond a reasonable doubt, the court of appeals could do nothing if there was some substantial evidence to support the commission's findings. I say this language absolutely prevents an appeal in 8 out of 10 cases because in 8 out of 10 cases where they have suspended a station under the exercise of their power of censorship over the language that has been used or over the statements that have been made, it is entirely a question of fact and there is involved no question of law except the general constitutional question of the right of free speech. Yet you immediately proceed by this language to rob the court of its power to review the only issue there is between the station and the Radio Commission.

Why is Congress afraid to trust the courts with questions of justice involving radio? It is no more complicated than a thousand other questions that are every day referred to the court for decision. Why can not these cases be heard by the court on the merits and justice done? The court will have the entire record and all of the evidence before it and can render a decision which will do justice to all parties in interest. Why must we prevent it? Why must we hamstring our courts in radio cases? By this language you are restricting the courts to purely questions of law unless the courts are convinced that the findings of the commission are arbitrary or capricious. But if the commission were convicted of acting arbitrarily and in a capricious manner that would be basis enough for impeaching them and turning them out of their offices. That ought not to be necessary in order to get justice and fair treatment for an individual on an appeal from a decision by the Radio Commission. This language therefore should be stricken from the law.

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McGUGIN. Will the gentleman yield?

Mr. SWING. Yes.

Mr. McGUGIN. In answer to the gentleman's question, does the gentleman have any doubt that the very reason and very purpose of this bill is to hamstring the courts?

Mr. SWING. I do not know what the reason was for putting it in, but I do know of plenty of reason why this language should be taken out of the bill.

Mr. DAVIS. Mr. Chairman, I move that all debate on this section and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. DAVIS. Mr. Chairman, I rise in opposition to the amendment. In the first place, I wish to explain that the pending bill does not amend the law in that particular. The language which the gentleman from California has moved to strike out on page 14, from line 3 to line 8, is identical with the present law. We simply incorporated in the bill the entire present law with the amendment so as to recite it as amended. In other words, that is the law, and I want to state that the law was as the gentleman now would have it,

and after a trial of it the Congress, in 1930, passed a law for the specific purpose of changing the law and making it as it is now, which law was approved July 1, 1930. There was practically nothing in it except that provision. It was fully considered by the committee and by the Congress and is already the law.

Mr. SWING. Will the gentleman yield?

Mr. DAVIS. Yes.

Mr. SWING. Does not the gentleman think Congress can learn something in a year's trial?

Mr. DAVIS. Yes; but we had already learned something after several years' trial under the old system.

Another thing, there is nothing arbitrary or radical about this. It is the law already in the Federal courts. It is the law in nearly all the States of the Union that, upon appeal, the finding of facts by the jury or by the court acting without the intervention of a jury is conclusive if there is material evidence or substantial evidence to support the finding.

Mr. McGUGIN. Will the gentleman yield?

Mr. DAVIS. I yield for a question.

Mr. McGUGIN. Will the gentleman tell the committee why the gentleman believes that the Court of Appeals of the District of Columbia is a more appropriate court to hear an appeal on a radio station in Tennessee than the United States district court of his own State?

Mr. DAVIS. That is not the proposed amendment.

Mr. McGUGIN. Will the gentleman give me time to get such an amendment in at the end of this discussion?

Mr. DAVIS. The gentleman has taken up most of the time already.

Mr. SWING. Will the gentleman yield there?

Mr. DAVIS. Yes.

Mr. SWING. Will the gentleman tell us whether he knows of any language in any law, other than this one, governing appeals providing that the review of the courts shall be limited to questions of law?

Mr. DAVIS. Yes; in my own State we have a statute providing that the findings of the jury or the verdict of the jury or the judgment of the court, when acting without the intervention of the jury, upon appeal, shall be conclusive upon the facts if there is material evidence to support the verdict or judgment.

Mr. SWING. That does not answer my question about the language.

Mr. DAVIS. I may say that I was one of those who at first advocated permitting the district courts throughout the country to have jurisdiction; but I became convinced, as I think all the members of the committee have who have been studying these problems, that this is impracticable, for two reasons: In the first place, you would have a wide variety of decisions instead of uniformity, and in the second place, by reason of certain decisions that have been rendered, we think it is doubtful, and, in fact, the Solicitor of the Department of Commerce gave the opinion at the time, that it was very doubtful whether a law would be valid which permitted an appeal from an administrative department of the Government to a United States district court; and by reason of certain decisions it was believed that such appeals could only be taken to the Court of Appeals of the District of Columbia.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. SWING].

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: On page 12, line 4, at the end of line 4, add the following:

"Provided, In any order where the commission has revoked a license or refused to renew a license, the United States district court in which said station is located shall have exclusive jurisdiction for appeal from the order of the commission, and such district court shall hear said appeal by trial de novo. Pending such appeal the station shall remain on the air under bond to the appellate court in such sum and under such terms as such court shall decree."

The amendment was rejected.

The Clerk completing the reading of the bill, read as follows:

SEC. 13. No person shall broadcast by means of any radio station for which a license is required by any law of the United States, any information concerning any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any information concerning any ticket, certificate, or instrument representing any chance, share, or interest in or dependent upon the event of any lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance, or any list of prizes or information concerning any list of prizes awarded by means of any such scheme, and any person so doing, upon conviction thereof, shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

Mr. GOSS. Mr. Chairman, I move to strike out the last word in order to ask the gentleman from Tennessee a question. Is this the law to-day or a new law?

Mr. DAVIS. As I have explained heretofore, this is a new section.

Mr. GOSS. I understand that they can give things away now by lottery, and this would prohibit it.

Mr. DAVIS. This new law applies to radio. The gentleman is aware that we have a Federal law making it unlawful for any matter advertising a lottery or gift enterprise to be carried through the mail. I suppose every State in the Union has a State law against lotteries. But this is the first time we have directly prohibited it over the radio.

Mr. Chairman, I move that the committee do now rise and report the bill back to the House, with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GLOVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7716) amending the radio act of 1927, and had directed him to report the same back with the recommendation that it do pass.

Mr. DAVIS. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

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

Mr. HOCH. Mr. Speaker, I have a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HOCH. I can not say that I am opposed to the bill.

The SPEAKER. Is there any other Member of the House opposed to the bill who wishes to make a motion to recommit? If not, the Chair will recognize the gentleman from Kansas.

The Clerk read the motion to recommit, as follows:

Motion to recommit offered by Mr. HOCH: Mr. Speaker, I move to recommit this bill to the Committee on Merchant Marine, Radio, and Fisheries with instructions to report the same back to the House with the following amendment, to wit: On page 11, in line 11, at the end of the word "issued," strike out the period, insert a colon, and add the following additional proviso, to wit: "Provided further, That in any hearing on the question of revocation or suspension of the license of a station, the commission shall, before its examiner or otherwise, upon the application of the station, hold the hearing and take the evidence in the town or city where the said station is located."

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. HOCH) there were 39 ayes and 110 noes.

Mr. HOCH. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. The gentleman from Kansas makes the point that there is no quorum present. The Chair will count. [After counting.] One hundred and ninety-two Members present, not a quorum.

The doors were closed, and the Sergeant at Arms was directed to notify absent Members.

The question was taken; and there were—yeas 126, nays 189, not voting 116, as follows:

[Roll No. 16]
YEAS—126

Allen	Fulbright	Lankford, Ga.	Sandlin
Arentz	Fuller	Linthicum	Selvig
Ayres	Fulmer	Lovette	Shallenberger
Bachmann	Garber	McClintic, Okla.	Shannon
Baldrige	Gibson	McCormack	Shott
Barbour	Gilchrist	McGugin	Simmons
Barton	Gillen	McKeown	Sinclair
Blanton	Glover	McSwain	Smith, Idaho
Boileau	Granfield	Major	Smith, W. Va.
Buckbee	Green	Maloney	Sparks
Bulwinkle	Guyer	Martin, Oreg.	Strong, Pa.
Cable	Hall, Ill.	May	Summers, Wash.
Campbell, Iowa	Hall, N. Dak.	Miller	Swanson
Carter, Wyo.	Hart	Montet	Swing
Cartwright	Hoch	Moore, Ohio	Taber
Cary	Hogg, Ind.	Morehead	Tarver
Christopherson	Hogg, W. Va.	Mouser	Temple
Clarke, N. Y.	Hope	Murphy	Thomason
Cochran, Mo.	Hopkins	Nelson, Mo.	Thurston
Cole, Md.	Horr	Nolan	Tierney
Connery	Howard	Norton, Nebr.	Tinkham
Cooper, Ohio	Johnson, Okla.	Overton	Vestal
Crowe	Johnson, Tex.	Patman	Weeks
DeRouen	Johnson, Wash.	Patterson	Welsh, Pa.
Dickinson	Jones	Person	Whitley
Dies	Karch	Pittenger	Williams, Tex.
Disney	Keller	Polk	Wilson
Dowell	Ketcham	Ragon	Wolcott
Doxey	Kopp	Ramseyer	Wood, Ind.
Driver	Kvale	Reilly	Woodruff
Fernandez	Lambertson	Robinson	
Finley	Lanham	Sanders, Tex.	

NAYS—189

Abernethy	Crisp	Huddleston	Perkins
Adkins	Cross	Hull, Morton D.	Prall
Amile	Crump	Hull, William E.	Rainey
Andresen	Culkin	Jeffers	Ramspeck
Andrew, Mass.	Cullen	Johnson, Mo.	Rayburn
Arnold	Curry	Kading	Reed, N. Y.
Auf der Heide	Dallinger	Kahn	Rich
Bacharach	Darrow	Kelly, Pa.	Rogers, Mass.
Bacon	Davenport	Kleberg	Rogers, N. H.
Bankhead	Davis	Kniffin	Rudd
Beedy	Delaney	Kurtz	Sanders, N. Y.
Beers	Dickstein	LaGuardia	Schneider
Black	Dietrich	Lambeth	Seger
Bland	Dominick	Lamneck	Seiberling
Bloom	Doughton	Larrabee	Shreve
Boehne	Douglass, Mass.	Larsen	Sirovich
Bohn	Drane	Leavitt	Snell
Bowman	Dyer	Lehmbach	Snow
Boylan	Englebright	Lindsay	Somers, N. Y.
Brumm	Erk	Lonergan	Spence
Buchanan	Eslick	Loofbourow	Stafford
Burdick	Evans, Calif.	Lozier	Stalker
Burtness	Flesinger	Luce	Stevenson
Busby	Fish	Ludlow	Stewart
Butler	Fitzpatrick	McClintock, Ohio	Sullivan, N. Y.
Byrns	Foss	McLeod	Sutphin
Campbell, Pa.	Free	McReynolds	Swank
Canfield	French	Magrady	Swick
Cannon	Gambrill	Mansfield	Thatcher
Carden	Gasque	Mapes	Tilson
Carley	Gifford	Martin, Mass.	Turpin
Carter, Calif.	Goldsborough	Michener	Underwood
Cavicchia	Goss	Millard	Vinson, Ga.
Celler	Granata	Mitchell	Vinson, Ky.
Chapman	Gregory	Milligan	Warren
Chavez	Griswold	Moore, Ky.	Wason
Chindblom	Hadley	Nelson, Me.	Welch, Calif.
Christgau	Hardy	Niedringhaus	West
Clague	Hare	O'Connor	Wiggleworth
Clancy	Harlan	Oliver, Ala.	Williamson
Cole, Iowa	Hartley	Oliver, N. Y.	Wingo
Condon	Hastings	Owen	Withrow
Connolly	Haugen	Palmisano	Wood, Ga.
Cooper, Tenn.	Hess	Parker, Ga.	Wright
Corning	Hill, Wash.	Parker, N. Y.	Yon
Cox	Holiday	Parsons	
Coyle	Holmes	Partridge	
	Hooper	Peavey	

NOT VOTING—116

Aldrich	Cochran, Pa.	Flannagan	Hornor
Allgood	Collier	Frear	Houston, Del.
Almon	Collins	Freeman	Igoe
Andrews, N. Y.	Colton	Garrett	Jacobsen
Beam	Cooke	Gavagan	James
Beck	Crail	Gilbert	Jenkins
Boland	Crosser	Golder	Johnson, Ill.
Boiton	Crowther	Goodwin	Johnson, S. Dak.
Brand, Ga.	De Priest	Greenwood	Kelly, Ill.
Brand, Ohio	Douglas, Ariz.	Griffin	Kemp
Briggs	Doutrich	Haines	Kendall
Britten	Drewry	Hall, Miss.	Kennedy
Brunner	Eaton, Colo.	Hancock, N. Y.	Kerr
Burch	Eaton, N. J.	Hancock, N. C.	Kinzer
Chase	Estep	Hawley	Knutson
Chiperfield	Evans, Mont.	Hill, Ala.	Lankford, Va.
Clark, N. C.	Fishburne	Hollister	Lea

Lewis	Parks	Schuetz	Tucker
Lichtenwalner	Pettengill	Smith, Va.	Underhill
McDuffie	Pou	Steagall	Watson
McFadden	Pratt, Harcourt J.	Stokes	Weaver
McLaughlin	Pratt, Ruth	Strong, Kans.	White
McMillan	Purnell	Sullivan, Pa.	Whittington
Maas	Rankin	Summers, Tex.	Williams, Mo.
Manlove	Ransley	Sweeney	Wolfenden
Mead	Reid, Ill.	Taylor, Colo.	Wolverton
Montague	Romjue	Taylor, Tenn.	Woodrum
Nelson, Wis.	Sabath	Timberlake	Wyant
Norton, N. J.	Schafer	Treadway	Yates

So the motion to recommit was rejected.
The Clerk announced the following pairs:

General pairs until further notice:

Mr. McDuffie with Mr. Crowther.
Mr. Collier with Mr. McFadden.
Mr. Montague with Mr. Aldrich.
Mr. Almon with Mr. Beck.
Mr. Woodrum with Mr. Manlove.
Mr. Kerr with Mr. Doutrich.
Mr. Brand of Georgia with Mr. Reid of Illinois.
Mr. Mead with Mr. Frear.
Mr. Collins with Mr. Sullivan of Pennsylvania.
Mr. Drewry with Mr. Jenkins.
Mr. Pou with Mr. Britten.
Mr. Garrett with Mr. Purnell.
Mr. Steagall with Mr. Colton.
Mr. Griffin with Mr. Kendall.
Mr. Taylor of Colorado with Mr. Bolton.
Mr. Igoe with Mr. Wyant.
Mr. Tucker with Mr. Johnson of South Dakota.
Mr. Whittington with Mr. Kinzer.
Mr. Allgood with Mr. Chipperfield.
Mr. Kemp with Mr. Pratt.
Mr. Lea with Mr. Estep.
Mr. Beam with Mr. Golder.
Mr. Parks with Mrs. Pratt.
Mr. Fishburne with Mr. Goodwin.
Mr. Brunner with Mr. Hawley.
Mr. Schuetz with Mr. Treadway.
Mr. Hornor with Mr. Watson.
Mr. Williams of Missouri with Mr. Hollister.
Mr. Kelly with Mr. Eaton of New Jersey.
Mr. Boland with Mr. Wolverton.
Mr. Jacobsen with Mr. Houston.
Mr. Kennedy with Mr. White.
Mr. Briggs with Mr. Timberlake.
Mr. Lichtenwalner with Mr. Freeman.
Mr. Gilbert with Mr. Strong of Kansas.
Mr. Hancock of North Carolina with Mr. Wolfenden.
Mr. Weaver with Mr. James.
Mr. Romjue with Mr. Underhill.
Mr. Flanagan with Mr. Lewis.
Mr. Burch with Mr. Hancock of New York.
Mr. Douglas of Arizona with Mr. Taylor of Tennessee.
Mr. Rankin with Mr. Ransley.
Mr. Gavagan with Mr. Schafer.
Mr. Haines with Mr. Eaton of Colorado.
Mr. Sweeney with Mr. Cooke.
Mr. Stokes with Mr. De Priest.
Mr. Evans of Montana with Mr. Yates.
Mr. McMillan with Mr. Lankford of Virginia.
Mr. Clark of North Carolina with Mr. Knutson.
Mr. Greenwood with Mr. Johnson of Illinois.
Mr. Summers of Texas with Mr. Andrews of New York.
Mr. Hill of Alabama with Mr. Maas.
Mr. Sabath with Mr. Crall.
Mr. Hall of Mississippi with Mr. McLaughlin.
Mr. Smith of Virginia with Mr. Cochran of Pennsylvania.
Mrs. Norton with Mr. Chase.
Mr. Crosser with Mr. Nelson of Wisconsin.
Mr. Pettengill with Mr. Brand of Ohio.

The result of the vote was announced as above recorded.
The doors were opened.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. DAVIS, a motion to reconsider the vote by which the bill was passed was laid on the table.

RECONSTRUCTION FINANCE CORPORATION

Mr. HOGG of West Virginia. Mr. Speaker, I ask unanimous consent to extend my remarks as to the operation of the Reconstruction Finance Corporation act, in so far as it seeks to bring relief to insolvent State banks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOGG of West Virginia. Mr. Speaker, as disclosed by the extended committee hearings, as well as the debate in both the Senate and the House, the purpose of the Reconstruction Finance Corporation act was primarily to bring aid to the banks of the country and was not intended to

prefer national banks to any other class of banking institutions either as regards loans to operating institutions or advances that will aid in liquidation. The whole object was to liquefy frozen assets in both State and national institutions, whether solvent or insolvent.

In spite of this express purpose of the measure, it is surprising to learn that few, if any, insolvent State banks can be aided by this measure. Any kind of Federal aid requires the fulfillment of two conditions:

First. There must be affirmative action on the part of the Congress of the United States making available such assistance.

Second. There must be State statutes authorizing some one on behalf of the States to accept the benefits of such relief. These State enabling acts are as essential as initial Federal legislation.

In the present instance Congress has acted in the matter of the extension of these benefits, but an extremely small number of States have any provision for the acceptance of this much-needed relief. Included in this number of States where insolvent State relief banks are precluded from relief is my own State of West Virginia which furnishes a typical example of the conditions in a number of other States.

Section 5 of the Reconstruction Finance Corporation act provides that loans and advances shall be made to both insolvent State and national banks and as security for these loans the assets of the insolvent institution must be pledged. The receivers or liquidating agents are the proper persons to effect this pledge, but these receivers can only do those things which the State statutes authorize them to do. Section 32, article 8, of chapter 31 of the Code of West Virginia, defines the rights and powers of receivers of insolvent State banks and gives them the right only to sell the institution's assets. Therefore, as a condition precedent to relief for insolvent State banks, the Reconstruction Finance Corporation act presupposes the existence of a power on the part of the receivers which really does not exist.

In this same connection the powers and duties of receivers and liquidating agents of national banks are circumscribed by Federal statutes. Formerly they had no power to pledge the assets of their institutions and even to make available the benefits of the Reconstruction Corporation act to the insolvent national banks provision had to be made in section 5 of the act whereby these receivers and liquidating agents could pledge the securities of their respective banks. In other words, Congress has enabled the receivers and liquidating agents of national banks to take advantage of the relief intended while it still remains necessary for the various States to clothe the receivers of insolvent State banks with similar powers.

NECESSITY OF AID FOR INSOLVENT STATE BANKS

In my opinion the insolvent State banks are more in need of relief than the insolvent national banks for two reasons:

First. There are a greater number of depositors in insolvent State banks.

Second. There are far greater resources involved in insolvent State banks as compared with insolvent national banks.

In this connection reference is here made to the report of the Comptroller of the Currency for the year 1931, where can be found quite a detailed statement with reference to the bank insolvencies of the past several years. For the reporting year ending in 1931 there was a total of 7,672 bank failures, of which number 1,044 were national and 6,628 were State banks, with resources of \$543,800,000, and \$1,300,000,000, respectively. In other words, more than two and one-half times the resources were tied up in insolvent State institutions that were in insolvent national banks.

POSSIBLE REMEDIES

The question is naturally asked as to how this unfortunate situation is to be met. Of course the positive solution would be for the legislatures of the States concerned to extend the powers and duties of the receivers of insolvent State banks. This is scarcely feasible because few of these bodies are now in session, and in West Virginia the regular session will not

be convened until 1933. It may be said that a special session can be called. This course is doubtful because it is a matter of common knowledge that special sessions are restricted and generally involve some extraneous matters. Further, it would entail a cumbersome and expensive procedure.

The other course is for the organization of a liquidating corporation within the State, the capital stock of which could be subscribed by the solvent banks and individuals interested in the liquidation of the insolvent institutions. The receivers with their present powers of sale could then dispose of the assets of the insolvent banks to this liquidating corporation. The liquidating corporation in turn could then pledge these assets with the Reconstruction Finance Corporation. As simple as this solution may be, such a method requires an amendment to the Reconstruction Finance Corporation act, for as the law is now framed no relief can be extended to an institution "for the purpose of initiating, setting on foot, or financing any enterprise that is not initiated, set on foot, or undertaken prior to the adoption to this act." This could easily be corrected by an amendment excluding from this exception a corporation engaged in the liquidation of insolvent State banking institutions.

NECESSITY FOR PROMPT CONSIDERATION

In conclusion, to relieve these insolvent State institutions and make available the benefits of the Reconstruction Finance Corporation act there must be prompt action. It must be borne in mind that only \$200,000,000 with the expansion, which will total \$800,000,000, is available for relief to banks. Delay may mean that before the State can be placed on a footing of participation the insolvent national banks will have absorbed a large percentage of this fund. Insolvent national banks with a possible demand for \$543,800,000 may leave only a small amount to bring relief to State institutions whose assets total \$1,300,000,000. If the intent and purpose of this relief measure are not to be thwarted, so far as insolvent State banks are concerned, early attention to a solution of this problem is essential.

PHILIPPINE INDEPENDENCE

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LOZIER. Mr. Speaker, this morning, in a public hearing before the Committee on Insular Affairs, the Hon. Patrick J. Hurley, Secretary of War, vigorously opposed the immediate or early withdrawal of our sovereignty from the Philippines, on the alleged grounds:

First. That the inhabitants are not now capable or prepared for self-government.

Second. That from an economic standpoint they are not prepared for self-government.

Third. That the political, financial, and cultural interests of the Filipinos will not be promoted by immediate or early independence.

Fourth. That many Filipino business men had informed him privately that they were opposed to immediate or early Philippine independence.

Fifth. That the Moros should not be intrusted to their traditional enemies, the Filipinos.

Sixth. That the Filipinos are incapable of defending their independence from foreign aggression.

I respect the Secretary and the great office he now occupies. I admire his great ability but regret that it should be employed in what seems to me to be an exceedingly unworthy cause. In my 10 years' experience in public life I do not recall ever having heard such an eloquent plea founded on a more selfish, sordid, and sinister philosophy. While expressing friendship and admiration for the Filipinos and conceding their right to ultimate independence, he was not willing to indicate when our guardianship over these 13,000,000 people should end and when they should be admitted to the family of self-governing commonwealths, but vehemently declared that political, financial, economic, social, and cultural chaos, confusion, and disaster would follow the withdrawal of our flag from the Philippines.

It is regrettable that this member of the President's Cabinet is so unchangeably opposed to granting independence to the Filipinos, because we are justified in assuming that he is reflecting the attitude of President Hoover and the national Republican administration. I believe the overwhelming sentiment of the American people favors immediate and complete independence of the Philippines, and the hostile attitude of the President and his official family will not prevent this Congress from granting independence to the Filipinos, who, emerging from 300 years of unspeakable oppression, now crave the poor but natural right and privilege of making and administering the laws under which they live and building a distinct culture and civilization suitable to their peculiar needs and environment.

Every argument urged by the honorable Secretary of War against immediate or early Philippine independence was with the same fervor and eloquence made in the English Parliament against granting independence to the thirteen American Colonies. The political, financial, and economic chaos which the honorable Secretary of War claims will overwhelm the Filipinos if granted independence were prophesied as sure to come to the American colonists if they retired from the protection of the British flag.

By way of parallel and illustration, I propose at this time to appeal to history to show that if the arguments the honorable Secretary of War is making against Philippine independence had been heeded during our Revolutionary period, what is now the United States of America would doubtless be thirteen English colonies or provinces. Those who prophesy that dire calamities and political, financial, and economic disaster will inevitably overwhelm the Filipinos if and when they are granted independence are as badly mistaken as were the English statesmen, who before, during, and after the American Revolution prophesied that with independence the American Colonies would face political, social, financial, and economic disaster.

We should not overlook the historic fact that during and long after the American Revolution a majority of the politicians, members of Parliament, and publicists in England sincerely believed and boldly proclaimed that a large majority of the American colonists were ignorant, untutored, and unmanageable, impatient of governmental restraint, unappreciative of law and order, and wholly incapable of self-government. There was an overwhelming sentiment in England that if the colonists succeeded in throwing off the English yoke their independence would be of short duration, and after floundering around for a few years in an unsuccessful effort to govern themselves they would confess failure and pass under the control and become dependencies of France or some other European nation. The English people miserably misjudged and underestimated the capacity of the American colonists for self-government, just as many Americans are miserably misjudging and underestimating the capacity of the Filipinos for self-government.

George III, George Grenville, Lord North, and the English Parliament contemptuously ignored petitions of the American colonists for a redress of their grievances and branded them as incompetents and incapable of administering their own affairs. Lord Macaulay said of Prime Minister Grenville that he knew of "no national interest except those that are expressed in pounds, shillings, and pence." When England reluctantly acknowledged the independence of the thirteen American Colonies a large majority of the men in public life in England unhesitatingly declared, and I think honestly believed, that the colonists, who had won their freedom at the point of the sword, were incapable of self-government, that they would not be able to efficiently administer their domestic affairs or maintain their independence against foreign aggression, and that in a few years they would dissolve their newly formed government and seek protection under the English flag.

At this time I desire to quote from speeches made in the British Parliament before, during, and after the Revolution, from which it will be conclusively shown that the overwhelming weight of sentiment among English statesmen was to the effect:

First. That the American colonists were not capable or qualified for self-government.

Second. That the great majority of colonists did not favor independence.

Third. That the movement for independence was fostered and made to order by a few scheming politicians, who did not reflect the sentiment of the majority of the people and who were actuated by essentially selfish motives and a desire to hold office and exploit the masses.

Fourth. That the rank and file of the colonists were giving the independence movement no support and were waiting for an opportune time to revolt against the new government and withdraw support from the Continental Armies. And, moreover, the colonists could not and would not fight.

Fifth. That from an economic or business standpoint the colonists could not afford to sever their political or economic ties with Great Britain.

Sixth. That the colonists, once having obtained independence, would not be able to build and maintain a stable government, or a stable economic structure, and in a few years would be compelled to renew their allegiance to the British flag or be overrun and conquered by France or some other strong and mercenary nation.

I shall quote from Hansard's Parliamentary Debates, a monumental work of such magnitude and value that if all other records of the British Parliament were destroyed it would supply an almost complete history of that historic body and show the long and tedious processes by which the free institutions of England were developed and brought to their present high state of efficiency.

Sir John Montague, fourth Earl of Sandwich, head of the British Admiralty, speaking in the English Parliament, ridiculed the colonists and scornfully referred to them in the following language:

The noble lord mentions the impracticability of conquering America. I can not think the noble lord can be serious on this matter. Suppose the colonies do abound in men; what does that signify? They are raw, undisciplined, cowardly men. I wish instead of 40,000 or 50,000 of these brave fellows they would produce in the field at least 200,000; the more the better; the easier would be the conquest; if they did not run away they would starve themselves into compliance with our measures.

But Lord Sandwich, a rake and a roué, who had not exhausted his stock of withering contempt for the unsophisticated American colonists, continued:

I will tell your lordships an anecdote that happened at the siege of Louisburgh. Sir Peter Warren told me that in order to try the courage of the Americans he ordered a great number of them to be placed in the front of the army. The Americans pretended at first to be very much elated at this mark of distinction, and boasted what mighty feats they would do upon the scene of action; however, when the moment came to put in execution this boasted courage, behold, every one of them ran from the front to the rear of the army with as much expedition as their feet could carry them.

Lord Sandwich's denunciation of the Americans grew in intensity, and he said:

Sir Peter finding what egregious cowards they were, and knowing of what importance such numbers must be to intimidate the French by their appearance, told these American heroes that his orders had been misunderstood; that he always intended to keep them in the rear of the army to make the great push; that it was the custom of generals to preserve the best troops to the last; that this was always the Roman custom, and as the Americans resembled the Romans in every particular, especially in courage and love of their country, he should make no scruple of following the Roman custom, and made no doubt but the modern Romans would show acts of bravery equal to any in ancient Rome. By such discourses as these Sir Peter made a shift to keep the Americans with him, though he took good care they should be pushed forward in no dangerous conflict.

And then the noble earl delivered the following scorching broadside:

Now I can tell the noble lord that this is exactly the situation of all the heroes in North America; they are all Romans; and are these the men to fright us from the post of honor? Believe me, my lords, the very sound of a cannon would carry them off, in Sir Peter's words, as fast as their feet could carry them. This is too trifling a part of the argument to detain your lordships any longer.

The noble earl continued to abuse the Americans for not paying their debts; he made no doubt that the real motive

of their associations was to defraud their creditors. That the Continental Congress was a seditious and treasonable meeting of persons assembled to resist the legal and just authority of the supreme legislative power.

In this manner the lord of the British Admiralty—who, by the way, made the first sandwich—expressed the prevailing opinion in England as to the alleged pusillanimity of the men who won our liberties at the point of anvil-forged swords and bayonets.

Captain Phipps, on April 19, 1774, in a debate for the repeal of the duty on tea, said:

I perfectly agree that the Americans can not resist, and that the doctrine of supremacy is good.

Mr. Rigby, on May 2, 1774, in discussing the bill for regulating the government of Massachusetts Bay, said:

America, at this instant, is in a state of downright anarchy.

Lord George Germain, on May 2, 1774, in debating a bill for regulating the government of Massachusetts Bay, said:

America, at this instant, is nothing but anarchy and confusion. Have they any one measure but what depends upon the will of the lawless multitude? Where are the courts of justice? Shut up. Where are your judges? One of them taking refuge in your court. Where are your council? Where is your governor? All of them intimidated by a lawless rabble. * * * I can not help once more condemning that mob of people which, under the profession of liberty, carries dark designs in its execution.

In the course of parliamentary debate, it was stated that in a letter written from Williamsburg, December 24, 1774, to the Earl of Dartmouth, Lord Dunmore, English Governor of Virginia, referred to the colonists as—

An outrageous and lawless mob; * * * that the lower class of people will discover that they have been duped by the richer sort; * * * that the resistance would result in quarrels and dissensions among the colonists * * * and I have persuaded that the colony, even by their own acts and deeds, must be brought to see the necessity of depending on its mother country and of embracing its authority.

In discussing the Boston port bill in 1774, Colonel Barre, a friend of the American colonists, said:

I have not a doubt but a very small part of our strength will at any time overpower them [meaning the American colonists].

Captain Phipps in a debate on a motion to repeal the duty on tea said:

I perfectly agree that the Americans can not resist.

Captain Luttrell on March 23, 1775, speaking in the Commons on the petitions for reconciliation with America said:

Sir, that the Colonies are inseparably united to the Imperial Crown of this realm I trust will never be denied by the friends of either clime; but, though it has been asserted America can subsist without our commerce, I believe nobody will say she can flourish without our protection. If we abandon her to her present miserable situation, she must soon sue to us or to some power for succor. In securing their lives and properties, the Americans must ere long experience the fatal consequences of being exposed to the depredations of marauders and lawless ruffians; they will soon cry aloud for the reestablishment of those judicial authorities that have been imprudently overturned and which are necessary, not only to the welfare but the very existence of the subject among the rudest nations of the globe. Sir, I fear, indeed, the Americans at this hour can not properly be styled the most civilized people in the known world, but an unfortunate fatality seems to have awaited that unhappy country for a series of years past.

How similar the foregoing arguments to those we now hear in opposition to liberating the Filipinos. Listen to the voice of England 157 years ago:

America can subsist without English commerce, but nobody will say she can flourish without our protection. If we abandon her to her present miserable situation, she must soon sue to us or to some power for succor—

And so forth.

Now let us paraphrase this language and apply it to the Philippine situation:

The Filipinos can subsist without American commerce, but nobody will say she can flourish without American protection. If we abandon the Philippines in their present helpless situation, they will be compelled soon to sue to us or to some power for succor. In securing independence the Filipinos must ere long experience the fatal consequences of being exposed to the depredations of marauders and lawless ruffians, or of being seized by Japan; they will soon cry aloud for the reestablishment of the

political and economic relations severed by the granting of independence.

In other words, the threadbare arguments made now against Filipino independence are the same arguments that were made 157 years ago by our English masters against granting independence to the thirteen American Colonies. These arguments were fallacious then when invoked against our Revolutionary fathers, and they are fallacious now when invoked against Filipino independence.

Mr. St. John, on May 2, 1774, in debate said:

It is not, sir, the strength of America that we dread; they have neither men, army, nor navy. What, then, have we to fear? Do we dread the loss of our trade? No, sir; the avarice of the Americans will prevent that. They threaten us with not paying their debts, but I am afraid if we give way to them they will not allow that they owe us any.

In 1782 the Earl of Shelburne said:

With respect to America, he has always considered her independence as a great evil which we had to dread and to guard against. He had spoken of it in this manner for years past, and when he believed he was joined in sentiment by every man in this country. He had always believed and declared that the independence of America was an evil as much to be apprehended and dreaded by America as by Britain. This had always been his opinion, and he had constantly labored, by every means in his power, to persuade men that this was the case in his applications to private men and to public men, to individuals and to bodies of men; he had always held the doctrine that the independence of America was an evil to be equally guarded against by both countries. He wished to God that he had been appointed to urge that proposition and to maintain it before Congress. He wished to God that he had been called to prove by argument the assertion that the independence of America must be as prejudicial to herself as to Britain. He would have gone much greater lengths and said much more at the bar of Congress than he ever said in his place in the British Parliament—

And so forth.

In order to keep the thirteen Colonies under the British flag the learned statesmen of England solemnly declared that independence would be a very bad thing for the Americans, both from an economic and political standpoint, just as the opponents of Filipino independence now argue that independence will be a calamity to the Filipinos. There was no basis for this apprehension when invoked against the Colonies in Revolutionary times, nor is there any basis for the contention that political and economic disaster will engulf the Filipinos if we withdraw our sovereignty.

On May 2, 1774, in debate on a bill for regulating the government of Massachusetts Bay, Mr. Stanley said:

These bills certainly affect the interior policy of America and are intended for the better regulation of its internal government. Whatever may be the opinion of the propriety of regulation with the Americans I know not, but their submission to the laws of some country is necessary, as I can not conceive the independence of an American colony to exist whilst the balance of power remains in Europe, supported and protected by armies and navies. These people must resort to some state, and it must be a Protestant one, and were they to unite themselves with any other state than this they would meet with a yoke and burden which they would not wish to bear. It is said by some that this is driving them to a state of slavery; by others that this proceeding will be ineffectual. As to the latter, if we do not go far enough we are certainly on the right side; but I can not sit still and see with indifference the authority of this country submitting to every indignity they shall offer us. There are but two ways of governing mankind—by force or by consent.

Lord Mansfield in the course of debate referred to the American patriots in Boston and New England as "fanatics."

Mr. Lyttelton (afterwards Lord Westcote) in debate, while conceding the northern Colonies were capable of offering considerable resistance, said:

The southern Colonies are weak on account of the number of negroes in them, and I am of the opinion that if a few regiments are sent there, the negroes will rise in revolt and imbrue their hands in the blood of their masters.

Earl Gower on January 20, 1775, in debate on Lord Chat- ham's motion to withdraw troops from Boston, said that:

The rank now held by the Americans was the rank of the rabble and a few factious leaders; that the delegates and the Congress were far from expressing the true sense of the respectable part of their constituents; that in many places they were chosen by a kind of force in which the people of consequence were afraid, unprotected as they were, to interpose; and where it

was otherwise they were borne down by a fact in some instances and perverted by the most false misrepresentation in others.

Colonel Grant on February 2, 1775, in debating an address to the King upon the disturbances in North America, said he had—

served in America and knew the Americans well; was certain they would not fight. They would never dare to face an English army, and did not possess any of the qualifications necessary to make a good soldier.

He repeated many of their commonplace expressions, ridiculed their enthusiasm in matters of religion, and drew a disagreeable picture of their manners and ways of living.

In 1778 Mr. Johnstone, referring to the thirteen Colonies, said:

The Congress seem to conduct themselves with the low cunning of an election jobber; their proceedings are often calculated for the herd of the people who are yet strangers to the impositions incident to such ascendancy.

Continuing, he said:

I firmly believe two-thirds of the people of North America wish to return to their ancient connection with Great Britain, and that nothing but a surrounding army and the diffidence they have in our support, prevents that spirit from breaking out in acts of hostility against Congress.

Charles the Bold lost his dukedom and life in a war against a feeble people, whom he contemptuously denominated "a deluded multitude of Swiss." England, in like manner, lost the fairest and richest of her colonial possessions, because she looked upon our appeal for independence with contemptuous indifference.

In 1779, in discussing the conduct of the war in America, Mr. Rigby said:

General Burgoyne at Saratoga calmly stacked 5,000 English rifles and surrendered his magnificent army of English soldiers to a rabble or an undisciplined militia.

William Eden (afterwards Lord Auckland), who had been a member of a commission appointed by the English Government to visit America and endeavor to reach an agreement with the colonists, in discussing the offers made the colonists, said, on June 3, 1779:

We offered:

(1) To consent to a cessation of hostilities both by sea and land.

(2) To restore free intercourse, to revive mutual affection, and renew the common benefits of naturalization throughout the several parts of the Empire.

(3) To agree that no military forces should be kept up in the different States of North America without the consent of the General Congress or particular assemblies. These offers, I allow, were absolute and positive. The first and second must, of course, have been the best and immediate consequences of peace, and if there is any doubt as to the last I can only say that I do not see the objection; it implied in our minds, and in every man's mind, that the King would retain the supreme command of the military force, whatever it might be, and the nomination of all officers. And it must be for the safety and interest of each Colony to have a force adequate to its own relative situation in this Empire.

Continuing, Mr. Eden said:

We also offered:

(1) To extend every freedom of trade that our respective interests can require.

(2) To concur in measures calculated to discharge the debts of America and to raise the credit and value of the paper circulation.

(3) To perpetuate our union by a reciprocal deputation of an agent or agents for the different states, who shall have the privilege of a seat and voice in the Parliament of Great Britain, or if sent from Britain, in that case to have a seat in the assemblies of the different states which may be sent, in order to attend to the several interests of those by whom they are deputed. * * * And lastly, we offered to establish the power of the respective legislature in each particular state, to settle its revenues, its civil and military establishments, and to exercise a perfect freedom of legislation and internal government, so that the British states throughout North America, acting with us in peace and war, under one common sovereign, may have the irrevocable enjoyment of every privilege that is short of total separation of interests, or consistent with that union of force on which the safety of our common religion and liberty depends.

Mr. Eden epitomized the offer of England to the Colonies as follows:

We desire you to be our brothers under one father; we claim not pretensions from our eldership; we expect no inequality; we insist only on having one king, one friend, and one enemy, a free union of force and friendship.

"What was their answer," said Mr. Eden—

We will have a total and eternal separation from you.

Thus the American colonists scornfully rejected the offer of Great Britain to grant them a but slightly restricted or limited independence.

It will be observed that England offered our forefathers a greater degree of self-government than we have granted the Philippines, and yet these proposals for conciliation were rejected by the colonists because they fell a little short of absolute independence. We can not consistently ask the Filipino to accept a scheme for partial self-government like the one our forefathers indignantly spurned.

Lord George Germain, one of the most inveterate enemies of the Colonies, as late as June 3, 1779, after the English peace commission had failed, said:

I have often asserted, and I renew the assertion, that the majority of the people of America are with us. As a proof of this, we have large corps of provincials in arms in our favor, and I have this day received a letter from Governor Tryon, in which he assured me that we had now 7,000 American seamen employed in our privateers. It is the Congress only that opposed a reunion with this country, and even the Congress is far from being of one opinion on the subject.

And again, in describing the Members of the American Congress, he said:

The most violent of the Americans chose the most violent among themselves to represent them in Congress.

The American colonists were not content to be hewers of wood and drawers of water for the English Government, and we can not expect the Filipino people to be insensible to the impulses and ambitions which actuated our Revolutionary fathers in their historic struggle for independence.

In every age of the world's history races have been enslaved and nations held in bondage on the specious plea that they were not capable of self-government, or that a better government could be supplied by their alien masters. Athens, the birthplace of democracy, even in the Golden Age of Pericles, had only about 30,000 free citizens. She allowed only an insignificant part of her population to participate in the enactment and administration of her laws, and she ruled her provinces and subject cities with unbridled despotism, claiming that the masses were unworthy and incapable of having a part in governmental affairs.

The American people are face to face with an issue that can not be side-stepped, and the solution of which will test their mettle and convincingly demonstrate their unselfish devotion to the principles around which their benign scheme of government is built. We will convict ourselves of embarrassing inconsistency if while enjoying the blessings of self-government we deny these God-given rights to others. Thirteen million Filipinos who came under our control by the fortunes of war have demonstrated by 30 years' successful administration of their own domestic affairs ample capacity to take over all the functions of government, including supervision of their international relations.

In the annals of the world there is no instance where, in the brief span of 30 years, another race has made more rapid progress in civic, social, cultural, and political affairs or in the practical and efficient application of wholesome and helpful principles of government. It is a source of lasting satisfaction that the Filipino is forward-looking and progressive in conceptions of government. The victim of centuries of exploitation and oppression, he can not look with tolerance on any form of government that limits the natural rights of man or deprives him of personal or political freedom. In his heart of hearts he abhors not only monarchical forms of government but bureaucratic or provincial systems by which a republic sometimes endeavors to rule and exploit a subject race or dependency.

In other words, the Filipino is in step with the enlightened nations of the world that have representative forms of government, and being essentially democratic in his con-

ceptions of the rights of the citizen and the functions, purposes, and powers of the state, he craves the privilege of building a Filipino republic, using our free institutions as a pattern, to the end that the 13,000,000 Filipinos and their posterity may have a freedom comparable with our own. By no manner or means can this inherent, militant, motivating impulse and purpose be suppressed. Tyrants, in their passion for power and in their withering contempt for the natural rights of subject or citizen, have never yet been able to forge a chain that can shackle the human mind or grappling hooks sufficiently powerful to uproot the longing for liberty that a benevolent Providence has anchored immovably in every human soul. [Applause.]

ORDER OF BUSINESS

Mr. RAINY. Mr. Speaker, I desire to say for the information of the Members that while we will take up the so-called "lame-duck" resolution on Friday of this week, there will be no vote on it until Saturday afternoon.

Mr. SNELL. Will the gentleman yield for a question?

Mr. RAINY. I yield.

Mr. SNELL. Would the gentleman be willing to let the vote go over until Monday? There are a great many Members on this side who have made arrangements to be away on Friday and Saturday. They took it for granted that perhaps Saturday would be a holiday and that on Lincoln's birthday there would not be very important matters considered in the House.

Mr. RAINY. I see no objection to that. We can vote on it Monday.

The SPEAKER. Does the gentleman from Illinois desire to prefer a unanimous-consent request to that effect? A parliamentary situation might develop where it would be difficult to carry it over until Monday. Monday is unanimous-consent day as well as suspension day, but the House can take the vote at a later time by unanimous consent.

Mr. SNELL. May it not go over until Tuesday, then?

The SPEAKER. When the consideration of the resolution is completed and the resolution is reported to the House, the House could now agree by unanimous consent to take the vote at any future date.

Mr. RAINY. Mr. Speaker, I ask unanimous consent that at the conclusion of the consideration of the so-called "lame-duck" resolution, the vote on the passage of the resolution may be postponed until Tuesday of next week.

Mr. CELLER. Mr. Speaker, reserving the right to object, would it be possible to start consideration of the bill on Saturday instead of on Friday?

Mr. RAINY. No, sir. That would not be possible.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FEDERAL TRADE COMMISSION AND THE ANTITRUST LAWS

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. FULMER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a statement made by me before the Interstate Commerce Committee of the Senate opposing the confirmation of Mr. William E. Humphrey as a member of the Federal Trade Commission.

Mr. Chairman and gentlemen of the committee, I am appearing this morning against the confirmation of Mr. Humphrey because of his activities in establishing and promoting these trade-practice conferences.

I want to say that in establishing these trade-practice conferences by the Federal Trade Commission for the various industries of the country, wherein the commission indorses trade-practice rules for the industries, that the commission has done more to help industry defeat the antitrust laws than anything that has happened since the passage of the act. Under a resolution passed by the Senate about one year ago the Federal Trade Commission has been holding investigations of the cottonseed oil-mill industry, so as to ascertain whether or not this industry has been able to form a trust, fix prices, etc. A report should be forthcoming from the commission at a very early date, which I am sure will show that what I have to say here this morning is absolutely true.

I used to be a general supply merchant, doing a very large business. I bought and sold thousands of bales of cotton and thousands of carloads of cottonseed. I bought as an independent buyer, always giving the top prices for cotton and cottonseed—not a price to make money in buying seed, but in the interest of making a real market in the interest of my business. At that time I could go to the telephone and call a half dozen cottonseed-oil mills and offer seed for sale and always get competitive bids and then sell to the highest bidder. Since the trade-practice conference for the cottonseed-oil mills by the commission independent buying and selling of seed is practically a thing of the past. I have hundreds of letters from cottonseed buyers, some of them having bought seed for the past 20 years as independent buyers, who have been absolutely put out of the market since the trade-practice conference that was held in 1928.

I want to quote from Mr. Christie Benet's statement made at the opening of the Cottonseed Trade Practice Conference, which will fully explain why a conference:

"It is not necessary at this time to go into a detailed statement of the competitive set-up in the industry. We have known about this competitive set-up for years, but did not see our way out."

Mr. Benet is one of the best lawyers in my district and represents the Cottonseed Oil Products Association, composed of practically all oil mills, refineries, and chemists who analyze cottonseed as members thereof.

Mr. Benet could have extended his speech, and perhaps did, as follows:

"Gentlemen of the conference, as you know, in the past as an industry we have had numbers of independent mills that did not go into our associations but persisted in buying seed and making their own prices, which brought about competition which was extended to the buyers of cottonseed from farmers. Therefore, not being able to control these independent mills and independent buyers, we have had hard sailing in fixing and controlling prices."

No doubt he stated that this could be done only by buying up or forcing these independent mills to enter into set rules and trade practices and have all mills sign on the dotted line.

Now, gentlemen, I not only make the charge that competition between the mills in buying and selling cottonseed and their products, which would mean a healthy competition on the farmer's market of the South, is a thing of the past, but that since the trade-practice conference at Memphis in 1928 the industry has enjoyed a "hog-tied" monopoly, weeding out independent mills and independent cottonseed buyers, thereby fixing prices and robbing farmers and cottonseed buyers out of millions of dollars annually. In making these charges, I seem to have the backing of the South Carolina Legislature in the passage of a resolution wherein they make the same charges that I do and have authorized the attorney general to make investigations and prosecute the cotton mills doing business in South Carolina in violation of the anti-trust laws.

JOINT RESOLUTION PASSED BY LEGISLATURE OF SOUTH CAROLINA

"Whereas the sovereign State owes a solemn obligation to its farmers and planters to protect them from the high-handed and nefarious treatment which for some time has been and is now being measured out to them by the cottonseed-oil manufacturers, in that the universal price offered by the manufacturers for prime cottonseed, February 1, was the measly sum of \$26 per ton, which cottonseed, when manufactured into cottonseed products, is sold based on mill prices of same date for a minimum of approximately \$44 per ton, a difference or gross profit to cottonseed oil manufacturer of not less than \$18 per ton; and

"Whereas there exists and persists a very apparent oneness in agreement and action between mills to maintain this profit, regardless of market fluctuations and varying grades of seed; and

"Whereas it is a well-known and established fact that 1 ton of prime cottonseed manufactured by an average or ordinary oil mill will produce the following products, which were quoted February 1, f. o. b. mills, at—

950 pounds cottonseed meal, at \$32 per ton	\$15.20
340 pounds cottonseed oil, at 0.07 1/4 per pound	23.80
550 pounds cottonseed hulls, at 0.45 per hundredweight	2.48
75 pounds linters, at 0.03 1/2 per pound	2.62
85 pounds loss due to trash and moisture	
	44.10
2,000 pounds	

"Whereas the sacks and tags for the meal cost \$1 for each ton of cottonseed worked, and the average freight charges on cottonseed from shipping points to cottonseed-oil manufacturing plants amount to \$1.50 per ton, with no transportation charge on the large amount of cottonseed hauled by farmers and planters on wagons and trucks directly to the manufacturing plants; and

"Whereas it can be established beyond question that \$5 per ton is a reasonable manufacturing charge or cost, which, when added to the cost of the meal sacks and tags (\$1) and freight charges (\$1.50) herein mentioned, makes a total of \$7.50 per ton, which, deducted from the spread of \$18 per ton between the carlot market price for cottonseed and the manufactured cottonseed products, leaves a net profit to the cottonseed-oil manufacturers of \$10.50 per ton; and

"Whereas such profit is exorbitant, indefensible, confiscatory, and should not be tolerated, and is being maintained to the farmers' detriment and ruin only through a South-wide organization of the manufacturers, who, having a highly paid legal

counsel and organizer, are evidently hoodwinking the Federal Trade Commission; and

"Whereas South Carolina farmers and planters annually produce approximately 300,000 tons of cottonseed on which, based on the figures named, they are losing, notwithstanding their poverty, approximately \$3,000,000 annually; and,

"Whereas it would be manifestly stupid for this general assembly, a part of whom have already expressed concern for the oppressed farmer and taxpayer in a comparative gesture, to pass unnoticed and unremedied the action of this gigantic combination which is unjustly and illegally extracting from the pockets of the farmers of South Carolina, alone, an annual sum equal to more than the entire income from the 5-mill property levy; Now therefore be it

Resolved by the senate (the house of representatives concurring). That the attorney general is hereby instructed to confer immediately with the Attorney General of the United States, the Federal Trade Commission, and such other State and Federal authorities as he may be advised and to take vigorous steps in conjunction with the Federal Government and/or other States and/or alone to immediately correct the abuses mentioned and to punish those responsible for them if such course is practicable and to regulate or put an end to this manifestly unjust combine of the cottonseed oil mills of this and other States, and to make to this general assembly a progress report of his actions by March 15, 1930, and to make a full report of his acts, doings, and accomplishments to the next general assembly, together with such recommendation as he may deem proper."

My charges are further borne out by a recent unanimous opinion of the Supreme Court of the State of Alabama in the case of *Dothan Oil Mill Co. et al. v. Espy et al.* (127 Southern Reporter, 179). In that case Mr. Espy and others obtained an injunction against the Dothan Oil Mill Co. and other oil mills from Alabama from putting into effect the agreements entered into at Memphis, Tenn., which had for their purpose the setting of prices of cottonseed and destroying competition in the purchase and sale of cottonseed. I quote from their decision:

"We have no difficulty in reaching the conclusion that the defendants have entered into a combine, pool, trust, or confederation to regulate or fix prices of cottonseed in this State and are attempting to destroy competition in the sale thereof in violation of the State antitrust laws."

Senator NEELY (interposing). What are you reading from?

Representative FULMER. This is a decree or the findings of the Supreme Court of Alabama in a case against the Dothan Oil Mill Co.

The CHAIRMAN. What court?

Representative FULMER. The State Supreme Court of Alabama.

In the meantime I am prepared to prove these charges not from statements issued by the industry or from the Federal Trade Commission, said commission being a party to the crime, but by written facts and figures from farmers, bankers, merchants, and cottonseed buyers; also by actual invoices and analysis of cottonseed issued by the mills to the buyers.

During March I mailed out a number of questionnaires to independent and commission cottonseed buyers in my district. Perhaps the largest file in my office contains replies and letters from seed buyers, bankers, and merchants from my State showing that they are very much interested in this matter, and what applies to South Carolina will also apply to all of the cotton States.

I had a trip to my State during March and found that commission buyers were willing and anxious to tell me about the deplorable condition existing on the seed market since the trade-practice conference and also how the independent buyers were being put out of the market and forced to sign uniform commissioned buyers' contract. They did not want to do much writing, because they knew that it would mean the canceling of their contract next fall. I shall be unable to place into the Record all replies to these questionnaires or letters received, but I am going to give you a fair sample of them.

This party lives in my home county and is one of the best business men and farmers in the county.

I quote from the questionnaire:

"Please answer the following questions and return to me. I will not use your name if you do not want me to.

"Do you buy cottonseed independently or under contract? Answer. Contract.

"Have you ever bought independently? Yes.

"As an independent buyer, did you sell for the highest offer? Yes.

"Under your present contract, do you sell to one mill? Yes.

"How many independent buyers in your town? None.

"Does your contract forbid you dividing your commission? Yes.

"Did you find all mills had the same price during the past season? Yes.

"I understand seed that you buy as wagon seed is not graded. Is this true? Yes.

"I understand all seed shipped in car lots independently are graded. Is this true? Yes.

"It is my understanding that this is the method used by the mills to put independent buyers out of the market by grading their seed down from basis price. Am I right? Yes.

"Do you operate a cotton gin? No.

"Do you owe a cottonseed-oil mill for borrowed money? No.

"Do you agree with what I say in my speech of February 14? Yes.

(Signed) _____

Listen to this letter written by the same party:

“DEAR MR. FULMER: Your communication of March 15 has been received, and I heartily agree in what you say about the conduct of the cottonseed-oil mills. The organization or combine of these mills has completely eliminated the independent cottonseed buyer in that he will be unable to secure bids sufficient to let him out without losses. The grading down by the mills of independent car-lot seed will ruin any man of small means who undertakes to operate as an independent buyer.

“For the past 25 years I have been connected in one form or another with the purchase of cottonseed, mostly as an independent buyer, but the past season the handwriting on the wall was so plain I found it necessary to buy only on contract for the mills and could not from time to time secure bids from other mills that were any advantage over the mill for which I was buying under contract. I might say, for your information, that no funds belonging to any mill were used by me in the purchase of cottonseed. While my contract called for the use of their funds, my own were used for the purpose of taking advantage of higher prices from other mills, but the same did not materialize.

“I might also add that the prices paid for seed during the past season were not in proportion to prices of former years based on the quotation of cottonseed oil, but run as a general thing from \$5 to \$10 per ton less. I want to congratulate you on the efforts being made to disturb this organization and wish to assure you of my cooperation and assistance.

“Sincerely yours.”

To this question: “Do you owe a cottonseed oil mill borrowed money on your cotton-gin plant?” I have quite a number of answers, “Yes.”

These fellows by virtue of these loans are hog-tied in a contract to deliver all seed bought at their cotton gins to the mills loaning the money. It is needless for them to be concerned about a competitive market or a fair price for cottonseed. They simply buy as instructed and receive as commission \$3 per ton.

These buyers requested me not to use their names, as they realize that the mills would cancel their loans. The practice of owning outright and loaning money on gin plants by cottonseed-oil mills is growing by leaps and bounds. This is one of the sure ways of absolutely controlling the cottonseed market.

I quote from a statement issued by Mr. Smoak, of my district:

MR. SMOAK'S STATEMENT

“He who ‘spake as never man spake’ declared that ‘the laborer is worthy of his hire,’ but the Southern Cotton Oil Co. says, ‘Nay; not so,’ to the ginners of Calhoun County.

“For apparently personal and selfish reasons the Southern Cotton Oil Co. of this place has seen fit to attempt to monopolize the ginning and seed business and drive legitimate competition to the wall by cutting the price of ginning at St. Matthews below the cost of operating, while holding the price up to the level in the sister town of Orangeburg and all other points.

“This \$10,000,000 corporation, composed of New York and New Orleans millionaires, have declared that they intend to drive us out of business for no other offense than that we have stood by our friends to the limit of our resources and have given to the extent of our ability to help them in every reasonable way by extending them every courtesy and accommodation within our power.

“We raise no cry of persecution, the facts speak for themselves; and we now feel justified in requesting our friends to aid in staying the tentacles of this giant octopus, whose sole desire seems to be to strangle logical competition.

“We commenced no fight on the Southern Cotton Oil Co., and will never do so. We wish them well in every legal and ethical business method, and are surely entitled to the same consideration. We know, and the Southern Cotton Oil Co. ought to know, that honest differences of opinion can only be properly adjusted by mutual conformity to the golden rule and not by fighting. If they have a reasonable grievance against our operating methods, why should they hesitate to manfully declare it? We and the public would welcome such criticism.

“We consider the price of \$3.25 per bale for ginning, bagging, and ties a very fair one to the farmer and the ginner; one which allows a living to both. When a farmer goes to the gin he not only expects but is entitled to have his cotton properly ginned, and I venture the assertion that there is not a farmer in Calhoun County so selfish as not to be willing to pay the ginner a fair price that will allow him to live and maintain his equipment in proper operating condition.

“This price of \$3.25 per bale is about 75 cents less than the prevailing price throughout South Carolina, but we adopted it in the beginning of the season as a fair one and will continue to stand by it. It has been violated, and the public knows the reason why.

“The Southern Cotton Oil Co. will hardly venture to candidly inform the community of its reason or excuse for this gratuitous and unwarranted war on lawful business methods. If you have a valid price-cutting reason against the writer or other ginners of Calhoun County that will bear the light, speak out, gentlemen, and declare the ‘truth, the whole truth, and nothing but the truth.’

“We can not contend alone against this gigantic monopoly in its present price-cutting policy and are calling upon our farmer friends of Calhoun County to continue their support if our services to you have been satisfactory, which we always endeavor to make them. We are only the first victim of this unholy war. If

they succeed in cutting our throats, the knife will in due season be applied to yours. If we do not ‘hang together now’ for lawful and just business methods, we will all be ‘hanged separately later.’

“A. S. SMOAK GINNERY.”

Prior to the trade practice conference we had no grading of cottonseed except perhaps if we had a very wet season, which would sometimes cause seed to damage. In a case like this a seed buyer representing the oil mill would come to your seed warehouse, examine the seed by cutting and counting the damaged seed, and make you a bona fide price. You would know just what price you would receive for your seed. Since the conference they refuse to examine your seed until shipped in, if you were an independent seed buyer. In the case of a commission buyer, buying for instance, in the same town with the independent buyer, the mills do not grade the commission buyer's seed.

The CHAIRMAN. Do I understand you to say that the Federal Trade Commission fixed this?

Representative FULMER. This is the outcome of the trade practice conference. Certain large mills claimed that it was bad business practice to buy seed not graded, but I am prepared to prove to you that it was a scheme to put the independent buyer out, because they did not grade the seed shipped in by their commission buyers. The mills paid the same basis price to both commission buyers and independent buyers, but I will show you in a few minutes what they did to the independent buyer in grading down his seed from basic price.

These industries over the country are so satisfied with the indorsement of the Federal Trade Commission in these trade practice conferences that they have a bill now pending before the Senate to make these trade practice conferences legal, as well as legislation for grading cottonseed.

Senator SMITH. When was this grading process started?

Representative FULMER. It was put into effect shortly after the trade practice conference in 1928.

Senator DILL. I want to get clear before the committee what relation the decision of the Alabama Supreme Court has to the Federal Trade Commission.

Representative FULMER. I quoted the decision of this court to further prove my contention that the industry is operating a trust. I contend that the indorsement of the Federal Trade Commission of these trade practice rules and what they call a code of ethics in doing business simply placed the industry in a position to get together and fix prices both on what they buy and what they sell—

Senator DILL (interposing). I am now talking about the Federal statute.

Senator WHEELER. And he is not attempting to say that.

Senator DILL. I want to get his idea of the relationship of a Federal statute to that decision by the Alabama Supreme Court. It is the Federal statute that the Federal Trade Commission is working under.

Representative FULMER. You are correct, but this decision simply confirms my contention.

Senator DILL. But that decision is not the Supreme Court of the United States decision.

Representative FULMER. No; the Supreme Court of the State of Alabama.

Senator WHEELER. It does not make any difference whether the Supreme Court of the United States or the Supreme Court of Alabama. What you are contending is that this group is violating the antitrust law of the State of Alabama, and you contend that thereby they are violating the Sherman antitrust law.

Representative FULMER. Yes; as is shown by this decree.

Senator WHEELER. I assume the antitrust law of the State of Alabama is similar to the Sherman antitrust law.

Representative FULMER. That is right.

Senator CONNALLY. In answer to Senator DILL's question, the point that you make in reference to Federal jurisdiction and State jurisdiction, as I understand the situation, the Congressman is claiming that under the Alabama laws, while the act complained of would be unlawful under those laws, in violation of the antitrust law, yet the contention is that through the action of the Federal Trade Commission what would otherwise be unlawful acts are given the color of innocence and legality by reason of having followed the suggestions of the Federal Trade Commission.

The CHAIRMAN. Can you give the committee any reference—and I think this would be the appropriate time—as to when the Federal Trade Commission took this action?

Representative FULMER. In the year 1928.

The CHAIRMAN. Can you give any specific time or record of where that action appears?

Representative FULMER. Yes, sir; in the minutes of the Federal Trade Commission, of this trade-practice conference. And may I state that the commissioner who presided at the cottonseed conference, as will be shown by the minutes, made this statement: “Now, gentlemen, each of you can do these things individually, but you can not do it collectively; if you do, you will get yourselves into trouble.”

I want to say to you that in the trade-practice conferences with these various industries the presiding commissioner gave every possible advice how to formulate trade-practice rules and codes of ethics, whereby the industry could defeat the antitrust laws, and then the Federal Trade Commission indorsed these.

Senator WHEELER. What they were trying to show them was how to get around the Sherman antitrust law.

Representative FULMER. Absolutely. I want to say to you gentlemen of the committee, after receiving the indorsement of the commission, that they have gone back home and put these rules and code of ethics into practice very efficiently, whereby they have robbed the cottonseed people.

The CHAIRMAN. What particular commissioner made the statement that you refer to?

Representative FULMER. Commissioner McCulloch.

Senator WATSON. Mr. Humphrey did not do all this by himself?

Representative FULMER. That is correct.

Senator NEELY. Do you know whether Mr. Humphrey participated in that meeting of which a minute was made?

Representative FULMER. Not at that particular time. I am going to insert at this point actual invoices and certificates of analyses of two cars of seed shipped by an independent buyer. I am going to leave out the name of the bill and shipper but I have the original invoices in my files.

"CERTIFICATE OF ANALYSIS

"Date, February 14, 1930. Sample of cottonseed received from a South Carolina cottonseed mill. Analysis No. 4458.

"Marked 'A. C. L. 54479. John Doe, Batesville, S. C.'

"Sampled by _____ February 1, 1930. Received February 14, 1930.

Per cent

Foreign matter	0.50
Moisture	11.80
Total excess	0
Free fatty acids	9.00
Discount	21.00
Basis price f. o. b.	\$30.00
Discount for excess foreign matter and moisture	
Quality discount to apply on	30.00
Discounts for free fatty acids	6.30
Total discount	0
Net value	23.70

"The above calculation of value gives credit for tolerances of 13 per cent combined foreign matter and moisture, 2 per cent free fatty acids content of the extracted oil.

"Respectfully submitted.

"CHEMIST."

"INVOICE

"SOUTH CAROLINA, February 14, 1930.

"A South Carolina mill, returns for car cottonseed from John Doe, Batesville, S. C., stored in bin No. 5:

"C. W. No. 5324.

"Car initial and number, A. C. L. 54432.

Pounds

Gross weight	93,050
Tare	43,000
Net	50,050
50,050 pounds net, at \$23.70	\$593.09

"The above net weight, 50,050 pounds, at \$30 basis price, would have amounted to \$750.75; therefore a loss to the independent shipper of \$157.66 on account of undergrading.

"CERTIFICATE OF ANALYSIS—ANALYSIS NO. 6443

"Date, February 17, 1930. Sample of cottonseed received from a South Carolina mill.

"Marked A. C. L. 54231, John Doe, Batesville, S. C. February 16, 1930. Received February 19, 1930.

"Sampled by _____."

Foreign matter	per cent	0.40
Moisture	do	11.40
Total excess	do	0
Free fatty acids	do	11.10
Discount	do	27.30
Basis price f. o. b.		\$30.00

Discount for excess foreign matter and moisture, quality discount to apply on	per cent	30.00
Discount for free fatty acids	do	0
Total discount	do	8.19

Net value 21.81

"The above calculation of value gives credit for tolerance of 13 per cent combined foreign matter and moisture and 2 per cent free fatty acids content of the extracted oil.

"Respectfully submitted.

"CHEMIST."

"INVOICE NO. 4927

"SOUTH CAROLINA, February 17, 1930.

"A South Carolina mill; returns for car cottonseed, from John Doe, station, Batesville, S. C.

"Stored in bin No. 3; C. W. No. 2438; car initial and number N. B. C. 78934."

Pounds

Gross weight	73,300
Tare	41,000
Net	32,300
32,300 pounds net, at \$21.81	\$352.23

The above net weight of 32,300 pounds, at \$30 per ton, the basis price, would have amounted to \$484.50; therefore, a loss on this car to the independent shipper of \$132.27 on account of undergrading.

You will note that the second car was shipped just about three days later than the first from the same point and by the same shipper. These cars contained the same quality of seed; in fact, I am informed that both cars were loaded out of the same warehouse. The seed in the first car was graded down \$6.30 per ton, while the second car was graded down \$8.19, making a difference of \$1.81 per ton for the same seed. The basis price for both of these cars was \$30 per ton. You will note from the prices received according to the outturns of the two invoices this shipper had a loss on these two cars from the basis price of \$132.27 and \$157.65, respectively, or a total of \$289.92. In the meantime, my friends, commission buyers located at the same point, shipping the same quality of seed at the same time, received the full \$30 basis price, which included their commission of \$3, without any grading of their seed; therefore, without losing the \$289.92, as in the case of the independent buyer. This independent buyer paid the same price to the farmer as did the commission buyer, namely, \$27 per ton, which was the wagon price. Therefore, not only did he lose his profit of \$3 per ton but the difference between wagon price, \$27, and the net amount received; that is, \$21.81 and \$23.70, amounting to \$289.92 of actual cash out of his pocket. How long could you expect an independent buyer to stay in the market under this grading scheme?

I want to quote from some letters so as to show you gentlemen just how the farmers and seed buyers feel about what I am complaining of.

I WISH I COULD TALK WITH YOU PERSONALLY

"My DEAR Mr. FULMER: I wish to congratulate you on your efforts to help the farmers of the country in the matter of the cottonseed situation. I wish that I could talk with you personally so that I might give you some of my experience. I will thank you, however, not to use my name as it may seriously affect the loan that one of the oil mills now has on my gin plant.

"Assuring you of my pleasure in assisting you in any way that I can and with kind personal regards, I am,

"Yours very truly,

HOW IS THIS?

"There is absolutely no competition in the seed market now. The mills pay you what they please for cottonseed and charge you what they damn please for the products thereof. The oil mills have everything their own way and have the farmers hog tied. I am delighted that you are going to hold an investigation and hope that you will be able to break up this trust."

A LARGE INDEPENDENT BUYER

"Mills are combined and cutting out competition without any fluctuation in the price of oil or by-products. They have reduced the price of seed and all mills have identical prices. They give notice prior to reduction in price so as to stimulate the sale of seed. I tried to get several mills to send representatives to take samples of my seed and make me an offer on them, but they claimed that this would be a violation of their agreement with the Crushers' Association. Is there no remedy for this?"

IT WON'T BE LONG BEFORE WE WILL HAVE TO SIGN A CONTRACT

"My DEAR Mr. FULMER: We have been buying seed independently for the past 15 years, also plant around 500 acres of cotton; hence, are in a position to fully realize what we are up against under the present conditions."

"It seems to us that the mills are about to succeed in eliminating the independent seed buyers. We had 400 tons of seed in our warehouse around January 1. Heretofore we have been having representatives of the various mills to call on us with the view of trying to buy our seed. We made an effort, since January, to dispose of these seed.

"We tried every mill that we could think of, with the result that every one made us the same offer, subject to the grading rules. We tried to get the different mills to send one of their representatives here to get a true sample and have them analyzed in order that they could buy the seed at a flat price. They refused, advising that they would only buy at the prevailing price then quoted for prime seed subject to the grading rules. We finally succeeded in getting a mill to buy these seed at a flat price of \$23.

"For your further information, we might also state that we could not get an offer from the mills on a parity with the men that were on contract. We tried to sell our seed to a contract man in a near-by town. He only offered us \$23, and yet paid another man that had some seed stored with us in the same house, on the same pile, and the same quality of seed a price of \$25. This particular man knew that they were the same seed. We also tried before this to sell these seed to some of the men here that were under contract, since it was evident to us that we could not sell them as advantageously as the contract man. We being independent buyers, it seemed that the mills that had men on contract here did not want to buy our seed, for the reason when their men would call them up they would want to know if the seed being offered belonged to John Doe. They had not seen our seed nor had them analyzed to know just what condition they were in. We sold our seed last year at a price of \$43.75, compared with \$23 this year, and we do not think they were any worse this year than last.

"Unless conditions are remedied, it looks to us as if we will be forced to enter into a contract with some mill. We trust that you will be able to help us out in this matter."

"Yours very truly,

"_____."

The trouble with this whole matter is that we have three large industries who are trying to force the independent mills into a monopoly or a trust, namely, Procter & Gamble, of Cincinnati, who own the Buckeye Cottonseed Oil Mills; Swift & Co., meat packers, of Chicago, who own the Swift Cottonseed Oil Mills; and the Southern Cottonseed Oil Co., owners of cottonseed oil mills scattered over the South. These concerns operate refineries and are not only able to fix the price of cottonseed oil produced at their crushing mills, but fix the price of cottonseed oil for sale by independent cottonseed-oil mills. Independent cottonseed-oil mills in the various localities of the cotton States buy their supplies of cottonseed from farmers in these various sections as well as sell to them the manufactured products of their mills. Lots of the seed are trucked in and manufactured products trucked out from the mills, which enables these independent mills to pay a higher price for seed as well as sell their products at a lower price than the large mills, who usually have to ship their seed and products from State to State. The real fight is on the part of these large operators trying to control the independent mills in fixing prices.

The investigation referred to a few minutes ago will actually show you that these three large industries went so far as to have surveys made of all the independent mills of the country and the amount of money that would be necessary to purchase these independent mills so they could absolutely cut out these competitors. They were only stopped in this transaction because of the investigation that was put on by the Federal Trade Commission under Senate resolution referred to a few minutes ago. I want to quote Mr. Asbury, who represented the Southern Cottonseed Oil Mill in his testimony before the Federal Trade Commission in this investigation.

Especially were surveys made in Alabama, South Carolina, North Carolina, and Georgia. They listed all mills to be bought, and by so doing the number of tons of seed that would be available for these three mills per press per year, as well as the amount of money needed in each State to carry through their high-handed scheme.

LISTEN TO MR. ASBURY'S TESTIMONY

Mr. Asbury was asked this question by Mr. Wooden:

"With whom did you discuss these plans and surveys?"

"Mr. ASBURY. I discussed the matter with Mr. Geohagan. He is the man who is most interested in working out these plans from a financial point of view and otherwise in our company. I also discussed these plans with Mr. Phil Lamar, who runs an oil mill at Rome, Ga., and with Mr. Palmer Brown, of the National Cottonseed Products Co., in Memphis, Tenn."

"Mr. WOODEN. Have you discussed it with the Buckeye and Procter & Gamble interests?"

"Mr. ASBURY. Yes; I have discussed it with them; yes, sir."

"Mr. WOODEN. Have you discussed it with Swift & Co.?"

"Mr. ASBURY. Yes; I was in Chicago last year and talked with the Swift people."

SOUTHERN COTTON OIL CO. AS A LEADER

Mr. Asbury stated that these surveys and plans were drafted in the office of the Southern Cotton Oil Co. at New Orleans, and that Buckeye had made drafts and surveys also. The statements showed that in South Carolina they would have about 205,000 tons of seed to crush if they could get rid of the independent mills which would give these three companies 3,300 tons per press per year and the amount that would be needed to take over the independent mills in South Carolina would be \$2,990,000.

In the case of Georgia, in taking over the independent mills it would give these three companies 2,600 tons per press per year, and to purchase the mills in that State it would take \$3,050,000.

It was understood in Alabama that the Kidd Cotton Oil Mill interests were to join with the Southern, Swift, and Buckeye Co., because, as stated by Mr. Asbury, they could not buy out this company. These four companies would have 3,500 tons per press per year, and it would cost \$1,660,000 to take over the Alabama independent mills.

LISTEN TO THIS QUESTION

"Mr. WOODEN. Why did you plan to take over the Allen and Dothan Mills and not the Kidd Mill?"

"Mr. ASBURY. Well, I think it would have been easier to have bought them out than it would have been to get the Kidd one. Kidd has a hull plant; therefore, it would not have been easy to get his hull plant."

You will find Mr. Kidd was at the head of the Alabama division of the association at the time he was to be made a part and parcel of the price-fixing scheme.

THE TESTIMONY SHOWS THAT THEY HAD OPTIONS

"Mr. WOODEN. Did you talk to Mr. Lamar about these plans?"

"Mr. ASBURY. I think Mr. Lamar got some options on mills in Georgia. (This was in 1929.)

"Mr. WOODEN. Did you have options, obtain options, on mills besides the ones Mr. Lamar obtained?"

"Mr. ASBURY. Yes; there were options obtained on a number of mills."

"Mr. WOODEN. In other States?"

"Mr. ASBURY. Yes."

"Mr. WOODEN. By whom were they obtained?"

"Mr. ASBURY. I do not know. Mr. Geohagan handled that part of the matter."

"Mr. WOODEN. Did they get options on mills in South Carolina?"

"Mr. ASBURY. I think; yes."

"Mr. WOODEN. Do you know who obtained these?"

"Mr. ASBURY. My impression is that perhaps Mr. John Stephens did, but I am not sure."

"Mr. WOODEN. How was this whole matter to be financed?"

"Mr. ASBURY. You are asking me a big question."

"Mr. WOODEN. You had your plans made, did you not?"

"Mr. ASBURY. We were trying. We did not get that far. First, we had to find out or wanted to get some light on the financial side; that is, how much it would take to finance it."

CORPORATIONS WERE PLANNED

Mr. Asbury further stated that plans were formulated to form a corporation in each State to take over the independent mills.

ADDITIONAL TESTIMONY FROM THE HEARINGS

"Mr. WOODEN. The new corporations were to take over the mills that they would acquire?"

"Mr. ASBURY. I think it was discussed to take over the mills and to organize the industry in the States on a basis that would enable them (the Southern, Buckeye, and Swift) to crush the seed in an economic way at a reasonable cost and on a basis that we could make money."

MR. ASBURY LETS THE CAT OUT OF THE BAG

"Mr. WOODEN. Are you familiar with anything relating to the taking over of the Marion Harper Cotton Oil Co.?"

"Mr. ASBURY. I think Mr. Lamar, who later bought the Rome (Ga.) mill, had the Marion Harper Mill. We were satisfied with Mr. Lamar. He used to belong to our company."

"Mr. WOODEN. There were certain specific reasons for involving in the proposed plans the taking over of the Marion Harper Mill?"

"Mr. ASBURY. I hardly know how to say this if it is going in the record."

"Mr. WOODEN. Can I help you out?"

"Mr. ASBURY. Well, one reason is that Mr. Harper is a leading intermittent type of seed operator. I am telling you what I know, or rather what I think about it. When Georgia adopted the 'code of trade practices' Mr. Harper attended the conference. He remained and indicated his willingness to operate under the code. Mr. Harper says, 'I am for the code of trade practices.' He did not oppose it, yet he did not work under it and proposed to operate as he saw fit and in whatever way he could, buying seed at whatever price he could."

THE HARPER MILL WAS AN INDEPENDENT MILL

My friends, that is the attitude of all independent mills like Mr. Harper's. These mills are the ones that make the three large groups or mills pay a fair price for seed on a competitive basis. You will note also that Mr. Harper did not do what was intended in the code; that is, follow a set or fixed price by the State associations operating under the national association. Mr. Asbury further states: "Because of this I personally would prefer to have some one else run Mr. Harper's mills." Yes; Mr. Asbury and the three large mill operators mentioned in this deal would prefer that they take over all of the independent mills so that they would know that they would not have Mr. Harper's type to interfere with their plan of price fixing and highway robbery.

MR. ASBURY FURTHER TESTIFIES

"Mr. WOODEN. In other words, Mr. Harper was not disposed to cooperate with the remainder of the industry?"

"Mr. ASBURY. I do not think it was a question of cooperation but a question of discrimination. My view is that I wanted to be able to look a man in the face and tell him that I am giving him the best price I can; also, telling him that I am dealing with him on the same basis that I am dealing with others (a fixed price)."

"Mr. WOODEN. And you would also like to be able to say that he could not do any better at any other place?"

"Mr. ASBURY. No."

But that is the position Mr. Asbury would aspire to. In fact, under the code indorsed by the Federal Trade Commission at Memphis last summer, Mr. Asbury and his outfit is just about in that position. They wanted to complete the job by buying the independent mills.

THIS COMBINATION PREFERRED TO PUT HARPER OUT

"Mr. WOODEN. But you would like to be sure of that?"

"Mr. ASBURY. It is extremely difficult to do business in cottonseed or cottonseed oil for what the seed are worth. If I am buying cottonseed for \$30 per ton and somebody else is buying for \$31, the producer will naturally sell his seed to the man who pays the \$31. I may be able to get along for a while. I will either have to pay \$31 in order to get seed to run my mills or get out of the business."

Therefore, to keep the independent mills and independent buyers from making a competitive market by bidding up seed, they proposed to buy them out.

THIS WILL APPLY TO ALL INDEPENDENT MILLS

Mr. WOODEN. Isn't it a fact that this Marion Harper Oil Co. consistently tops the price of other mills?

"Mr. ASBURY. Yes.

"Mr. WOODEN. Is that not one of the reasons that the leaders in your groups in the business wanted to put them out?

"Mr. ASBURY. Yes. Personally, I would like to have somebody else running their mills."

Senator SMITH. Wouldn't it be very well if you, at this point, when you speak of the ability of an independent mill to dispose of its product in a manner that would enable it to give a better price for seed, to just give to the committee, for the benefit of those who are not familiar with it, what products they do dispose of, such as meal and hulls. The local community would absorb the greater percentage of their output other than oil, and at a minimum cost, because they would take it away on their wagons.

Representative FULMER. As stated a few minutes ago, they buy largely locally, trucking seed in and out. In the meantime all of these independent mills have to sell to these three refineries, and these three refineries are able to fix the price.

Senator CONNALLY. Have you any evidence that Mr. Humphrey himself approved this effort to suppress independent mills or to merge them with trust mills?

Representative FULMER. I prefer to leave that to Representative PATMAN, who is prepared to give you the facts along that line. But I wanted to show how the mills worked under the trade-practices rules.

The CHAIRMAN. Before you go further in the matter I think we should have more specific information as to the records of what was done in these conferences and Mr. Humphrey's connection therewith.

Representative FULMER. I would state that that took place in all these trade-practice conferences, and that the minutes of the conferences are in the office of the Federal Trade Commission.

The CHAIRMAN. Did it happen in 1928?

Representative FULMER. Oh, no; not necessarily. They are having them continually now. They are calling the various industries together and conducting these trade-practice conferences and formulating this code of ethics, right along.

The CHAIRMAN. What specific facts would you like to show to the committee, or would you like to have us subpoena in order that we may get at the facts to which you refer?

Representative FULMER. I would just like you to take the report of the Federal Trade Commission in the hearings, and they will absolutely establish the facts to which I refer.

Senator KEAN. What hearing do you refer to?

Representative FULMER. Hearings on the cottonseed-oil industry. When the oil mills used to buy independently, as I mentioned a while ago, the mills would send out quotations from day to day.

The CHAIRMAN. We understand that, but if you will give us the dates when these conferences were held, or will tell us where to get the record or records of them, then we will see what we can do.

Mr. FULMER. The conference was held in 1928 at Memphis, Tenn., and the minutes and records are in the hands of the commission.

May I state that these conferences are usually called on account of some complaint on the part of the industry? After complaints are made the commission calls the whole industry together and holds these conferences. For instance, in this meeting the commissioner stated he was present to advise and assist in formulating the type of rules, regulations, and code of ethics, so that the industry would be able to eliminate competition without prosecution under the antitrust laws.

The CHAIRMAN. Well, as to that the records will best show the situation.

Representative FULMER. Yes.

Senator DILL. This was done in 1928?

Representative FULMER. Yes.

Senator DILL. Has there been any further conference to change rules that have proved objectionable?

Representative FULMER. No.

Senator DILL. Why not?

Representative FULMER. They are perfectly satisfied.

Senator DILL. Have not the people who object the right to appeal to the commission?

Representative FULMER. They have been doing this, and that is what I am trying to do at this time—

Senator DILL (interposing). With whom?

Representative FULMER. With the actual producers and sellers of cottonseed.

Senator DILL. I am talking about requests made to Government authorities.

Representative FULMER. No.

Senator HASTINGS. Have you made any protest to the Federal Trade Commission?

Representative FULMER. Yes. In fact, we have attended hearings, and we have had these hearings for the special purpose of bringing these matters out.

Senator WATSON. What hearings?

Representative FULMER. Before the Federal Trade Commission, investigating the cottonseed-oil proposition.

Senator CONNALLY. There is an investigation going on now, as I understand it.

Representative FULMER. I understand that these hearings are so damaging to the Federal Trade Commission, because of their endorsement, that they consider the resolution passed by the Senate does not require them to make a report. I am hoping the com-

mission will be forced to make a report because the attorney in connection with the case is prepared to show you some astounding facts which will bear out my contention.

Senator FESS. I am terribly confused about this whole business. I was wondering whether it would not be more regular for us, since I do not know a thing about these trade conferences, to have a statement from Commissioner Humphrey, in order that we may know, first, what trade conferences are and why they are held, what they do in those conferences, so as to let us know just what the thing is that is being complained of.

Senator WHEELER. That was what I was trying to get a few minutes ago.

Representative FULMER. If you will let me conclude, I will only take a few minutes more.

Senator WHEELER. Let me ask you one question: You stated that there was some lawyer representing, was it, some of these independent mills who wanted to be heard on the matter?

Representative FULMER. No. I referred to the attorney representing the Federal Trade Commission in these hearings.

Senator CONNALLY. Do you mean the attorney for the Federal Trade Commission?

Representative FULMER. Yes.

Mr. HUMPHREY. The investigation is not completed.

Senator SMITH. You said you had asked for a report.

Representative FULMER. Yes.

Senator SMITH. But I meant a full report as to what the commission did when this practice was set up, not subsequent to that meeting. Now, you could not get that report.

Representative FULMER. No. But we expect a report to be made of this investigation.

Senator WHEELER. From what investigation?

Representative FULMER. Of the cottonseed-oil industry by the Federal Trade Commission, so as to ascertain whether or not they have formulated a combination in the fixing of prices.

Senator BROOKHART. But you said there was an attorney ready to make a report. What is his name?

Representative FULMER. Mr. Wooden. May I state that just before these trade practices were adopted the mills had a way of sending out telegrams giving quotations on cottonseed to cottonseed buyers. But after the trade-practice rules were adopted, then every cotton State in the Union where cottonseed-oil mills are located opened a central office, at the capital; and when they quoted prices on cottonseed, telegrams were sent to every buyer representing every mill in that State, of identical wording and price. When they proposed to increase the price the same type of telegram was sent out from this central office, which represented all the mills. This will show you that there was no independence on the part of any mill, and no individual mill was even allowed to send out quotations. They had to abide by the quotations submitted through the central office.

I want to say further to you that a great many of the independent mills, as well as cotton ginnery, had borrowed money from the large cottonseed mills, and they were absolutely fearful of making any statement, because they felt if they did their loan might be called.

Senator HASTINGS. At whose instance is this investigation being made by the Federal Trade Commission?

Representative FULMER. It is the result of a resolution offered by Senator Heflin, of Alabama, about a year ago and adopted by the Senate.

Senator HASTINGS. Would not that investigation bring out all the mills and all the complaints?

Representative FULMER. It will bring out largely the very thing I am giving to the committee now, except that you are going to have 10 or 12 volumes of testimony taken at the hearings, and nobody in the world will ever read them. I want to say to you that I have during the recess taken quite a lot of time in going through these hearings, but I am sure the attorney representing the Federal Trade Commission will be able to give you the high lights and the real facts in connection with this matter, which will, I am sure, bear my statement.

Senator HASTINGS. Will he recommend that something be done about it?

Representative FULMER. I am sure that he will not. It will be up to the Federal Trade Commission to do that, and I am satisfied they will not recommend anything, because they indorsed these particular trade-practice rules for the cottonseed-oil industry.

Senator HATFIELD. How do you know they indorsed these trade practices?

Representative FULMER. Well, it is shown by the records in the office of the Federal Trade Commission.

After completing my statement before the Interstate Commerce Committee, Mr. Humphrey was called upon for a statement in defending himself, and I want to quote the following from his statement, which is a further proof of the charges made by me:

I was not present when the cottonseed rules were adopted; I have never favored the cottonseed rules; I do not favor them now; I do not think that part of them are legal.

In the first part of my statement, I quoted Mr. Christie Benet in his statement before the trade-practice conference, Memphis, Tenn., in 1928, as follows:

It is not necessary at this time to go into detailed statement of the competitive set-up in the industry. We have known about this competitive set-up for years, but did not see our way out.

Since making this statement before the committee I have received a letter from Mr. Christie Benet wherein he complains because I did not quote the complete statement made by him. I am very glad to add his complete statement, which refers to the competitive set-up as quoted by me:

It is not necessary at this time to go into a detailed statement of the competitive set-up in the industry. It has been, and is, very acute, and naturally, dealing with so many hundreds of thousands of sellers and so many different conditions, there have grown up, maybe, bad practices. The industry was thoroughly conscious of this fact for years, but did not see its way out.

I am sure you will agree with me that in quoting Mr. Benet in the first instance before the committee that I did not do him an injustice because the complete statement is absolutely in line with what I quoted.

AUTOMOBILE USE RESTRICTIONS

MR. CLANCY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a statement from the Secretary of the Interior on the Interior Department appropriation bill.

THE SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

MR. CLANCY. Mr. Speaker, under leave to extend my remarks in the RECORD I submit the following letters relative to automobile use restrictions in the Department of the Interior appropriation bill:

DEPARTMENT OF THE INTERIOR,
ADMINISTRATIVE ASSISTANT TO THE SECRETARY,
Washington, February 10, 1932.

Hon. ROBERT H. CLANCY,
House of Representatives.

MY DEAR MR. CLANCY: Confirming your telephonic request, I am inclosing memoranda from three of the bureaus of this department regarding the limitation of \$750 in the Interior appropriation bill for the purchase of automobiles.

In line with our conversation, I also desire to call attention to the limitation under contingent expenses, page 4, line 3, of the House print of the Interior appropriation bill for the operation of one passenger-carrying vehicle. We believe that uniformity between departments should prevail. The Agriculture appropriation bill, however, passed the House with provision for three passenger cars under this office of the Secretary—one for the Secretary, one for general-utility use in the department, and one for the Forestry Service in Washington. In addition, a passenger car was provided for at least one other bureau officer.

The Department of the Interior has only two passenger cars in Washington—one for the Secretary and one for general-utility use for the whole department. The amendment would deprive us of our general-utility car. No car is provided for the special use of any assistant secretary or bureau officer, as in the case of some other departments. The two cars now in use are in excellent condition, and the appropriation is only for their maintenance. No funds are requested for purchasing new cars to replace them. The Department of the Interior is already far below the quota of cars for all other departments, except the State, and a 50 per cent reduction as proposed would further increase the inequality and deprive us of a car for legitimate needs. The value of time consumed by officers of the department in making official trips during office hours would more than offset the few dollars required annually to operate an automobile to facilitate their official travel.

Sincerely yours,

E. K. BURLEW,
Administrative Assistant and Budget Officer.

Inclosures.

FEBRUARY 1, 1932.

Memorandum for Mr. Burlew:

This refers to inquiry concerning the provision in the appropriation bill for the Department of Agriculture limiting the delivered cost of a passenger-carrying automobile to \$750, including the allowance for a used car when involved.

The practice in the Indian Service is to buy cars of a light-weight class, principally Fords and Chevrolets. Now and then bids are received on cars with a list price in excess of the Ford or Chevrolet, but when turn-in allowances and freight are considered it may be possible to award the bids for one of these other makes. However, all specifications call for cars in the light-weight class. During the last fiscal year only one car out of the light-weight class was purchased, and that was for the superintendent of the Five Civilized Tribes at Muskogee, Okla. A Chrysler costing a little over \$1,000 was purchased for him.

A limitation of \$750 would possibly discriminate against the principal light-weight manufacturers. A very recent case at Shoshone, Wyo., shows the factory prices of the Ford and Chevrolet four-door sedan automobiles as \$484.15 and \$471.03, respectively. The cars to which the prices apply have the usual equipment, in-

cluding bumpers but no spare tire and tube. If a purchase should be made for the Carson School, Nev., the costs would be as follows:

	Ford	Chevrolet
Weight.....	2,587	2,685
Factory price.....	\$484.15	\$471.03
Freight, Government bill of lading.....	269.82	273.98
	753.97	745.01

It will be seen that the provision limiting the expenditure to \$750 would in this instance discriminate against the Ford Co., in that it would be possible to buy a Chevrolet but not a Ford.

If the limitation of \$750 was exclusive of freight and turn-in allowances, so far as the Indian Service is concerned there would be no difficulty, but it is not believed wise to have such a limitation if freight and turn-in values are to be included.

SAMUEL M. DODD, JR.,
Chief Finance Officer.

DEPARTMENT OF THE INTERIOR,
GEOLOGICAL SURVEY,
February 1, 1932.

Memorandum for the Secretary:

With regard to the inquiry as to the effect upon the work of the Geological Survey of the proposed amendment to place a limitation of \$750 upon the price that can be paid for passenger-carrying automobiles:

Such a limitation would restrict purchases to the Ford, Chevrolet, and perhaps one or two other makes. In many districts where Survey activities are conducted such cars are reasonably satisfactory and, indeed, are now used. (On December 31, 1931, the Survey's passenger-carrying vehicles numbered 140, of which 80 were Fords and Chevrolets.)

However, in certain areas and certain types of work the use of somewhat better cars is essential for real efficiency and economy. The oil, gas, and mining supervisors in the mineral-leasing work in Western States, and some of the district engineers in water-resources investigations must cover great territories at high speed over very poor roads or in some cases over country without actual roads. Travel throughout the year in all kinds of weather and frequently through heavy mud or deep sand, in country where service stations are very far apart, requires cars of greater ruggedness and greater power. Cars of the Oldsmobile, Dodge Bros., and Studebaker type answer these requirements at a final cost per mile little, if any, greater than that of the lighter cars. The benefits of the sturdier cars are very real in the greater amount of work accomplished by the personnel, and hence the lessened cost of that work. Territory can be covered faster; trips of 200 to 400 miles a day can be accomplished without exhausting the workers, who can thus accomplish more. Moreover, the extra power assures prompt arrival at their destination, and the greater stamina prevents frequent delays for repairs that are so costly to the time of personnel. Trips must be made at definite times, for a burning well or mine, a wild gas or oil well, a proper water shut-off or water pollution by oil-field and mine refuse require prompt attention, and hurried calls are frequent. Many of the cars are driven 20,000 or even 30,000 miles a year in this kind of service, which is ruinous to the light cars and difficult even for the cars now used that cost up to \$1,200. There is no doubt that a very real economy is involved in permitting continuation of purchase of the medium-grade cars by raising the limitation to \$1,200, for otherwise any initial saving in purchase price would be quickly offset by higher cost of maintenance and far more than offset by the loss in work accomplished.

Furthermore, it is feared that the proposed legislation (as worded in the amendment to the Agricultural Department bill, as it passed the House) will invalidate the present authorization for the use of personal cars in official work. (Act of Feb. 14, 1931.) From the point of view of the Geological Survey (especially the water-resources branch), such restriction would be very serious. At present, for example, in a single district of that branch four official cars may be available. In times of flood or other emergency, including perhaps the temporary disabling of one or two of the official cars, three or four personal cars may be forced into use for a few days. This legislation (which would prohibit the use of cars not used exclusively for official business) would make necessary the purchase of sufficient additional official cars to provide for emergency needs, though these extra cars might stand idle a large part of the time. This would, of course, largely increase the investment in passenger-carrying automobiles and the annual cost of depreciation.

W. C. MENDENHALL, Director.

DEPARTMENT OF THE INTERIOR,
NATIONAL PARK SERVICE,
Washington, January 30, 1932.

Memorandum for Mr. Burlew:

A limitation of \$750 for a completely equipped passenger automobile would in the case of the National Park Service be a severe handicap.

The national parks and monuments are located in widely separated areas, and most of them are in remote locations at high altitudes in heavy mountainous country. Many of the parks cover large areas, and since they are located in heavy mountain country the travel from one point to the other within the park is circuitous and requires long trips to carry on the park work at all places within the park. At present many of the park roads are steep, rough mountain roads requiring cars of rugged construction and well powered to negotiate them.

On account of the location of the parks and monuments, generally far from outlying centers of population and supply, it is necessary for the park officials to travel by automobile for long distances in carrying on official business. Public transportation is not available with direct routing and schedules to make their use economic. Some of the park superintendents have the administration of more than one area, which requires them to get back and forth to these areas in as short a time as possible.

For the greater portion of the work in the parks where passenger-carrying cars are needed the car must be built for rough usage over rough, steep mountain roads, and it is necessary at times on these trips to carry four or five people with their baggage for overnight stops. The car must be large enough to carry the load without overloading. It must be exceptionally well constructed, so that it will not be weakened by hard usage and soon reach a poor state of repair. On practically all of the trips which the park superintendents and his officers make in the parks and to points outside of the parks the trip and work connected with it require long hours, if anything is to be accomplished in a reasonable time. At the very best, these trips are hard on the occupants even when made in a reasonable-sized car, and when long trips are made in a light automobile the physical strain is more than one can stand and at the same time carry on the work which has occasioned the trip. The high altitude and steep grades and heavy loads require a car with plenty of power and entirely reliable mechanism. The cheaper cars shake to pieces and early become in poor repair, and repair garages are few and far between on the roads over which the park officials travel, and servicing is very expensive and involves a great loss of time.

There are a number of general field officers in the National Park Service whose duties require that they not only travel from park to park but that they cover a considerable area within the parks which they visit. These officials are on extended trips and carrying considerable baggage and oftentimes equipment. The distances traveled are so great that comfortable transportation becomes a necessity if the official is to be in any condition for work when he arrives at his destination. A rugged, well-powered, closed car of comfortable wheel base is not only required but is an actual necessity.

In writing up proposals for the purchase of cars the National Park Service generally specifies to meet the requirements of the Government a car of sufficiently long wheel base and design to permit long distances to be covered with comfort. It is also provided that the car must be well powered to negotiate steep grades, ranging as high as 20 per cent, and rough roads in high altitudes, carrying a heavy load. Also it must be of rugged construction and of good materials so as to be dependable during hard usage. It would be impossible to secure this type of car, completely equipped, delivered ready for operation for not to exceed \$750. At the present we are being allowed \$1,200, which is the minimum amount found to be necessary to buy cars meeting our needs.

A. E. DEMARAY,
Acting Associate Director.

NATIONAL DEFENSE

Mr. GOSS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD an address delivered by Mr. Henry L. Stevens, jr., national commander of the American Legion.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GOSS. Mr. Speaker, our national defense is of such vital importance I desire to call attention by inserting in the RECORD an abstract of an address by Henry L. Stevens, jr., national commander of the American Legion, before the Women's Patriotic Conference on National Defense, which I had the honor to attend, at Constitution Hall, Washington, D. C., on the evening of February 1, 1932. This abstract is as follows:

God knows I like to think of this Legion of ours as a great, magnificent, and splendid host, dedicated unselfishly and undeniably to the finest and best interests of America. So I say to you that when your fathers and forefathers builded here this great, fine Nation; when those pioneers hewed a pathway through woods and over obstacles to establish out yonder in the far West that great empire, pouring out in many instances the sweet, red wine of youth; we must think to ourselves of the insecurity of all this great material wealth.

It was only eight or nine years ago, as I recall it, that our great American fleet, the splendid Navy of the United States, was taken out to sea and literally scuttled. Now we are 20 per cent behind the program of the London treaty. Remember, too, that in the construction of every battleship 80 per cent goes toward labor and only 20 per cent toward the actual material, and such con-

struction would relieve the unemployment situation to a certain extent.

The Legion is not asking for a big Navy, but the Legion is begging, believing that we know the facts, that our sea power, that thing upon which we depend to repress an invading foe, should be adequate, that it should be sufficient to safeguard your interests and protect your home and to keep unsullied the respect for that flag for which we fought.

And the poor old Regular Army—simply reduced to the point where they are only a group of highly trained technicians, men who in time of another war would become the higher commanders and the Army professors upon whom would be built a great Army from the people, those people who were once, and who still are patriots of the most intense sort. They are men upon whom our country relied, and rightfully so, generation after generation—some of the finest gentlemen of whom America can boast to-day, but now passed on, not any longer the first line of defense but simply technical instructors. The National Guard, if you please, has become America's first line of defense.

There is now a threat to cut down the Army appropriation which, if it occurs, would demoralize the entire National Guard from Maine to California.

When you hear any news of that kind I beg of you people to contact your Representatives in the Senate and the House and say to them that you are not militaristic, that you love peace—God knows, men who have seen and experienced the horrors of war hope and pray that war may never come again—but if there is an emergency we do want our country to be reasonably prepared to meet that emergency.

Inefficiency and lack of time and training caused the deaths of hundreds and thousands of men who rest now beyond the western horizon. To bring it home to you concretely, do you know that if you would lay the head of one to the feet of the other of those boys that were killed back in 1917 and 1918 that an angel might tread on those human corpses for a distance of 50 miles without ever touching foot to the ground? That is a pitiful thing. That is a thing that shall never occur again if the Legion is able to get across to the country the full and fair and plain facts as it sees them.

The American Legion's attitude on national-defense matters is one of patriotism that was born in the war service of its men and women, and it likewise is a pledge to keep faith with those who died or suffered for their country's welfare.

And you recall, I know, with me to-night with pleasure the opportunity for service that began 13 years ago when our millions of young men, your sons, your brothers, husbands, and your fathers and sweethearts were privileged to be mustered out of what we knew then and loved as the great American Army and Navy. Assembled there were men from every walk of life, brought there without regard to religious preference or social position or political affiliation, or any other one sectional avenue of approach, but brought there as American citizens.

Out of those great fighting forces was born the American Legion, composed of that same fine high type of men. We brought back not only the strong and able-bodied men who had been privileged to fight side by side throughout that war. We brought back others, men who came home human wrecks. There were men who came home weakened in strength, in mind and body, incapable of self-support, without the power to provide a living for those who were depending upon them. There were men who were suffering from the pangs of war; men who had perhaps overtaxed their patriotic impulses and had laid to a great measure upon the altar of service the fullest and greatest measure of their inward devotion.

Those people were suffering and they had no beds upon which to lie and bear their pain. They had no medical assistance with which to cure themselves. No medicines were available. This great group of strong men, known as the American Legion, banded themselves together in Paris, foreseeing just such an emergency as this, and laying our case before the country, presented it to the Congress of the United States.

Here and there upon some pleasant hillside, or down in some happy valley, great, tremendous hospitals began to be erected, and now dotted throughout the land we find them from the length to the breadth of our magnificent country memorials of the service, the unselfish devotion, the everlasting affection that our well comrades had for those less fortunate buddies that we had the honor to serve with on the battlefields of France. That is the Legion's tribute to faithfulness; that is the thing for which we were dedicated in our service to God and to country.

Equally close to our heart and the burden of love that we will forever carry with us is the duty that we owe to their orphan children. On the hillsides of France, thousands upon thousands of graves stretch themselves in systematic lines, labeled with crosses or with stars. There sleeps a soldier, and beside him sleeps the heart of some American woman, be it wife, sister, daughter, or mother. In every grave that you see there upon the green hillsides of France rest the souls at least of two people, an American soldier and an American woman.

And they have left us a heritage, those dead souls, so to speak—the care and protection of their little boys and girls. And I like to think in terms of my own little boy when I talk about child welfare; I love to think about this great Legion of ours standing as a bulwark against future trouble in case that I was called to the Great Beyond and had to leave him here without friends or without protection.

Those little people who have been denied the guiding hand of a loving father, those little children whose little footsteps have

no leadership, oh, isn't it comforting to know that we have an organization that places a strong hand in that little tender hand to guide those little footsteps down the straight pathway of Americanism out into the broad fields of American citizenship? In what higher calling, what more noble enterprise, could strong American men and women be engaged?

They expect it and they have a right to expect it, and you don't know, perhaps, how they look up to you and to me as their elder brothers and their elder sisters. If you did, perhaps, if you saw the things that I have seen during this little part of this year, your heart would melt and go out in gratitude for the honor and privilege that you have of serving them.

With the memory of our dead comrades ever fresh in our hearts and minds, with the ever-present suffering of other comrades for whom the war will never end, with the distress of their dependents ever before us the American Legion only keeps faith with those who gave the most in the protection of our country in the great emergency when it begs of the American people to be adequately prepared in order that future suffering may be avoided and that the institutions and homes for which we fought may be well guarded.

My friends, we do believe in national defense. We are asking the country for an adequate Navy and for an adequate Army. They do good in time of peace, just as much as they do good for their Nation in time of war. Everywhere throughout the land the Army is carrying on school, teaching better citizenship; and so is the Navy, for that matter. And I beg of you that you carry back to your people this message of national defense that I have tried in my humble way to present to you to-night.

PERMISSION FOR COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS TO SIT DURING THE SESSIONS OF THE HOUSE

Mr. COCHRAN of Missouri. Mr. Speaker, by direction of the Committee on Expenditures in the Executive Departments, I ask unanimous consent that the committee or a subcommittee thereof be permitted to sit during the sessions of the House next week.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THE LEADERSHIP OF PRESIDENT HOOVER

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting a speech of The Assistant Secretary of the Navy delivered at Faneuil Hall, at Boston, on January 25.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address of Hon. Ernest Lee Jahncke, Assistant Secretary of the Navy, Faneuil Hall, Boston, Mass., on occasion of the Forty-first Annual Meeting of the Republican Club of Massachusetts, 8 o'clock, evening of January 25, 1932:

To me it is both an honor and a pleasure to address the Republicans of Massachusetts, the State that has given so much to the Republican Party and to the Nation—given of its best in leadership and in statesmanship, in loyalty, and in patriotism.

Massachusetts, the cradle of American liberty and fountain of American culture; the home of my own beloved chief, distinguished descendant of an illustrious Bay State name, the Hon. Charles Francis Adams, Secretary of the United States Navy.

I come to you to-night as a Republican and as a member of the Republican National Committee.

I am here to discuss politics, practical politics. I am here to discuss the present national situation primarily as it bears upon the forthcoming presidential campaign.

As the campaign draws swiftly to the foreground the national political picture comes more clearly into focus. Issues and personalities each day are thrown into sharper relief and clearer outline.

Briefly, we have on the Republican side the record of one of the greatest Presidents of American history, the man who has piloted the ship of state through the most disturbed era in our peace-time history—Herbert Hoover.

On the other side, we have an as yet unnamed candidate—one of a dozen men now discussed—backed by the activities of the Democrats during these years of depression.

On the first Tuesday of November of this year the public must choose between these two. That choice may be a decisive factor in the future history of our people.

We Republicans face the verdict of the American people with every confidence of a renewed assertion of faith in Herbert Hoover and the Republican Party.

We rest our case upon the calm and considered judgment of a people whom a century and a half of self-government has taught to distinguish the true from the false, the demagogue from the statesman, the political trickster from the patriotic leader.

Mr. Hoover is the leader and the standard bearer of the Republican Party, but first and foremost he is President of the United States, and he has consecrated all of his great talents to that

task in the interest of every American citizen regardless of creed or party.

Endowed with courage, leadership, intelligence, and experience he has lavishly and without thought of self poured out these gifts upon the altar of the common welfare of these United States.

Undeterred by a torrent of partisan abuse, he has gone on with his tasks, rejecting the false panaceas, seeking the wisest counsel, the surest methods, and the most able leaders in his supreme task of rehabilitating the greatest nation in the world.

From the beginning the President has had a definite program for the future as well as the present. Recently he submitted to the Congress a definite outline of his economic program to restore normal conditions.

The policies which it includes were formulated after complete discussion not only with his official advisers and the leaders of both branches of Congress but also with leading citizens from every walk of life.

This program is unique in our history. It is the greatest domestic economic plan ever presented to Congress by a President. It provides for relief of distress among the unemployed by organization and coordination of local authorities with the President's Unemployment Relief Organization.

It includes further assistance to employment through the organization of business in coordination with the administration program.

The strengthening of the Federal land-bank system in the interest of the farmers.

Assistance to home owners through the creation of a system of home-loan discount banks.

Relief to depositors in closed banks so as to assure early distribution of funds now out of circulation.

Enlargement of the discount facilities of the Federal reserve banks under full safeguards in the interest of a more adequate credit system.

Creation of the Reconstruction Finance Corporation to ease credit tension and to stimulate our economic system.

Likewise the President's program embodies assistance to the railroads by the formation of a credit pool and by other measures, thus affording security to the bonds held by our insurance companies, savings banks, and other benevolent trusts, thereby protecting the interest of every family.

Further, the President urges drastic economy, the maintenance of public finance on a sound basis, with expenses held to an irreducible minimum until our economic recovery is complete.

He has pointed out the inevitability of an increase in taxes and urged that the burden be so distributed that it may be borne in proportion to the ability to pay among all groups and in such fashion as not to retard our recovery.

The President has resolutely and steadfastly opposed the dole in any form and under any disguise. And in his economic program he vigorously upholds the maintenance of the American system of individual initiative and individual and community responsibility.

This is the fifteenth depression through which our country has passed in the last hundred years, but it is the first time that the Nation's Chief Executive has ever been called upon to supply the brains, energy, and direction to turn the faltering wheels of business, to create jobs for millions and to mobilize the American people to fight the greatest peace-time battle the world has ever known.

Leaders of industry, finance, and commerce have turned to Herbert Hoover to solve their problems. The States and their Representatives in Congress have appealed to the President.

The representatives of agriculture and labor and business have taken their troubles to the White House and petitioned aid.

In every case the President has accepted each additional task.

He has labored longer and harder, denying himself rest and relaxation, dedicating himself to the conquest of the economic evils besetting the Nation.

He gave stimulus to business and created jobs through the expansion and acceleration of public construction.

He organized the States and municipalities in the same work and obtained the cooperation of the public utilities and other private interests to carry on expanded building programs.

By Executive order the President stopped immigration, thereby preventing a half million or more immigrants from being added to our unemployed or from displacing American citizens.

The President established a nation-wide chain in which every county and every community is a link for the care of the unemployed and unfortunate by individual effort.

He went to the assistance of the farmers in 21 States who were afflicted by the drought, and a system of loans was provided which enabled them to rehabilitate themselves.

To help our entire credit structure in this time of strain the President directed the mobilization of the financial forces of the country in a credit pool of \$500,000,000.

Briefly told, these are a few of the things the President has undertaken involving domestic matters for the welfare of the American people.

With the same purpose in mind, Mr. Hoover has given his assistance and counsel in remedying international complications which affect this country and the world adversely.

He provided the leadership in bringing about the London naval treaty designed to stop competitive armament.

He intervened to save Germany from a catastrophe which would have had dire repercussions throughout Europe and the United States. He brought about a new era of friendship and good will between this country and the nations of Latin America.

So colossal has been the leadership of our President that the peoples of a depression-ravaged world have sent their emissaries of State and their ambassadors of business and finance to join our own representatives in consulting the one man who has shown the courage, the energy, the intellect, and the ability to meet and conquer the forces of depression.

You have heard a great deal of Democratic criticism of the President from the stump and over the radio.

Certain of their leaders have repeatedly attempted to place the blame for the depression and for national and international evils upon the shoulders of Mr. Hoover.

This unjust and unreasonable criticism of a President who has taken unprecedented action to relieve the economic situation and who has initiated the only constructive steps toward the restoration of normal conditions has brought serious protests from many people throughout the land, irrespective of political affiliation, who believe that this campaign of abuse on the part of some of the Democratic leaders is entirely unfair and uncalled for.

Democracy, through its leaders, solemnly pledged that if they were elected they would take immediate steps to remedy the so-called extortionate features of the Hawley-Smoot Tariff Act.

Many of you may remember hearing an occasional Democratic speaker declare that our tariff law is a monstrosity and a wicked abomination and a number of other things which the Democrats would be glad to remedy as soon as given the chance.

No Democrat ever really specified what was the matter with the tariff or what the extortionate rates were except my good friend, Senator PAT HARRISON, of Mississippi, who felt that the 7 cents a pound duty on long-staple cotton was all right, but was rather dubious about the value of any tariff on corn.

But there was a general unity among the Democratic cheer leaders that the tariff was wrong and that they could make it right. Now, in the Democratic House of Representatives they have produced a piece of tariff legislation.

This bill doesn't pretend to lower rates, and it doesn't embody any constructive features, and its doesn't specify what duties are too high, and its enactment would not make a single change in the Hawley-Smoot law as it stands to-day.

It is a covert attack on the principle of protection and in that it is truly representative of the time-honored Democratic policy of free trade.

But it isn't necessary for me to analyze or demonstrate that the Democratic tariff attitude is packed full of insincerity and hypocrisy.

Consider all the abuse hurled at this bill for nearly two years by practically every prominent Democratic leader, and then listen carefully to the words of Representative RAINY, Democratic floor leader of the House, on January 16, 1932. I quote:

"Lower this tariff? You will not do it, and we do not dare do it with conditions as they are. * * * We do not want this market flooded with the products of cheap labor in other countries."

Mr. RAINY spoke quite frankly in this statement, and he spoke truly. The Democrats don't dare attempt to lower the rates in the tariff because they now realize, as the Republicans have always contended, that any lowering of our tariff walls at a time like this would invite a deluge of foreign products under which the American economic scheme would be imperiled.

There is another feature of this tariff bill introduced by the Democrats in the House. There is a provision which calls upon the President to invite foreign nations to attend a world tariff parley.

In other words, our Democratic friends, not satisfied with advocating tariff reduction by American citizens, are now eager to take this purely domestic policy over the seas to some international conference and let the producers of other countries tell our producers what they can pay their workers and what standard of living shall prevail in America.

In view of this, their attacks on the alleged internationalism of President Hoover are ridiculous.

Arthur Brisbane, famous journalist, expounded a purely Republican doctrine when he commented on this scheme as follows:

"The Democrats want a 'world parley' on the tariff. The greater part of the world is increasing its tariffs, and the maximum of futility has been shown to be a 'world parley.'

"We should have a tariff made for the United States without consulting anybody, planned as intelligently as possible, to protect workers, manufacturers, and business men in the United States."

Now, I should like to refer briefly to the recent Jackson Day dinner:

Seriously, this convocation of the best minds of Democracy had a very important phase which we can not overlook. The addresses of the three distinguished defeated Democratic candidates for the Presidency were broadcast over national networks.

The three speakers set forth their party's "constructive program" after three years of invective and bitter criticism. The American people were at last enabled to hear the other side of the Democratic story. They at last had an opportunity to judge what Democracy could offer in the way of national leadership.

Alfred E. Smith, John W. Davis, and James M. Cox, orators of the Democratic Party and the survivors of the Republican landslides of 1928, 1932, and 1920, offered their respective solutions of the economic difficulties of the country.

The three standard bearers had no criticisms to offer of the administration's vast program except that they disagreed with the Republican principle of tariff protection, and yet none had the courage to point out a single schedule in the tariff law which he would reduce.

Former Governor Smith urged a Federal bond issue. In almost the same breath he called for a reduction of taxes, but failed to explain how the bond issue could be retired without increasing the tax burden.

Former Governor Cox urged a balanced budget, but failed to mention in so much as a single sentence how the Democratic Party hoped to arrive at this desirable state.

Former Ambassador Davis, in his sole reference to an economic remedy, pleaded for the Republican policy of levying taxes upon those best able to pay them.

Such is the consummation. The essence of Democratic philosophy, the carefully ripened fruit of Democratic economic wisdom. A bond issue to increase the Government's obligations and the taxes on the people. A budget to be balanced by Democratic sleight-of-hand, and an increase of taxes in the higher brackets.

On one thing the speakers seemed to agree—that we should maintain an isolation policy toward Europe.

How strange this sounds falling from the mouths of statesmen who followed where Wilson walked, and especially strange happening at practically the same time when the Speaker of the House and his Democratic colleagues were advocating a world parley to discuss the question of our tariff laws.

Can anyone who listened to the expositions of these leaders of the Democratic Party find in their program a single item that would be of benefit to the people of America?

It has frequently been stated with a considerable degree of truth that any voter can find an outstanding leader among the gallery of ex-Democratic candidates who will agree with him on something.

Each of these lost leaders by inference speaks for his party. But it is a fact that the Democratic Party to-day is a party without leadership.

The Democratic Party is to-day, as it has been for 70 years, the party of opposition, of criticism and faultfinding, without constructive ideas and without constructive leadership.

As between our President and the entire field of aspirants for the nomination Herbert Hoover stands head and shoulders above them all. The Democratic story is the same to-day as in 1928, 1924, and 1920—denunciation and criticism.

This year, however, the Democrats list as an asset a most important political and psychological factor. I refer to the unfair, purely emotional, and unreasoning sentiment which has resulted from the depression.

From the house tops Democratic orators have shouted that the economic situation is a Republican responsibility, even though practically everyone is now aware that the depression originated in a world condition far from the American shores and beyond control of American statesmen.

What would a Democratic President have done that Herbert Hoover has not done?

What do the Democratic leaders propose to-day that has not been anticipated by the President?

What additional proposals have they which appeal to the thinking people of the United States?

It is my most sincere belief that Herbert Hoover is the best-equipped man we could possibly have had in the White House to meet this crisis.

And I believe you will unhesitatingly agree with me when I say that had any other man been President, Republican or Democrat, one of his first acts in the face of the economic emergency would have been to send for Herbert Hoover to help solve the problems facing the Nation.

In this time of national and international stress our President has produced the only real leadership the world has known.

His incumbency of the Presidency adds luster to the distinguished record of statesmanship which has been the contribution of the Republican Party to the people of America.

THE CONGRESSIONAL RECORD

MR. BLACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech and statement made by my colleague from New York [Mr. BOYLAN].

THE SPEAKER. Is there objection?

There was no objection.

MR. BLACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement by my colleague from New York [Mr. BOYLAN]:

[New York Herald Tribune, December 20, 1931]

BOYLAN WANTS CONGRESSIONAL RECORD JAZZED—NEW YORK REPRESENTATIVE WOULD USE HEADLINES, CARTOONS, AND COMIC STRIPS—EVEN A GRAPHIC SECTION—ASKS BOARD OF NEWSPAPERmen FOR RECOMMENDATIONS

By Grace Phelps

WASHINGTON, December 19.—If Representative JOHN J. BOYLAN, of New York, had his way, this is how the CONGRESSIONAL RECORD would have looked one day last week:

Extra! Extra! Clash on moratorium in House—Republican accuses President of treason—uproar and tumult follow McFADDEN denunciation of Hoover—CHIPERFIELD defends Chief—both sides cheer when Alabama Democrat says "Charges don't come from us."

To Representative BOYLAN's way of thinking, the RECORD bears the weight of the accumulated dullness of 58 years, and it is time Congress brightened it up with headlines that would tell the story of the speeches and events in the House and Senate so that "he

who runs may read." Photographs, cartoons, and even comics should be daily features of the "diary of the representatives of the people," with a well made-up "roto" section, perhaps once a week, to give added pictorial information to the folks back home about doings "on the Hill."

That is, this would be the result, he hopes, if Congress passes his resolution, introduced last week, to employ a committee of experienced newspaper men and women to look into the matter for a commission of Senators and Representatives.

WANTS PICTURES AND HEADLINES

"People don't have time to read speeches," Mr. BOYLAN said, warming up to his subject. "Maybe they had time 60 years ago, but this is an age when we must get our information in capsule form if we are to get it at all. And no matter how interested a person may be in the proceedings in Congress, no one nowadays has time to wade through the close-printed pages of the CONGRESSIONAL RECORD. If he did, he would ruin his eyesight. Why, it takes a microscope to read the fine type in which letters and quotations are printed. Besides, the make-up is atrocious. There are no headings to indicate when one subject is finished and another taken up."

"Pictures and headlines would tell the story a hundred times better than a column speech. And I mean to keep hammering away on this resolution until something is done to redeem and modernize the RECORD. I admit that the proposed change is revolutionary. But I also suggest that there is more wit and wisdom in many a cartoon or even a comic strip than in most congressional orations I have read in the RECORD."

"A comic strip, for instance, could illustrate both sides of the proposed sales tax. Take the comic, 'Mr. and Mrs.' Joe and the Missus could be arguing over her getting a new gown. Finally, he gives her the money to get it. She buys the gown but has to pay a sales tax. She asks Joe for the extra money when she comes back. He says it was a luxury, all right. She says it was a necessity. And so the argument goes on and on 'far into the night.'"

Cartoons, according to Mr. BOYLAN, might be a bit more difficult. To make sure, however, that strict impartiality would be preserved, he would have the RECORD employ a Republican cartoonist and a Democratic cartoonist who could lampoon the members of the opposite party on alternate days or alternate pages, as the party caucus might decide.

The administration—even a Democratic administration, as Representative BOYLAN confidently expects soon—would have no chance to dictate the policies of the modernized RECORD. The paper would be run by newspaper men and newspaper women (for Mr. BOYLAN is nothing if not gallant) who would be as impartial as newspaper men—and newspaper women are well known to be. There would be no editorials in the new RECORD and—except perhaps for an appendix which might be provided as the morgue for spellbinders who insisted on a final resting place for their oratory—speeches would be limited to half a column of direct quotation.

TRIED TO GET CARTOON IN RECORD

"I am serious about this proposal," Mr. BOYLAN protested. "Two years ago I made a speech about a mother of 10 children, who was about to be sentenced for life for a minor offense—her fourth one—against the dry laws. I tried to get a cartoon printed in the RECORD that depicted the horror of that law, but Majority Leader TILSON said, 'It simply isn't done.' I could describe the cartoon but I could not get it printed in that dry-as-dust publication."

"Here in Washington the papers told the story of the Mapes attempt last week to make the District of Columbia support the Federal City. Pages of the RECORD were given over to the debate. But a few headlines and a cartoon or two would have told the story to the country at large so that the whole Nation would have known what was happening. I should like to have seen headlines in the RECORD like this:

"District target for revenue sharks—Bill to mulct voteless residents of Capital passes House."

"Then in opposite columns, say, I'd have subheads something like this:

"District defended by BOYLAN, BURNTNESS, and LAGUARDIA—MAPES and STAFFORD say District shirks taxation."

CONVICT LABOR

Mr. COOPER of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD a letter signed by myself and Senator HAWES on the Cooper-Hawes prison goods bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. COOPER of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter sent by Senator HAWES and myself to Mr. William Green, president of the American Federation of Labor, with reference to the provisions of the Hawes-Cooper prison goods bill:

Mr. WILLIAM GREEN,

President American Federation of Labor,
American Federation of Labor Building, Washington, D. C.

My DEAR MR. GREEN: As coauthors of the Hawes-Cooper bill, approved by President Coolidge on January 19, 1929, and designated as Public No. 669, Seventieth Congress, we submit at your

request our views as to the extent and purposes of this bill, the intent of Congress in passing it, and the scope of authority of the States in the enactment of legislation under it.

There are more than 120,000 prisoners in State institutions, this number growing at a rapid rate, the products of whose labor present a problem increasingly important in the conduct of penal institutions throughout the country.

We have received numerous inquiries concerning the Hawes-Cooper bill and the power of the States under that bill. It is manifest that some confusion exists as to the meaning of the law, and such confusion tends naturally to increase the perplexities of the problem presented to each State in legislating for the future.

With 48 State legislatures considering the prison problem during the current year and the two subsequent years prior to the taking effect of the Hawes-Cooper Act, it may be well to clear up some of the misapprehensions.

The Hawes-Cooper bill does not go into effect until January 19, 1934. The 5-year period between the date of its approval and the date of its effect was written into the bill by Congress to give to each State ample time in which to adjust prison affairs.

HISTORY OF LEGISLATION

Something should be said of the history of this legislation.

More than 20 years ago the American Federation of Labor, anticipating future trouble over the growing problem of prison products entering into competition with the labor of free men and the investment of free capital, petitioned Congress for legislation tending to stop the traffic in convict-made goods.

The problem presented to Congress in the early consideration of the question was what form this legislation should take. It was agreed that the authority of Congress extended to the regulation of interstate commerce, but it was likewise manifest that there were grave constitutional questions involved in the attempt of Congress to interfere with this interstate commerce to the extent of a prohibition.

Meanwhile, several of the States, including New York and Massachusetts, had endeavored to enact State laws subjecting convict-made goods, regardless of their origin, to certain State regulations or prohibitions.

All such attempts were declared by the courts to be beyond the power of an individual State, as the goods arriving from a prison in another State were, in fact, in interstate commerce and, therefore, beyond the regulatory powers of the individual States.

Each State had a right to enact its own laws in respect to its own prison products. The enactment of such laws, however, removed the products of a State's prisons from the markets of that State but could not interfere with the entrance of prison products from other States into its own open markets.

FACTORS UNITE ON BILL

Congress at various times considered the legislative proposals tending to cure this situation, but for many years such proposals failed in one branch or another or were prevented from passing by circumstances entirely foreign to the consideration of the bill itself, such as legislative confusion and congestion.

In 1928, however, the American Federation of Labor had introduced what has become known as the Hawes-Cooper bill, which the signers of this letter sponsored respectively in the House and Senate.

During the Seventieth Congress other influential elements in our American life joined in support of this measure.

The General Federation of Women's Clubs, acting in the interest of the prisoner himself and to protect women wage earners from the competition of prison products, actively joined in the support of national legislation.

Certain manufacturing interests throughout the country likewise enlisted their efforts on behalf of the measure to protect private capital from the increasing inroads being made by convict labor concentrated in a few fields of activity.

A number of organizations interested solely in scientific, modern penal management and the rehabilitation of the prisoner also assisted.

Exhaustive hearings were held by both the House and Senate committees, on which sat the representatives of more than 22 States.

Labor officials, manufacturers, and representatives of the General Federation of Women's Clubs and prison organizations were heard at length. Prison officials, opposing the Federal enactment on the theory that it would tend to destroy prison industries, were heard also. Prison contractors were likewise given consideration.

As a result of these hearings the bill was reported favorably in both the House and Senate and subsequently passed both bodies by an overwhelming majority. The measure was then sent to the President, who requested a review of the proposal by the Attorney General and, having received a favorable reply, President Coolidge signed the measure on January 19, 1929.

FEDERAL ATTITUDE SUSTAINED

But the enactment of this bill by the representatives of 48 States in Congress was not the first indication of the Federal attitude toward competition between convict labor and free labor and capital.

There has long been on the Federal statutes a prohibition against the importation of convict-made goods into the United States to compete with the products of free labor and private capital.

In the tariff bill in 1930 Congress threw additional safeguards around that provision of the law relating to the importation of

convict-made goods and extended this law to products made by indentured or forced labor.

The executive branch of the Government, through the Treasury Department, has very recently evidenced its intention of strictly enforcing this national ban on imported convict-made goods.

Likewise Congress many years ago, legislating as to the conduct of Federal penitentiaries, provided that no goods, wares, or merchandise manufactured in the Federal penitentiaries could be sold upon the open markets. The products of more than 8,000 Federal prisoners are to-day limited as to sale by the Government itself, such products being manufactured only for Government use.

THE HAWES-COOPER BILL

The language of the Hawes-Cooper bill is definite. It reads as follows:

Be it enacted, etc., That all goods, wares, and merchandise manufactured, produced, or mined, wholly or in part by convicts or prisoners, except convicts or prisoners on parole or probation, or in any penal and/or reformatory institutions, except commodities manufactured in Federal penal and correctional institutions for use by the Federal Government, transported into any State or Territory of the United States and remaining therein for use, consumption, sale, or storage, shall upon arrival and delivery in such State or Territory be subject to the operation and effect of the laws of such State or Territory to the same extent and in the same manner as though such goods, wares, and merchandise had been manufactured, produced, or mined in such State or Territory, and shall not be exempt therefrom by reason of being introduced in the original package or otherwise.

SEC. 2. This act shall take effect five years after the date of its approval."

This act in itself does not stop the sale of convict-made goods.

It does not provide that convict-made goods may not be shipped from one State to another or from the prison of one State to a resident of another State.

It simply provides that when convict-made products are shipped from one State into another State such products, upon arrival and delivery in the second State, shall be subject to the laws of the second State.

If the second State has no law regulating the sale or distribution of convict-made goods, then the convict-made goods of the first State may be sold or distributed in the second State without interference.

The real difference between the situation as it exists and the situation as it will exist after the Hawes-Cooper bill goes into effect on January 19, 1934, may be more pointedly illustrated as follows:

At the present time New York State does not permit the products of its prisoners to be sold on the markets of New York or shipped out of the State of New York for sale or delivery. The products of New York prisons may be sold only to State institutions in New York State and may not be sold upon the open market.

But at the present time products made in the penitentiaries of Indiana and Missouri may be shipped into the State of New York and may be sold and distributed in New York. In fact, they are so sold and distributed in New York.

But the Legislature of New York enacted, under the authority of the Hawes-Cooper bill, a new statute which will, in effect, after January 19, 1934, subject all prison products entering New York from Missouri or Indiana prisons to the same laws which regulate prison products manufactured in New York.

Therefore, after January 19, 1934, under provision of a New York law enacted under the authority of the Hawes-Cooper bill, Indiana and Missouri prison products will not be sold in New York State, except in violation of the law of New York State, and anyone may be prosecuted under the New York State law for selling prison products.

From the above it will be manifest that the Hawes-Cooper bill itself neither bars convict-made goods from transportation, nor does it, of itself, operate on convict-made goods in the absence of a State enactment made under it.

Should any State desire to avail itself of the benefits permitted under the Hawes-Cooper bill it will be necessary for that State to enact its own convict labor laws.

Furthermore, if any State desires to protect itself from becoming the dumping ground for prison products of other States, it must enact its own regulations through its own legislature.

STATE ACTION FORMERLY FORBIDDEN

Under section 8 of the Constitution of the United States, Congress is given authority "to regulate commerce with foreign nations and among the several States and with the Indian tribes." This power was granted to the Federal Government by the States, and the courts have held that no State legislation may interfere with the exercise of this authority which the States have given to the Federal Government.

In 1890, however, Congress passed what was known as the Wilson Act, which provided that intoxicating liquors transported into any State and remaining in that State for use, consumption, sale, or storage, upon arrival in that State would be subject to the operation and effect of the laws of that State enacted in the exercise of its police powers.

By that act Congress removed from intoxicating liquors the character of interstate commerce when the particular goods upon which Congress legislated arrived in a given State for sale or distribution.

The constitutionality of that act was tested in the case of *Wilkinson v. Rahner* (140 U. S. 545).

The Supreme Court held that this act on the part of Congress was not an attempt to delegate the power to regulate commerce. It held that this was not a grant of power not already possessed by the States. It held that this was not an attempt on the part of Congress to adopt State laws.

The court said:

"Congress has taken its own course and made its own regulation, applying to these subjects of interstate commerce one common rule whose uniformity is not affected by variation in State laws in dealing with such property."

The court held that in removing the interstate commerce character from the particular commodities legislated upon Congress was exercising its authority to regulate commerce. The court held that if Congress chooses to remove the interstate commerce character from designated subjects of interstate commerce before that character would ordinarily terminate, such act is within the competency of Congress.

A most significant statement was made in the decision of the court in that case when it said:

"The framers of the Constitution never intended that the legislative power of a nation should find itself incapable of disposing of a subject matter specifically committed to its charge."

The court further said that Congress had, in exercising its authority to regulate commerce, simply removed an impediment to the enforcement of State laws in respect to imported packages in their original condition.

This letter is not a brief upon the constitutionality of the Hawes-Cooper Act, but so much of the Rahner opinion has been cited as may tend to indicate the character of the Hawes-Cooper bill in its relation to the State.

The States, without a specific utterance on the part of Congress, would have no power to interfere with interstate commerce in convict-made goods; but under a specific utterance by Congress removing the interstate commerce character of prison products upon their arrival in a State, which the Supreme Court has held is within the competency of Congress to do, each State under the Hawes-Cooper bill has the authority to regulate such products within its State borders.

It may be well to indicate here that the action of Congress in passing the enabling act, known as the Hawes-Cooper bill, was based upon the opinion of the court as to the authority of Congress in this regard.

PRISON PROBLEM IS A STATE PROBLEM

Congress was not unmindful when passing the Hawes-Cooper Act of the problems which might arise in the respective States as the result of subsequent State legislation enacted under authority of the Federal act. In fact, the 5-year-extension period granted in the act is an indication that Congress realized it would take some time for States to readjust their prison affairs to meet possible State enactments.

But, in the opinion of Congress, the menace of competition from convict-made goods was paramount, and Congress refused to permit the Federal Government, by its silence as to convict-made goods, to stand as an impediment to the enforcement of State laws.

Under the old system, one State could ship its products into another State in defiance of the latter's State laws, and it could do so simply because Congress had failed to act and, therefore, permitted interstate commerce regulations to become an impediment.

One State was in a position to enforce its views on the balance of the States. It could force its convict-made products into the markets of a sister State and thumb its nose at the laws of that State.

The evident absurdity of such a condition is brought out by the fact that one State by its own legislative body attempted to regulate the sale of its own prison products within its borders but permitted those same prison products to enter an adjoining State in defiance of the laws of the adjoining State.

Congress had the assurance of those who indorsed the Hawes-Cooper bill, while it was pending in Congress, that continued efforts would be made by them to assist the States in the working out of prison problems, and it may be said that the authors of this bill at the present time are aware of the continued activity of the American Federation of Labor, the General Federation of Women's Clubs, manufacturers, and prison organizations in assisting in the working out of the State legislation.

What particular form that State legislation shall take is not within the dictate of Congress. There have been many and varied proposals. Indeed, a variety of solutions is almost inevitable in view of the fact that each State has its own particular prison problem, and no plan can be suggested that will operate alike on all States.

Congress issued no mandate to the States. It has not ordered any State to enact any new legislation, nor does the Hawes-Cooper bill repeal any State legislation. The State itself must determine on the basis of its own problem what it may do to prevent its markets from becoming the dumping ground for prison products of other States.

MANY PLANS DISCUSSED

Some States have already enacted legislation looking to the diversification of prison products so as not to concentrate prison labor in the manufacture of a few products, the sale of which would be harmful to private industries. Some of the States limit

their own prison products to their own State institutions and are now enacting legislation prohibiting both their own and other prison products from sale on the open market.

The "State use" system is the term most generally applied to the system by which prison products are consumed by State institutions. Where the consumption of prison products in a given State is confined to State institutions, however, such a law will not prevent convict-made goods being dumped into that State, unless there is a specific regulation as to sale and distribution applying equally to all such products, regardless of their origin.

Able authorities have pointed out the value of diversifying prison industries, so that no one product of prison manufacture will be turned out in sufficient quantity to interfere with private labor or private capital. Scientific systems of standardization have been studied and proposed for the purpose of facilitating the exchange of prison products with the institutions of the State. The parole system and other remedial suggestions for cutting prison population are being studied. Employment of prisoners in certain fields where their labor will not seriously compete with free labor or private capital has also been widely studied and discussed.

All of these records are available to legislators and State executives who desire to readjust their prison industries on the basis of the new theory. This is a State problem with which each State is confronted and the seriousness of which grows with the prison population.

The Hawes-Cooper bill has laid the foundation by which the prison contractors may be permanently put out of business. How quickly this new situation will be brought about rests entirely with the States and in the enlightened manner in which they handle their own particular State problems. The Hawes-Cooper bill enforces nothing upon the States. It enables them to act if they so desire. It does not of itself solve the prison-labor problem. The intention of Congress was to permit the States to solve this problem and to remove the Federal impediment to the enforcement of State laws. The enactment of constructive legislation looking to the removal of convict-made goods from competition with free men and free capital rests with the legislatures.

Whether any State is to become the dumping ground for prison products and the enrichment of a prison contractor or agency now rests solely with the State legislatures.

Very sincerely yours,

JOHN G. COOPER,
Representative from Ohio.
HARRY B. HAWES,
Senator from Missouri.

DUTY ON PETROLEUM

Mr. HORN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a statement made by me before the Ways and Means Committee on the oil tariff situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. HORN. Mr. Speaker, may I take this opportunity of calling to the attention of this body the importance of imposing a duty upon foreign petroleum and its products?

Every phase of the general welfare of the Nation is involved in the proposed tariff on petroleum and its refined products. It offers a solution of a large portion of our unemployment problem. It involves the restoration of lost markets for our manufactures. It will restore vanished sources of revenue. It will relieve both public and private charity of unbearable burdens. It will provide new opportunities for American enterprise. It will halt the growth of a menacing monopoly. It will lift from our political life baneful influences whose end no one can see. It will rehabilitate our merchant marine. It will be better than a subsidy for distressed farmers. It will solve many of the problems faced by railroads now forced to consider wage cuts because of diminished freight tonnage. It will relieve banks and other financial institutions now carrying frozen assets. It should mark the turn of the tide of prosperity. Without being a panacea for all the many ailments now disturbing the body politic, it will make possible the solution of a larger number of those problems than any system, policy, or scheme which has been put forward.

There are approximately 22,000,000 persons living in the oil States west of the Mississippi. Their well-being is bound up in the oil industry, even if they are not directly concerned with it themselves. These 22,000,000 people constitute one of the most important markets for American goods. Their purchasing power has been so decreased by the ruin of the American petroleum industry that factories in the industrial States have been forced to close or curtail operations. This

has added still more to the unemployment. Railroads have felt this drop in consumption of American goods and have been forced to lay off employees and consider sweeping wage cuts. Every portion of our national industrial life has been harmed by the prostration of the American petroleum industry.

No statistician has compiled the price paid by the American people for permitting foreign oil to devastate our markets. The total cost must be far up in the billions of dollars. This is practically equivalent to granting a subsidy in this sum to a few great oil-importing corporations. These oil importers are the only ones who have profited by our failure to impose the tariff. That profit has enabled one group of these firms, the Standard group, to pay dividends which have steadily increased during the past five years from a little over \$200,000,000 a year to \$286,000,000 in the last reported year. Some of the subsidiaries of the oil importers, such as pipe-line companies, have paid dividends up to 400 per cent per year. If this is not profiteering, then there is no profiteering. Meanwhile American labor, the American farmer, the American railroader, the American shipowner and sailor, the American manufacturer, and the American consumer have all suffered.

If the destruction of the American producer had profited the ultimate consumer, there might be some slight justification for admitting their foreign oil duty free. Actually, however, the price of the refined products of petroleum has not been affected. That price is arbitrarily determined by the great oil importers who dominate the distribution, as well as the refining of petroleum in this country. A study which was made of some 50 cities throughout the country showed that gasoline was selling at unusually high rates when the crude oil from which it was produced was selling at an abnormally low price, while at other times gasoline was selling at bargain prices and the crude oil from which it had been produced had sold at almost record-high rates. Meanwhile, the price of lubricating oil has remained constant at 25 to 30 cents a quart, even when the crude oil from which it was made was selling at 10 cents per barrel of 42 gallons.

This liquid wealth, so readily available, and for which so great a market exists within our own borders, can remove the current depression whenever Congress gives the word by the passage of a proper tariff. At a time when countries and cities are verging upon bankruptcy and when the economic life of the whole world is in disorder, it is neither good statesmanship nor good business for us to prevent the development of a great American industry and utilization of almost fabulous wealth. The wealth and political influence of those who are selfishly profiting through the prostration of the American petroleum industry should not prevent us from considering the welfare of American labor, the American farmer, American business in general, and the stability and solvency of the financial institutions of the country.

The State of Washington has great potential possibilities in oil production. In many parts of the State indications have been found and in some instances actual oil has been encountered in drilling. We of the State of Washington are of the opinion that in order that this infant industry may be developed, an encouragement through tariff is necessary. Particularly is the State of Washington interested in the importation of foreign fuel oils as these oils are in direct competition to the coal industry of the State. Large deposits of coal are undeveloped and mines are not running to their capacity because of this competition. In our opinion this tariff on oil would stabilize the market, protect our infant industry, and will be the means of development of whatever oil products we have in the State.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WOLVERTON, for three days, on account of attending funeral of the late Hon. Percy Quin.

Mr. GRIFFIN (at the request of Mr. BOYLAN), for to-day, on account of illness.

Mr. CHASE (at the request of Mr. SWICK), on account of illness.

ADJOURNMENT

Mr. DAVIS. Mr. Speaker, I wish to state that the Committee on Merchant Marine, Radio, and Fisheries had three other bills on the calendar to-day which it hoped to reach, but in view of the lateness of the hour it will not insist upon calling up any of those bills, because it is manifest it would be impossible to conclude another bill. That being true, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Thursday, February 11, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. RAINY submitted the following tentative list of committee hearings scheduled for Thursday, February 11, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

Marine Corps personnel (H. R. 5344).

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Interstate commerce act, section 15a (H. R. 7116 and H. R. 7117).

COMMITTEE ON AGRICULTURE

(10 a. m.)

Agricultural Credit Corporation.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Alaskan fisheries (H. R. 497, H. R. 6483); extension of the Public Health Service (H. R. 6732).

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

(10 a. m.)

National defense bill.

COMMITTEE ON LABOR (SUBCOMMITTEE)

(10 a. m.)

Federal relief for the unemployed (H. R. 206, H. R. 6011, H. R. 8088).

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Naturalization laws (H. R. 385).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

435. A letter from the Secretary of War, transmitting a report dated February 6, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Boston Harbor, Mass. (H. Doc. No. 244); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

436. A letter from the Secretary of War, transmitting a report dated February 4, 1932, from the Chief of Engineers, United States Army, on Lehigh River, Pa. (H. Doc. No. 245); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

437. A letter from the Secretary of War, transmitting a report dated February 5, 1932, from the Chief of Engineers, United States Army, on Housatonic River, Conn. (H. Doc. No. 246); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

438. A letter from the Secretary of War, transmitting a draft of a bill to authorize the Secretary of War to sell or dispose of certain surplus real estate of the War Department; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CONDON: Committee on the Judiciary. H. R. 92. A bill to amend an act entitled "An act to provide compensa-

tion for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof; with amendment (Rept. No. 401). Referred to the Committee of the Whole House on the state of the Union.

Mr. EATON of Colorado: Committee on the Public Lands. H. R. 231. A bill to grant certain lands to the State of Colorado for the benefit of the Colorado School of Mines; without amendment (Rept. No. 402). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURTNES: Committee on Interstate and Foreign Commerce. H. R. 7916. A bill to extend the times for the commencement and completion of the bridge of the county of Norman and the town and village of Halstad, in said county, in the State of Minnesota, and the county of Traill and the town of Herberg, in said county, in the State of North Dakota, across the Red River of the North on the boundary line between said States; with amendment (Rept. No. 409). Referred to the House Calendar.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 8178. A bill to transfer certain jurisdiction from the War Department in the management of Indian country; with amendment (Rept. No. 410). Referred to the House Calendar.

Mr. IGOE: Committee on Interstate and Foreign Commerce. H. R. 8247. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at Mound City, Ill.; with amendment (Rept. No. 411). Referred to the House Calendar.

Mr. THOMASON: Committee on Military Affairs. H. R. 8330. A bill regulating the use of appropriations for the military and nonmilitary activities of the War Department; without amendment (Rept. No. 412). Referred to the Committee of the Whole House on the state of the Union.

Mr. LONERGAN: Committee on Interstate and Foreign Commerce. H. R. 8510. A bill granting the consent of Congress to the Connecticut River State Bridge Commission, a statutory commission of the State of Connecticut created and existing under the provisions of special Act No. 496, of the General Assembly of the State of Connecticut, 1931 session, to construct, maintain, and operate a bridge across the Connecticut River; with amendment (Rept. No. 413). Referred to the House Calendar.

Mr. HOWARD: Committee on Indian Affairs. H. R. 8824. A bill to restore certain lands to the San Carlos (White Mountain) Indian Reservation, Ariz.; without amendment (Rept. No. 414). Referred to the Committee of the Whole House on the state of the Union.

Mr. WARREN: Committee on Accounts. H. Con. Res. 19. Concurrent resolution providing wreath to be placed on the grave of the mother of Washington on February 22, 1932; without amendment (Rept. No. 416). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. H. Res. 134. Resolution for the relief of Julia Farrell (Rept. No. 400). Ordered to be printed.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 1420. A bill for the relief of P. Jean des Garennes; without amendment (Rept. No. 403). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 1853. A bill authorizing the Secretary of the Navy to advance on the retired list of the Navy David J. Mahoney, retired, to chief boilermaker, retired; without amendment (Rept. No. 404). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 2125. A bill to provide for the advancement on the retired list of the Navy of Frederick L. Caudle; without amendment (Rept. No. 405). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 2686. A bill granting six months' pay to Annie Bruce; without amendment (Rept. No. 406). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 2695. A bill for the relief of David Albert Robeson; without amendment (Rept. No. 407). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 6336. A bill for the relief of George W. Steele, jr.; without amendment (Rept. No. 408). Referred to the Committee of the Whole House.

Mr. EATON of Colorado: Committee on the Public Lands. H. R. 8777. A bill for the relief of J. N. Gordon; without amendment (Rept. No. 415). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 458. An act for the relief of C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased, Lottie Redman, and H. N. Smith; without amendment (Rept. No. 417). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 4931) for the relief of the estate of Benjamin Braznell; Committee on Ways and Means discharged, and referred to the Committee on Claims.

A bill (H. R. 5890) for the relief of Lehigh Briquetting Co.; Committee on Ways and Means discharged, and referred to the Committee on Claims.

A bill (H. R. 1127) for the relief of Lafayette Keene (Wade Keene, executor); Committee on Ways and Means discharged, and referred to the Committee on Claims.

A bill (H. R. 1264) for the relief of Henry Stanley Wood; Committee on Ways and Means discharged, and referred to the Committee on Claims.

A bill (H. R. 1294) for the relief of Julian Simon, Ira Simon, and Herbert Simon, doing business as J. Simon & Sons; Committee on Ways and Means discharged, and referred to the Committee on Claims.

A bill (H. R. 1295) for the relief of Oscar R. Witte; Committee on Ways and Means discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD: A bill (H. R. 9138) to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws; to the Committee on Indian Affairs.

By Mrs. KAHN: A bill (H. R. 9139) to authorize the erection of a United States Veterans' Administration hospital in the State of California, to be used for the housing, care, and treatment of disabled women veterans only; to the Committee on World War Veterans' Legislation.

By Mr. GASQUE: A bill (H. R. 9140) to amend section 19 of the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 9141) to amend section 19 of the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 9142) to provide for the election of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SINCLAIR: A bill (H. R. 9143) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Elbowoods, N. Dak.; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H. R. 9144) to amend an act of Congress entitled "An act to regulate the employment of minors within the District of Columbia," approved May 29, 1928; to the Committee on the District of Columbia.

By Mr. WOOD of Indiana: A bill (H. R. 9145) to direct the Secretary of the Navy to have taken fingerprints of applicants for enlistment in the United States Navy and Marine Corps; to the Committee on Naval Affairs.

By Mr. LANHAM: A bill (H. R. 9146) authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes; to the Committee on Public Buildings and Grounds.

By Mr. HILL of Washington: A bill (H. R. 9147) to authorize the adjustment of the boundaries of the Chelan National Forest, in the State of Washington, and for other purposes; to the Committee on the Public Lands.

By Mr. LINTHICUM: A bill (H. R. 9148) to increase passport fees, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FOSS: A bill (H. R. 9149) authorizing the purchasing officers of the Government to give preference to domestic articles; to the Committee on Expenditures in the Executive Departments.

By Mr. GRANFIELD: Joint resolution (H. J. Res. 283) proposing an amendment to the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. KARCH: Memorial by Federal Postal Employees Association, opposing any reduction in Federal salaries; to the Committee on Ways and Means.

Also, memorial by the Associated Hotel Operators, requesting the repeal of the prohibition law; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BALDRIGE: A bill (H. R. 9150) authorizing the Secretary of the Treasury to pay the claim of William Quinlan; to the Committee on Claims.

Also, a bill (H. R. 9151) authorizing John H. Owens to bring suit in the District Court of the United States for the District of Nebraska, Omaha division, against the United States of America for damages sustained by reason of being injured by an automobile truck owned by the United States; to the Committee on Claims.

By Mr. BLAND: A bill (H. R. 9152) for the relief of Florence Hudgins Lindsey and Elizabeth Lindsey; to the Committee on Claims.

By Mr. BOWMAN: A bill (H. R. 9153) granting an increase of pension to West Virginia Hayward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9154) granting an increase of pension to Louisa Turner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9155) granting an increase of pension to Eliza J. Watson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9156) granting an increase of pension to Lydda K. Teats; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9157) granting an increase of pension to Mary Glover; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9158) granting an increase of pension to Evaline Cottrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9159) granting an increase of pension to Margaret E. Cassada; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9160) granting an increase of pension to Sarah E. Harner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9161) granting a pension to Mary F. Smallwood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9162) to authorize appointment of Robert T. Eilertson as warrant officer, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 9163) granting a pension to Bertie Stevens; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9164) for the relief of James Evans; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 9165) granting an increase of pension to Eliza J. Bell; to the Committee on Invalid Pensions.

By Mr. COLE of Maryland: A bill (H. R. 9166) for the relief of William E. B. Grant; to the Committee on Naval Affairs.

By Mr. EATON of Colorado: A bill (H. R. 9167) granting a pension to Beatrice S. Smith; to the Committee on Pensions.

By Mr. EVANS of California: A bill (H. R. 9168) granting a pension to Eliza Stanley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9169) for the relief of Milo Reese; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H. R. 9170) granting a pension to Joseph C. Morse; to the Committee on Pensions.

By Mr. GILLEN: A bill (H. R. 9171) for the relief of William Cash; to the Committee on Military Affairs.

By Mr. HANCOCK of New York: A bill (H. R. 9172) granting an increase of pension to Luise Vogel; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 9173) for the relief of the State of Oregon; to the Committee on War Claims.

Also, a bill (H. R. 9174) granting a pension to Harrison Mosenkosket; to the Committee on Pensions.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 9175) for the relief of Clifton C. Cox; to the Committee on Military Affairs.

By Mrs. KAHN: A bill (H. R. 9176) for the relief of George A. Dobbs; to the Committee on Military Affairs.

Also, a bill (H. R. 9177) for the relief of Lieut. Col. Harry Walter Stephenson, United States Army, retired; to the Committee on Military Affairs.

By Mr. KARCH: A bill (H. R. 9178) granting an increase of pension to Caroline Dommert; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9179) granting an increase of pension to Eliza J. Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9180) granting a special pension for relief of Charles Jackson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9181) granting an increase of pension to Effie A. Wright; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9182) granting an increase of pension to Mariah Ragland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9183) granting an increase of pension to Lucy E. Russell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9184) granting an increase of pension to Myra E. Walton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9185) granting an increase of pension to Sarah J. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9186) granting a pension to Sarah E. Linder; to the Committee on Invalid Pensions.

By Mr. KENDALL: A bill (H. R. 9187) granting an increase of pension to Ella Dean; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H. R. 9188) for the relief of Carleton-Mace Engineering Corporation; to the Committee on Claims.

By Mr. MAAS: A bill (H. R. 9189) for the relief of James Darcy; to the Committee on Military Affairs.

By Mr. MILLARD: A bill (H. R. 9190) granting a pension to Harry Martin; to the Committee on Pensions.

By Mr. MOUSER: A bill (H. R. 9191) granting an increase of pension to Laura Chrysler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9192) granting an increase of pension to Maggie Neidig; to the Committee on Invalid Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 9193) for the relief of Charles J. Cook; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 9194) granting an increase of pension to Elizabeth Miller; to the Committee on Invalid Pensions.

By Mr. WICKERSHAM: A bill (H. R. 9195) for the relief of Werner Ohls; to the Committee on Claims.

By Mr. WOODRUFF: A bill (H. R. 9196) granting a pension to Asa Ennes; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1657. By Mr. BURCH: Petition of J. W. Yarbrough and 18 other citizens of Danville, Va., protesting against compulsory Sunday observance legislation; to the Committee on the District of Columbia.

1658. By Mr. CAMPBELL of Iowa: Petition of Ed H. Bamus, of Onawa, and other residents of Iowa, 67 in number, urging support and passage of a bill providing for an adequate retirement pension for employees of railroad, Pullman, and express companies; to the Committee on Interstate and Foreign Commerce.

1659. Also, petition of the Ladies' Aid Society of Battle Creek, Iowa, opposing the resubmission of the eighteenth amendment to be ratified by State legislatures or by State convention, and urging adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

1660. By Mr. CARTER of California: Petition of Shattuck Avenue Branch, Woman's Christian Temperance Union, Oakland, Calif., protesting against the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

1661. Also, petition of the California Conference of Seventh-Day Adventists, protesting against any modification of the eighteenth amendment; to the Committee on the Judiciary.

1662. By Mr. CROWTHER: Petition of the Woman's Christian Temperance Union of Canajoharie, N. Y., urging support of the eighteenth amendment, and opposing its resubmission to ratification by State conventions or State legislatures; to the Committee on the Judiciary.

1663. Also, petition of Woman's Foreign Missionary Society of Canajoharie, N. Y., opposing resubmission of the eighteenth amendment to be ratified by State legislatures or conventions, and requesting support of the eighteenth amendment of the Constitution; to the Committee on the Judiciary.

1664. Also, petition of Glove City Lodge, No. 641, International Order of Good Templars, urging support of the eighteenth amendment, and opposing modification of it; to the Committee on the Judiciary.

1665. Also, petition of residents of Schenectady County, N. Y., urging support of the maintenance of the prohibition law, and opposing its modification; to the Committee on the Judiciary.

1666. By Mr. CULLEN: Petition of the advisory council of the New York State division of the Women's Organization for National Prohibition Reform, in conference assembled in New York City on this day, February 8, 1932, urging that the favorable consideration by our Representatives in Congress of a change in the prohibition law which shall restore to New York State its sovereign right to determine a system of control of the manufacture, sale, and transportation of alcoholic beverages within its own borders, the revenue from which would reduce the State deficit and furnish appropriations for general welfare; to the Committee on the Judiciary.

1667. By Mr. DARROW: Petition of the Philadelphia Board of Trade, protesting against the continued operation of the Inland Waterways Corporation, otherwise known as the Mississippi-Warrior River Barge Line; to the Committee on Interstate and Foreign Commerce.

1668. By Mr. EATON of Colorado: Resolution of the joint annual convention of the Colorado Mining Association and the Colorado Chapter of the American Mining Congress at its meeting on January 15, 1932, opposing the severance of the title of mineral deposits from surface rights and urging Congress to preserve the prospectors' and miners' rights to seek and produce minerals; to the Committee on the Public Lands.

1669. By Mr. HALL of Illinois: Petition of D. J. Eaton and 7,849 other residents, of Livingston County, Ill., advocating

the passage of legislation that will provide an adequate system of credit to farmers that will result in placing American agriculture on a basis of equality with other industries; to the Committee on Agriculture.

1670. By Mr. HARLAN: Petition of citizens of Montgomery County, Ohio, indorsing constitutional amendment against war; to the Committee on Foreign Affairs.

1671. Also, petition of Maxwell Finkleman and James Waechter, on a plan for industrial rehabilitation; to the Committee on Ways and Means.

1672. Also, petition of members of Bear Creek Church of the Brethren, at Dayton, Ohio, urging reduction of military budget; to the Committee on Appropriations.

1673. By Mr. KENDALL: Petition of Woman's Christian Temperance Union of Fayette County, Pa., opposing resubmission of repeal of eighteenth amendment; to the Committee on the Judiciary.

1674. By Mr. KURTZ: Petition of Philipsburg (Pa.) Woman's Christian Temperance Union, opposing the resubmission of the temperance question to the voters; to the Committee on the Judiciary.

1675. By Mr. LANHAM: Petition of the Frances Willard Union, Woman's Christian Temperance Union, of Fort Worth, Tex., opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures; to the Committee on the Judiciary.

1676. By Mr. LANKFORD of Georgia: Petition of several citizens of village of Roseville, Mich., urging the passage of the Glenn-Smith bill, S. 1856, which provides for the creation of a sinking fund to refinance such legally constituted drainage districts which are in particularly bad financial condition; to the Committee on Irrigation and Reclamation.

1677. By Mr. LEWIS: Petition of Woman's Christian Temperance Union of Buckeyestown, Md.; to the Committee on the Judiciary.

1678. By Mr. O'CONNOR: Resolution of the advisory council of the New York State division of the Women's Organization for National Prohibition Reform, urging the favorable consideration by Congress of a change in the prohibition law which shall restore to the State of New York its sovereign right to determine a system of control of the manufacture, sale, and transportation of alcoholic beverages within its borders, the revenue from which would reduce the State deficits and furnish appropriations for general welfare; to the Committee on the Judiciary.

1679. Also, petition of the American Association for Old Age Security, urging passage of the Connery old-age security bill, H. R. 7926; to the Committee on Labor.

1680. By Mrs. PRATT: Petition of Reserve Officers' Association, 350 Madison Avenue, New York City; to the Committee on Appropriations.

1681. By Mr. REED of New York: Petition of Charles H. Tubbs and others, urging the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

1682. Also, petition of the Community Club of Fillmore, N. Y., opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

1683. Also, petition of Rose B. York, urging the support of the prohibition law and its enforcement; to the Committee on the Judiciary.

1684. Also, petition of Martin V. Stone and others, urging the support of the prohibition law and its enforcement; to the Committee on the Judiciary.

1685. Also, petition of E. B. Briggs and others, urging the support of the prohibition law and its enforcement; to the Committee on the Judiciary.

1686. Also, petition of the Woman's Home and Foreign Missionary Society of Houghton, N. Y., urging the support of the prohibition law and its enforcement; to the Committee on the Judiciary.

1687. Also petition of Ethel La Grenade and others, urging the support of the prohibition law and its enforcement; to the Committee on the Judiciary.

1688. Also, petition of Travelers' Club of Friendship, N. Y., urging the support of the prohibition laws; to the Committee on the Judiciary.

1689. Also, petition of Katherine M. Warner and others, urging the support and maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

1690. Also, petition of Fanny O. Baily, Woman's Christian Temperance Union of Jamestown, N. Y., urging the support of the prohibition law; to the Committee on the Judiciary.

1691. Also, petition of Belle W. Collins and several others, urging the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

1692. By Mr. RUDD: Petition of Associated General Contractors of America (Inc.), opposing the passage of Birmingham-Goss bill, S. 437 and H. R. 4680, and favoring the passage of Senate bill 1395 and House bill 255; to the Committee on the Judiciary.

1693. Also, petition of L. B. Palmer, 370 Lexington Avenue, New York City, favoring the establishment of the Everglades national park in Florida legislation; to the Committee on the Public Lands.

1694. Also, petition of American Association for Old Age Security, New York City, favoring the passage of House bill 7926; to the Committee on Labor.

1695. Also, petition of Theodore H. Smith & Co., New York City, favoring the establishment of the Everglades national park in Florida legislation; to the Committee on the Public Lands.

1696. Also, petition of Women's Organization for National Prohibition Reform, New York State division, favoring a change in the prohibition law which shall restore to New York State its sovereign right to determine a system of control of the manufacture, sale, and transportation of alcoholic beverages within its own borders, the revenue from which would reduce the State deficit and furnish appropriations for general welfare; to the Committee on the Judiciary.

1697. By Mr. SANDERS of New York: Petition of Harriet M. Kellogg and other citizens of Castile, N. Y., supporting the prohibition law and its enforcement and against modification, resubmission, or repeal; to the Committee on the Judiciary.

1698. Also, petition of Edith L. Gibson and other citizens of Lyndonville, N. Y., supporting the prohibition law and its enforcement and against modification, resubmission, or repeal; to the Committee on the Judiciary.

1699. Also, petition of Gertrude W. Parsons and other citizens, of Mount Morris, N. Y., supporting better enforcement of the prohibition law and against resubmission; to the Committee on the Judiciary.

1700. By Mr. SMITH of West Virginia: Petition of the Grandview Woman's Christian Temperance Union of Charleston, W. Va., opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

1701. Also, petition of the Woman's Christian Temperance Union of South Charleston, W. Va., opposing the resubmission of the eighteenth amendment; to the Committee on the Judiciary.

1702. By Mr. STRONG of Pennsylvania: Petition of members of Trinity Lutheran Sunday school, Johnstown; W. W. W. Bible Class of the Methodist Episcopal Church of Apollo; and Barnards Woman's Christian Temperance Union, of Dayton, all of the State of Pennsylvania, favoring the maintenance and support of the prohibition laws; to the Committee on the Judiciary.

1703. By Mr. SWICK: Petition of Methodist Episcopal and Presbyterian Churches and Woman's Christian Temperance Union of Petrolia, Butler County, Pa., opposing the repeal or resubmission of the eighteenth amendment to the State legislatures or conventions; to the Committee on the Judiciary.

1704. Also, petition of Frances Willard, Woman's Christian Temperance Union, R. F. D. 1, Slippery Rock, Butler County, Pa., opposing resubmission of the eighteenth amendment to the State legislatures or conventions for repeal; to the Committee on the Judiciary.

1705. Also, petition of United Presbyterian and Methodist Churches of Harrisville, Butler County, Pa., opposing the resubmission of the eighteenth amendment to the State leg-

islatures or conventions for repeal; to the Committee on the Judiciary.

1706. Also, petition of Woman's Christian Temperance Union of New Brighton, Beaver County, Pa., opposing the resubmission of the eighteenth amendment to the State legislatures or conventions for repeal; to the Committee on the Judiciary.

1707. Also, petition of Jacksonville Woman's Christian Temperance Union, R. F. D., Slippery Rock, Butler County, Pa., opposing the repeal of the eighteenth amendment or its submission to the State legislatures or conventions; to the Committee on the Judiciary.

1708. Also, petition of United Presbyterian Sunday school, Slippery Rock, Butler County, Pa., opposing the repeal of the eighteenth amendment or its submission to the State legislatures or conventions; to the Committee on the Judiciary.

1709. By Mr. SWING: Petition of E. P. Fitzgerald and 60 other residents of Lone Pine, Calif., protesting against passage of House bill 8092; to the Committee on the District of Columbia.

1710. Also, petition of G. L. Chapman and 63 other residents of Lone Pine, Calif., protesting against passage of House bill 8092; to the Committee on the District of Columbia.

1711. By Mr. VESTAL: Petition of Laura M. Hamilton and others, urging the support of the prohibition law and its enforcement; to the Committee on the Judiciary.

1712. By Mr. WEST: Petition of 265 residents of Newark, Ohio, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

1713. By Mr. WOODRUM: Petition of J. C. Price and others, protesting against passage of Senate bill 1202 and House bill 8092; to the Committee on the District of Columbia.

SENATE

THURSDAY, FEBRUARY 11, 1932

(*Legislative day of Friday, February 5, 1932*)

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

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, in which it requested the concurrence of the Senate.

THE PROHIBITION QUESTION

Mr. SHEPPARD. Mr. President, I desire to insert in the RECORD, by unanimous consent, a radio address by Mrs. Jessie W. Nicholson, of Maryland, at a banquet of the Daughters of the American Constitution at Louisville, Ky., in December, 1931.

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

The address is as follows:

The question we must consider to-day is, Shall we surrender to a rich "wet" group of outlaws and nullifiers?

The Association Against the Prohibition Amendment and its auxiliary, the Woman's Prohibition Reform Organization, are asking the support of good citizens on the basis of their deep concern for the welfare of society, to restore respect for law, and especially because of their distress about our young people.

How long have the liquor interests which these groups represent been the saviors of society?

How long have they been concerned about respect for law?

How long have they been solicitous about our young people?

While prohibition enforcement has not been perfect it is certainly not to be compared to the evils that flowed out of the legalized liquor traffic. For how many here to-night remember when the brewers had the stranglehold? How they raised their corruption funds? How they organized their following? How they manipulated labor? How they boycotted big business? How they overrode the law? How they degraded politics? How they worked the press? And how they now seek to break down the Constitution?

Besides the seven millionaires, who are contributors to the Association Against the Prohibition Amendment, the brewers and distillers are its strongest supporters, according to the testimony brought out at the judiciary hearing in Washington.

Why do you suppose these brewers and distillers are making contributions to these wet organizations?

If any citizen here to-night imagines this old crowd of brewers and distillers, wholesalers and retailers are dead, or have given up the fight, you need but to inform yourself.

Oh, yes; they are claiming a very large membership, but that is for public consumption. What did the sworn testimony disclose at the judiciary hearing? They had exactly 400 members in Maryland—my own State, their national headquarters—and 10,000 members all over the entire country. Yet they have spent over a million dollars in their propaganda and have the audacity to ask for another million to carry on their program of nullification and sedition.

Take away the big salaries of the officers in these wet associations, and all this high-pressure campaign they are conducting will fall flat. It's the big money back of their movement and not the people, for this country is dry.

If there is any doubt about this country being dry, let any political party again name a wet candidate and the constitutional women of this country will give them such a beating as they never dreamed of, and 1928 will not be a circumstance.

What remedy have they in this machine age with airplanes and automobiles if you bring back liquor and take away our safeguard?

The United States district attorney's office subpoenaed the speaker to discuss the charges she made against the Association Against the Prohibition Amendment for the violation of the corrupt practice act, in which they received a \$5,000 gift they failed to report to Congress as testified by one of their shining lights, Capt. William Stayton, who admitted under oath the evasion in making their report.

With them the end justifies the means—if they played the hypocrite in not reporting a \$5,000 gift, we do not know how much more they have received they have failed to report.

The assistant district attorney admitted to me the accuracy of the record, declaring his office was without authority to act because of the statute of limitation.

The Walker Whiskey Co. of Ontario, Canada, a foreign company, has made large contributions to the Association Against the Prohibition Amendment through their Michigan office.

The Du Ponts have made large contributions to the Association Against the Prohibition Amendment, one of the Du Ponts declaring under oath that one of his corporations would save \$10,000,000 in income taxes if they could get the eighteenth amendment repealed and a tax on beer.

The Seventy-second Congress has already been deluged with letters from the Woman's Prohibition Reform Organization, an auxiliary of the Association Against the Prohibition Amendment, which have financed their activities, asking for repeal of the eighteenth amendment.

Opponents of prohibition among women do not ring true in statements regarding their sudden discovery of the awful menace to youth through alcohol and their inconsistent demand that therefore it should be restored to a legal status, for alcohol is just as dangerous served legally as illegally. They talk and act as though they thought bootlegging was something new, when as a matter of fact, when the liquor traffic was at the highest stage, we had speak-easies, blind pigs, blind tigers, doggeries, joints, dives, crooked drug stores, vicious resorts, murder mills, and the like operating without the law. When did the liquor traffic ever obey any law?

When we had the licensed saloon and they were supposed to close their places of business at midnight—they used to turn the clocks back to evade the law.

They say they do not want the saloon back; but if you bring back liquor in any form; who is going to dispense it?

Let us not deceive ourselves or lull ourselves to sleep with a feeling of security, for we must fight to hold what we have gained. We must not forget the "wets" were against the going of the saloon and they are not adverse to its return, and one of their witnesses so declared before the Judiciary hearing in Washington.

This liquor woman's organization, which sails under a false name of reform organization in order to give them a semblance of respectability, are besieging Members of Congress for resubmission of the eighteenth amendment.

But we say no resubmission until the wets give us a better plan. You could never get 36 States necessary to vote for repeal. Therefore all resubmission could do, would be to delay enforcement and make for lawlessness.

It is indeed unfortunate but certainly enlightening to see the great press of New York and the voices of bankers sidetracking the people's mind from meeting this world calamity of depression of which they are partly to blame, by turning them back to how they can get a drink of beer. The people of this country do not want beer; they want bread.

The real backbone of the opposition to the enforcement of prohibition is found with men and women in the higher walks of life, and these the arm of the law must reach.

Already the political leaders have their eyes on 1932. The party that takes a wet stand in 1932 is doomed to disruption.

I regret to have to apologize for the Democratic leader in my own party, Chairman Raskob, who was recruited from the Republican Party to "help rid the country of the damnable affliction of prohibition," and who has made large contributions to the wet